

https://dspace.org/

Causation and effectuation in Zimbabwe's high growth firms

Chidakwa, Arnold M

2016-10-10
http://hdl.handle.net/10539/21136

Downloaded from a DSpace repository. https://dspace.org/

Causation and effectuation in Zimbabwe's high growth firms

Arnold M. Chidakwa

A thesis submitted to

Faculty of Commerce, Law & Management

The University of the Witwatersrand

In fulfilment of the requirements for the degree of Doctor of Philosophy

Supervisors

Dr Kerrin Myres
Prof. Terri Carmichael

September 2015

ABSTRACT

The present study explores the entrepreneurial processes of high growth firms in Zimbabwe using causation and effectual processes as the underlying logics. Causation is a process that takes a business objective as given and focuses on selecting between means in order to achieve the objective. Effectuation, on the other hand, takes resources as given and focuses on exploiting possible options generated from the available resources. Thus, causation relies on formal planning and predictions while effectuation is a non-predictive logic. The study was motivated by the need to understand how high growth firms identify business opportunities, mobilise resources and sustain growth under dynamic conditions prevailing in Zimbabwe. Zimbabwe's environment has been characterised by shallow credit markets, depressed economic activities and high cost of doing business.

A multiple case study of six high growth firms drawn from the agricultural, construction, manufacturing, services as well as Information Communications Technology (ICT) and stationery sectors was undertaken. Data were collected using interviews, documentary sources and observations. Thirty interviews were conducted with the founders, and senior executives from finance, business development, marketing or equivalent positions as well as the firm's bankers. Data were inductively analysed using ATLAS.ti Version 7 package.

The study evidence shows that there is no complete transition from effectuation to causation process. The major study conclusions are that; first, entrepreneurs relied on the social networks as sources of business and capital. Second, the ability to socially innovate is influenced by trust. Third, firms are wary of using external finance because of business uncertainty and cost. Fourth, the firms do not engage in direct competition with incumbents, but collaborate with industry peers. Fifth, the participating firms relied on incremental innovation and local business. Sixth, the firms showed high levels of serial and portfolio entrepreneurship. Finally, contextual factors had an influence on business success, and therefore the ability to adapt to the environmental changes is vital for business growth.

The main contribution of this study is the development of a theoretical framework that extends the effectuation logic. The additional dimensions that emerged from the evidence are social innovation, portfolio diversification, incremental innovation, portfolio diversification, trust, business systems and contextual factors. The study also makes important methodological, empirical and practical contributions. Further research is recommended to move the Extended Effectuation framework towards the development of normative theory.

Keywords: Causation; Effectuation; High growth firm; developing economy; Inductive analysis

DECLARATION

I, **Arnold Mandizvidza Chidakwa**, do hereby declare that this thesis is my own work except as indicated in the references and acknowledgements. It has not been submitted in part or full for any other degree or to any other university.

Arnold M. Chidakwa

3 September 2015

ACKNOWLEDGEMENTS

I am extremely indebted to my supervisors, Dr Kerrin Myres and Professor Terri Carmichael for their invaluable support and guidance throughout the research process, starting with the refinement of the research topic, methodology as well as comments and suggestions on various drafts of this thesis. I am now a better researcher, Dr Myres, following your tutorials in qualitative research methodology and using ATLAS.ti. Thank you for the material and support throughout the study.

I am also grateful to Professor Louise Whittaker for her support and insightful seminars. Thank you to Professors Moyra Keane, Yvonne Reed and Jane Castle for your encouragement during the PhD Writing Retreats. I would also like to thank the Wits Business School (WBS) staff. To Mmabatho Leeuw, thank you for taking good care of the WBS Research Office, your efficiency and assistance will forever be remembered. Keep it up my sister.

My appreciation also goes to the research participants for providing valuable data that form the basis of this study. Despite your tight schedules, you still managed to afford me time to learn from your experiences. In the spirit of maintaining anonymity as promised during the interviews, I will keep your names anonymous. But all the same, I am extremely grateful for your help and willingness to share with me your experiences.

To Dr David Madzikanda, Martin Makonese, Edmore Musimwa, Chipo Mtasa (Mrs.), Juliet Machoba (Mrs.), Mbuya Bishop Dube, Dr Bishop Joshua Dube, Pastor Panganayi Sithole, Hon. Patrick A. Chinamasa, Prof. Tony Hawkins, Shylet Sanyanga (Mrs.), Willard Manungo, Belmont Ndebele, Milton Nyamadzawo, Energy Deshe, Dr Benjamin Alex Madzivire, Dr Maurice Mutowo (the late), Dr Dennis Maravanyika, Dr Nyasha Kaseke, Rhodes Derah, Abigirl Mutarimanja, Munashe Zihweta, Simon Nyamuvurudza, Oliver Mtasa and Jenkins Mukonoweshuro, thank you for all the support and encouragement at various stages of my study.

To my family, my wife Barbarah Chidakwa, my lovely daughters, Chipo, Nyasha and Rudo, I sincerely thank you for your support. I know you wanted me to finish this work. To Sekuru naMbuya Chidakwa, Sekuru naMbuya Kombo, I thank you for your support. My brothers, sisters and relatives, thank you for your moral support. To my late grandmother Emmah Churu, mother Sarah Chidakwa and brothers Panganai and Agrippa, this one is for you.

DEDICATION

To all economic game changers in developing economies

LIST OF ABBREVIATIONS

AfDB	African Development Bank
CEO	Chief Executive Officer
CIFOZ	Construction Industry Federation of Zimbabwe
CIT	Cash in Transit
DRC	Democratic Republic of Congo
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
ICT	Information Communications Technology
IFC	International Finance Corporation
IMF	International Monetary Fund
IPO	Initial Public Offering
IRR	Internal Rate of Return
ISO	International Organisation for Standardisation
MD	Managing Director
NGOs	Non-Governmental Organisations
NPV	Net Present Value
OECD	Organisation for Economic Co-operation and Development
RBZ	Reserve Bank of Zimbabwe
SAZ	Standards Association of Zimbabwe
SMEs	Small and Medium Enterprises
SOPs	Standard Operating Procedures
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
USA	United States of America
WBS	Wits Business School
ZBCA	Zimbabwe Building Contractors Association
ZimStat	Zimbabwe National Statistics Agency

TABLE OF CONTENTS

ABSTRACT II
DECLARATION III
ACKNOWLEDGEMENTS IV
DEDICATION V
LIST OF ABBREVIATIONS VI
LIST OF TABLES XVII
LIST OF FIGURES XIX

CHAPTER 1 1
PROBLEM DEFINITION AND CONTEXT 1
1.0 INTRODUCTION 1
1.1 THEORETICAL CONTEXT 2
1.2 PROBLEM STATEMENT 8
1.3 PURPOSE STATEMENT 9
1.4 RESEARCH QUESTIONS 9
1.5 SIGNIFICANCE OF THE STUDY 9
1.6 STRUCTURE OF THE THESIS 11

CHAPTER 2 12
LITERATURE REVIEW 12
2.0 INTRODUCTION 12
2.1 A SURVEY OF DEVELOPING ECONOMIES 12
2.2 INDICATORS OF HIGH GROWTH FIRMS 16
2.3 CHARACTERISTICS OF HIGH GROWTH FIRMS 17
2.4 THEORETICAL FOUNDATION OF THE CAUSATION LOGIC 19
2.5 CAUSATION PROCESS 21
2.5.1 Opportunity identification 22
2.5.1.1 Locus of changes 23
2.5.1.2 Sources of opportunities 25

2.5.2 Opportunity evaluation 27
2.5.3 Opportunity exploitation 29
2.5.3.1 Business planning 29
2.5.3.2 Resource mobilisation 32
2.5.4 Empirical constructs of the causation logic 36
2.5.5 Critique of the causation logic 38
2.5.6 Section summary 39
2.6 THEORETICAL FOUNDATIONS OF THE EFFECTUATION LOGIC 40
2.7 EFFECTUATION LOGIC 42
2.7.1 A set of given means 43
2.7.2 Pre-commitments 44
2.7.3 Experimentation 46
2.7.4 Affordable loss 46
2.7.5 Pilot-in-the-plane 47
2.7.6 Empirical literature on effectuation 48
2.7.7 Critique of the effectuation process 50
2.7.8 Section summary 51
2.8 ENTREPRENEURIAL BRICOLAGE 52
2.9 SUSTAINING BUSINESS GROWTH 53
2.10 SUMMARY 55
CHAPTER 3 58
RESEARCH DESIGN AND METHODOLOGY 58
3.0 INTRODUCTION 58
3.1 OVERVIEW OF THE ENQUIRY PROCESS 58
3.2 RESEARCH PHILOSOPHY 60
3.3 RESEARCH DESIGN 62
3.4 SAMPLING STRATEGY 64
3.4.1 Unit of analysis 64

3.4.2 Case selection 65
3.4.3 Respondent selection 69
3.5 DATA COLLECTION PROCESS 70
3.5.1 Documentary data collection 71
3.5.2 Observation 72
3.5.3 Semi-structured interviews 72
3.6 DATA ANALYSIS PROCESS 74
3.6.1 Data preparation 75
3.6.2 Coding and categorisation process 76
3.6.3 Memo writing 79
3.7 PRESENTATION OF CASE DESCRIPTIONS 79
3.7.1 Within-case analysis 80
3.7.2 Cross-case analysis 81
3.8 THEORY DEVELOPMENT PROCESS 82
3.9 LIMITATIONS 84
3.10 ENSURING VALIDITY AND RELIABILITY 85
3.11 ETHICAL CONSIDERATIONS 86
3.12 SUMMARY 87
PART II 88
WITHIN-CASE ANALYSIS 88
CHAPTER 4 89
SECURITY 89
4.0 BACKGROUND 89
4.1 BEHAVIOURAL ANALYSIS THROUGH THE CAUSATION LENS 90
4.1.1 Established goal 90
4.1.2 Opportunity identification 90
4.1.2.1 Adapting to environmental changes 90
4.1.2.2 Responding to customer signals 91

4.1.3 Opportunity evaluation 91
4.1.4 Business planning 92
4.1.5 Resource mobilisation 92
4.1.6 Organisational structure 94
4.1.7 Business systems 95
4.2 BEHAVIOURAL ANALYSIS THROUGH THE EFFECTUATION LENS 96
4.2.1 A set of given means 96
4.2.2 Experimentation 97
4.2.3 Early marketing strategies 98
4.2.4 Pre-commitments and support networks 99
4.3 INTERACTION BETWEEN CAUSATION AND EFFECTUATION PROCESSES 100
4.4 SUMMARY 101
CHAPTER 5 103
CROP 103
5.0 BACKGROUND 103
5.1 BEHAVIOURAL ANALYSIS THROUGH THE CAUSATION LENS 104
5.1.1 Established goal 104
5.1.2 Opportunity identification 104
5.1.2.1 Adapting to environmental changes 104
5.1.2.2 Responding to customer signals 105
5.1.3 Opportunity evaluation 105
5.1.4 Business planning 106
5.1.5 Resource mobilisation 106
5.1.6 Organisational structure 107
5.1.7 Business systems 108
5.2 BEHAVIOURAL ANALYSIS THROUGH THE EFFECTUATION LENS 110
5.2.1 A set of given means 110
5.2.2 Experimentation 111

5.2.3 Early marketing strategies 111
5.2.4 Pre-commitments and support networks 112
5.3 INTERACTION BETWEEN CAUSATION AND EFFECTUATION PROCESSES 113
5.4 SUMMARY 114
CHAPTER 6 116
TECHNOLOGY 116
6.0 BACKGROUND 116
6.1 BEHAVIOURAL ANALYSIS THROUGH THE CAUSATION LENS 117
6.1.1 Established goal 117
6.1.2 Opportunity identification 117
6.1.2.1 Adapting to environmental changes 118
6.1.2.2 Responding to customer signals 118
6.1.3 Opportunity evaluation 119
6.1.4 Business planning 119
6.1.5 Resource mobilisation 120
6.1.6 Organisational structure 122
6.1.7 Business systems 123
6.2 BEHAVIOURAL ANALYSIS THROUGH THE EFFECTUATION LENS 123
6.2.1 A set of given means 123
6.2.2 Experimentation 124
6.2.3 Early marketing strategies 125
6.2.4 Pre-commitment and support networks 126
6.3 INTERACTION BETWEEN CAUSATION AND EFFECTUATION PROCESSES 127
6.4 SUMMARY 128

CHAPTER 7 130
CONSTRUCTION 130
7.0 BACKGROUND 130
7.1 BEHAVIOURAL ANALYSIS THROUGH THE CAUSATION LENS 132
7.1.1 Established goal 132
7.1.2 Opportunity identification 132
7.1.2.1 Adapting to environmental changes 132
7.1.2.2 Responding to customer signals 133
7.1.3 Opportunity evaluation 133
7.1.4 Business planning 134
7.1.5 Resource mobilisation 135
7.1.6 Organisational structure 137
7.1.7 Business systems 137
7.2 BEHAVIOURAL ANALYSIS THROUGH THE EFFECTUATION LENS 138
7.2.1 A set of given means 138
7.2.2 Experimentation 139
7.2.3 Early stage marketing 140
7.2.4 Pre-commitments and support networks 140
7.3 INTERACTION BETWEEN CAUSATION AND EFFECTUATION PROCESSES 142
7.4 SUMMARY 143
CHAPTER 8 145
FURNITURE 145
8.0 BACKGROUND 145
8.1 BEHAVIOURAL ANALYSIS THROUGH THE CAUSATION LENS 146
8.1.1 Established goal 146
8.1.2 Opportunity identification 146
8.1.2.1 Adapting to environmental changes 147
8.1.2.2 Responding to customer signals 148

8.1.3 Opportunity evaluation 148
8.1.4 Business planning 149
8.1.5 Resource mobilisation 150
8.1.6 Organisational structure 152
8.1.7 Business systems 152
8.2 BEHAVIOURAL ANALYSIS THROUGH THE EFFECTUATION LENS 153
8.2.1 A set of given means 153
8.2.2 Experimentation 154
8.2.3 Early marketing strategies 155
8.2.3 Pre-commitments and support networks 155
8.3 INTERACTION BETWEEN CAUSATION AND EFFECTUATION PROCESSES 156
8.4 SUMMARY 158
CHAPTER 9 160
HOMES 160
9.0 BACKGROUND 160
9.1 BEHAVIOURAL ANALYSIS THROUGH THE CAUSATION LENS 161
9.1.1 Established goal 161
9.1.2 Opportunity identification 161
9.1.2.1 Adapting to environmental changes 162
9.1.2.2 Responding to customer signals 162
9.1.3 Opportunity evaluation 163
9.1.4 Business planning 163
9.1.5 Resource mobilisation 165
9.1.6 Organisational structure 166
9.1.7 Business systems 167
9.2 BEHAVIOURAL ANALYSIS THROUGH THE EFFECTUATION LENS 167
9.2.1 A set of given means 167
9.2.2 Experimentation 169

9.2.3 Early marketing strategies 169
9.2.4 Pre-commitments and support networks 170
9.3 INTERACTION BETWEEN CAUSATION AND EFFECTUATION PROCESSES 171
9.4 SUMMARY 173
PART III 175
CROSS-CASE ANALYSIS, THEORETICAL FRAMEWORK AND CONCLUSIONS 175
CHAPTER 10 176
CROSS-CASE ANALYSIS 176
10.0 INTRODUCTION 176
10.1 BEHAVIOURAL ANALYSIS 176
10.1.1 Behavioural analysis through the causation lens 177
10.1.2 Behavioural analysis through the effectuation lens 179
10.2 CROSS-CASE REFLECTION OF THEMES 182
10.3 ANALYSIS OF THE THEMES 184
10.3.1 Objectives for starting a business 185
10.3.2 Resource constraints are illusionary 186
10.3.3 Converting social networks into sources of business and capital 189
10.3.4 Prioritisation of execution over formal planning 192
10.3.5 Building a portfolio to sustain business growth 195
10.3.6 Intelligent copying and adaptation 197
10.3.7 Alertness to unnoticed opportunities 199
10.3.8 Trust is the basis of sustainable business relationships 201
10.3.9 Sustaining business growth 203
10.3.10 Influence of previous employment 207
10.3.11 Influence of family 209
10.4 CONTEXTUAL FACTORS AFFECTING ENTREPRENEURIAL PROCESSES 211
10.5 HIGH GROWTH BUSINESS INDICATORS 212
10.6 SUMMARY 214

CHAPTER 11 217
EMERGING THEORETICAL FRAMEWORK 217
11.0 INTRODUCTION 217
11.1 FACTORS CONTRIBUTING TO HIGH BUSINESS GROWTH 217
11.2 EXTENDED EFFECTUATION FRAMEWORK 219
11.2 DISCUSSION OF THE EXTENDED EFFECTUATION THEORY 223
11.2.1 Contextual factors 224
11.2.2 A set of given means 225
11.2.3 Defined goals 226
11.2.4 Social innovation 227
11.2.5 Trust 228
11.2.6 Experimentation 229
11.2.7 Incremental innovation 230
11.2.8 Portfolio diversification 230
11.2.9 Business systems 231
11.2.10 Growth measures 232
11.3 SUMMARY 233
CHAPTER 12 234
CONCLUSIONS, CONTRIBUTIONS AND RECOMMENDATIONS 234
12.0 INTRODUCTION 234
12.1 SUMMARY OF THE MAIN CONCLUSIONS 234
12.1.1 Answering the key research question 235
12.1.2 Answering the first subsidiary question 235
12.1.3 Answering the second subsidiary question 236
12.1.4 Answering the third subsidiary question 237
12.1.5 Answering the fourth subsidiary question 238
12.2 CONTRIBUTIONS 239
12.2.1 Theoretical contribution 239

12.2.2 Methodological contribution 241
12.2.3 Empirical contributions 241
12.2.4 Practical implications 242
12.2.4.1 Entrepreneurs 243
12.2.4.2 Bankers and investors 244
12.2.4.3 Policy makers 245
12.3 LIMITATIONS AND SUGGESTIONS FOR FURTHER RESEARCH 246
REFERENCES 249
APPENDIX A: ETHICS CLEARANCE CERTIFICATE 268
APPENDIX B: CASE STUDY PROTOCOL 269
APPENDIX C: INTERVIEW CONSENT FORM 277

LIST OF TABLES

Table 1.1: Effectuator's given set of means 4
Table 2.1: Features of stable and developing economies 13
Table 3.1: Overview of the enquiry process 59
Table 3.2: Case selection criteria 66
Table 3.3: Case study companies 68
Table 3.4: Respondents' pseudonym codes 70
Table 3.5: Documentary sources of information 71
Table 3.6: Theory development process 83
Table 3.7: Design tests 86
Table 4.1: Financing models 93
Table 4.2: SECURITY transition process 100
Table 4.3: Summary of SECURITY evidence and emerging themes 102
Table 5.1: Financing models 107
Table 5.2: CROP transition process 114
Table 5.3: Summary of CROP evidence and emerging themes 115
Table 6.1: Financing models 122
Table 6.2: TECHNOLOGY transition process 127
Table 6.3: Summary of TECHNOLOGY evidence and emerging themes 129
Table 7.1: Financing models 135
Table 7.2: CONSTRUCTION transition process 142
Table 7.3: Summary of CONSTRUCTION evidence and emerging themes 143
Table 8.1: Financing models 150
Table 8.2: FURNITURE transition process 156
Table 8.3: Summary of FURNITURE evidence and emerging themes 159
Table 9.1: Financing models 165
Table 9.2: HOMES transition process 172
Table 9.3: Summary of HOMES evidence and emerging themes 174
Table 10.1: Behaviours underlying causation process 177
Table 10.2: Cross-case evidence on causation process 178
Table 10.3: Behaviours underlying effectuation process 179
Table 10.4: Cross-case evidence on effectuation process 180
Table 10.5: Cross-case reflection of themes 183
Table 10.6: Objectives for starting a business 185
Table 10.7: Resource constraints are illusionary 187
Table 10.8: Social innovation 189

Table 10.9: Founders' views about execution 192
Table 10.10: Trial and error 194
Table 10.11: Portfolio diversification 196
Table 10.12: Intelligent copying and adaptation 197
Table 10.13: Alertness to unnoticed opportunities 199
Table 10.14: Trust underpins business relationships 202
Table 10.15: Organises and implements control processes 204
Table 10.16: Influence of previous employment 207
Table 10.17: Influence of family 209
Table 10.18 Contextual factors 211
Table 10.19: High growth business indicators 213
Table 10.20: Summary of the study evidence 216

LIST OF FIGURES

Figure 1.1: Effectual approach to entrepreneurship 3
Figure 1.2: Causation-effectuation-high growth firm interface 7
Figure 2.1: Causation process 21
Figure 2.2: Schumpeterian opportunities and the value chain 24
Figure 10.1: Influence of previous experience on decision-making 208
Figure 11.1: Factors contributing to high business growth 218
Figure 11.2: Extended Effectuation framework 220

CHAPTER 1

PROBLEM DEFINITION AND CONTEXT

1.0 Introduction

Successful entrepreneurship is important to a country's socio-economic transformation (Drucker, 1985; Nichter & Goldmark, 2009; Shane, 2005) given its role in promoting jobs, exports, innovation and economic development (Dew & Sarasvathy, 2007; Morris, 2011; Peters, 2014; Pinelli & Drexler, 2014). This is particularly so for resource-constrained developing economies in view of the difficulties that they face especially youth unemployment, poverty, reliance on commodity exports and poor industry competitiveness (Brixiova, 2010; Schwab & Sala-i-Martin, 2012; Zimbabwe, 2012, 2013). Addressing these challenges requires investment in productive entrepreneurship that can potentially create high growth firms (Mason & Brown, 2010; Myres, 2009; Parker, Storey, & Witteloostuijn, 2010). For these reasons, high growth firms are worthy of study (Pinelli & Drexler, 2014).

There is, however, no common definition of a high growth firm (Parker et al., 2010; Shepherd & Wiklund, 2009; Storey, 2011). The challenge of defining a high growth firm is amplified in developing economies due to the dearth of literature. This study, therefore, adopts the Organisation for Economic Co-operation and Development (OECD) definition because of its wide acceptance and ability to allow for comparisons in empirical research (Mason & Brown, 2010; Pinelli & Drexler, 2014). Eurostat-OECD (2007, p. 61) defines a high growth firm as an organisation with an "average annualised growth in employees or turnover of at least 20 percent per annum over a three year period and more than ten employees at the beginning of the observation period."

This study applies causation and effectuation logics to explore the entrepreneurial behaviour of high growth firms in a resource-constrained developing economy that is characterised by declining real economic growth, low productivity, industry competitiveness challenges, high unemployment, stagnant

wages, rising fiscal gaps, liquidity problems, a growing informal sector and infrastructural bottlenecks (Chidakwa, Chigumira, & Mpofu, 2013; Devlin, 2007; Gormus & Kabasakal, 2010; Learner, 2009; Ornegi & Kirchgassner, 2009). Entrepreneurial behaviour relates to the activities undertaken by individuals that culminate in an organisation (Gartner, Carter, & Reynolds, 2010). Causation is a systematic prediction-oriented and formal approach to venture development (Brinckmann, Grichnik, & Kapsa, 2010; Perry, Chandler, & Markova, 2012) and is supported by Shane and Venkataraman (2000). Effectuation logic, however, urges entrepreneurs to start from where they are (Sarasvathy, 2001, 2008) without emphasis on competitive analysis, predictions and the need for access to substantial financial and human resources (Mauer & Sarasvathy, 2010). Effectuation relies on the control logic where execution and informal planning dominate while causation depends on formal planning and predictions (Perry et al., 2012; Sarasvathy, 2001, 2008).

The remainder of this chapter is arranged as follows: Section 1.1 discusses the theoretical context. Section 1.2 presents the problem statement while the purpose statement is covered in Section 1.3. Research questions are outlined in Section 1.4. A brief overview of the significance of the study is contained in Section 1.5. Section 1.6 concludes with the structure of the thesis.

1.1 Theoretical context

There has been a growing interest in the effectuation and causation-based domain (Perry et al., 2012) since the seminal work of Sarasvathy (2001) that challenged the causation model. Effectuation and causation are alternative models of entrepreneurial processes (Sarasvathy, 2001, 2008), which can occur simultaneously and overlap in different situations (Laaksonen, Ainamo, & Karjalainen, 2010; Mauer & Sarasvathy, 2010; Sarasvathy, 2001, 2008). The concepts of causation and effectuation are briefly explored next.

Causation is consistent with deliberate strategies (Mintzberg, 2013; Mintzberg & Waters, 1985; Suddaby, Bruton, & Si, 2015) that take comfort in formal planning as a way of controlling uncertain futures (Chandler, DeTienne, McKelvie, &

Mumford, 2011; Sarasvathy, 2001). Sarasvathy (2001) defines causation as a process that takes a business objective as given and focuses on selecting between means in order to achieve the objective. Causation is based on a rational choice logic that assumes perfect information, optimisation and unlimited computational capacity on the part of the individual (Sarasvathy, 2001; Simon, 1955). The causation model has been dominant in the management literature in general and in entrepreneurship particularly (Laaksonen et al., 2010; Sarasvathy, 2001). The logic separates formulation and implementation (Andrews, 1965; Ansoff, 1965; Mintzberg, 1990, 2013) and requires an evaluation of all alternatives before making a choice (Shane & Venkataraman, 2000; Simon, 1955). The main limitation of the causation logic is that a linear dichotomous process is both inappropriate and less effective in uncertain environments because of continuously changing business conditions (Brinckmann et al., 2010; Mintzberg, 1990; Sarasvathy, 2001, 2008; Simon, 1955).

In contrast, effectuation, whose intellectual roots can be traced back to Sarasvathy (2001) is related to the notion of emergent strategies (Mintzberg & Waters, 1985). It is a process that takes resources as given and focuses on exploring possible options generated from the available resources (Sarasvathy, 2001, 2008). Effectuation logic is about taking charge of one's destiny rather than taking opportunities and environments as exogenously determined (Read & Sarasvathy, 2005; Wiltbank, Read, Dew, & Sarasvathy, 2009). Figure 1.1 gives an overview of the effectuation process.

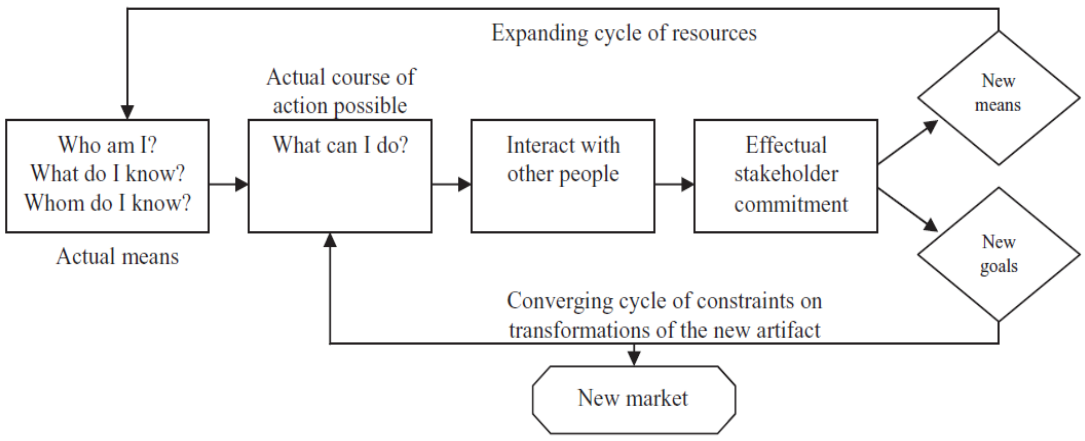


Figure 1.1: Effectual approach to entrepreneurship

Source: Wiltbank, Dew, Read, and Sarasvathy (2006, p. 992)

The dynamic effectual approach starts with the actual means available to an entrepreneur. Based on this, entrepreneurs decide on the next course of action. The process involves deciding what they can do as they interact with value chain players whom they know and as they build pre-commitments (Wiltbank et al., 2006) that include sharing knowledge, financial support and connecting to important networks (Sarasvathy, 2001, 2008). New and perhaps unexpected means and goals may arise from stakeholders and contingencies leading to two possible cycles; either increasing the means or changing available goals. The process allows entrepreneurs to reflect on what they can do with the new means (Sarasvathy, 2001; Wiltbank et al., 2006). Firms exploit contingencies that are difficult to plan for or anticipate (Laaksonen et al., 2010; Sarasvathy, Kumar, York, & Bhagavatula, 2014). Successful firms are more likely to form partnerships than other types of competitive strategy during the formative stages (Fisher, 2012; Kim & Mauborgne, 2005; Sarasvathy, 2001; Wiltbank, Read, et al., 2009). The effectuator influences the outcome by leveraging his or her given means as outlined in Table 1.1.

Table 1.1: Effectuator's given set of means

Level	Who am I?	What do I know?	Whom do I know?
Individual	Traits, tastes and abilities	Knowledge corridors	Social networks
Firm	Physical resources	Human resources	Organisational resources
Country	Demographics	Technology regimes	Socio-political institutions

Source: Adapted from Sarasvathy (2001, p. 253)

Effectuation can be analysed at the individual, firm and country levels. Depending on who the economic player is, what the player knows and whom he or she knows, an effectuator is able to launch a business (Sarasvathy, 2001, 2008). Based on flexibility, experimentation, pre-commitments and affordable loss, effectuation allows the entrepreneur to control the future rather than predict it

(Chandler et al., 2011; Sarasvathy, 2001). Effectuation is a more direct effort to control and influence how uncertainty is resolved (Wiltbank, Read, et al., 2009).

Sarasvathy (2001)'s work on effectuation stimulated debate on approaches to new venture development. Subsequent studies extended effectuation research by exploring different aspects of effectuation (Chandler et al., 2011; Perry et al., 2012; Sarasvathy, Menon, & Kuechle, 2013; Venkataraman, Sarasvathy, Dew, & Foster, 2012; Wiltbank, Read, et al., 2009). Perry et al. (2012) are credited with consolidating effectuation studies and suggesting areas for future research. The authors identified 29 papers comprising conceptual (55 percent), experimental (24 percent) and field studies (21 percent) over the period 2001 to 2009. Johansson (2014) extended the template developed by Perry et al. (2012) by adding the studies between 2009 and 2013.

In general, these studies focused on the developed economies while the developing world's experiences remained largely understudied, thereby creating gaps in the literature. This study, therefore, addresses this gap (Gephart, 2004) by exploring the entrepreneurial processes of high growth firms in a resource-constrained developing economy.

Effectuation and causation processes explain firm success by focusing on behavioural processes at inception and during growth. Successful firms are more likely to have been started through effectual action (Read, Song, & Smit, 2009; Sarasvathy, 2001; Wiltbank, Read, et al., 2009) and grown through the causation process (Read & Sarasvathy, 2005). Effectuation promotes organic growth rather than huge investments that may impede effective resource utilisation and efficiency (Wiltbank, Read, et al., 2009). The effectuation logic is, therefore, particularly relevant to developing economies where external resources are scarce and the cost of doing business is high (IFC, 2014).

Transition is assumed to be unidirectional in that effectuation is viewed as a formative concept while the causation logic that is based on formal planning, predictions, structures and systems predominates as the business grows (Chandler et al., 2011). This view fails to recognise the possibility of causation at

first and transition to effectuation as the business grows or remains in the effectuation mode despite the firm operating at an advanced stage of development.

Previous studies have explored the use of effectual logic by experts (Read & Sarasvathy, 2005; Sarasvathy, 2001, 2008), performance differences in angel investments (Wiltbank, Read, et al., 2009) and how effectuation is related to trust (Goel & Karri, 2006; Karri & Goel, 2008; Sarasvathy & Dew, 2008). These studies have largely used the verbal protocol analysis where experimental subjects are asked to continually talk aloud and describe their rationale as they make decisions (Perry et al., 2012; Sarasvathy, 2001). Subsequent research used ordinary least squares (Wiltbank, Read, et al., 2009), exploratory factor analysis (Chandler et al., 2011) and alternative templates (Fisher, 2012).

Perry et al. (2012) argue that opportunities for new methods and analysis exist as the effectuation research moves from the nascent to intermediate phase. In particular, qualitative case study research will provide a different way of understanding the entrepreneurial processes (Rule & John, 2011; Yin, 2009).

Studies on high growth firms have focused on the relative number of high growth firms across countries, the sectors in which high growth firms are abundant, as well as the determinants and characteristics of high growth firms (Acs, 2010; Coad, Cowling, & Siepel, 2012; Derbyshire, 2013; Mason & Brown, 2010). While the literature argues that effectuation leads to the creation of high growth firms (Sarasvathy, 2003), little has been done to explore effectuation and causation processes in high growth firms. Figure 1.2 shows the focus of past studies (space labeled A) and research gaps in the contemporary literature.

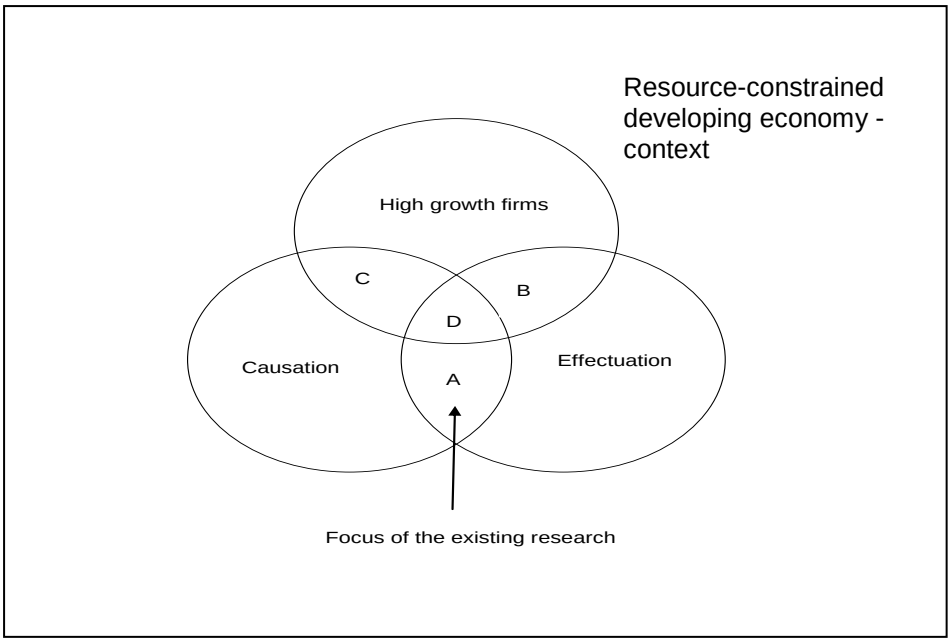


Figure 1.2: Causation-effectuation-high growth firm interface

Source: Researcher's own conceptualisation of the issues

The effectuation-causation literature lacks research in the regions B, C and D. Studies on high growth firms, effectuation and causation have remained disconnected. This study, therefore, explores the entrepreneurial processes of high growth firms in the space labeled "D". This entails a multi-level analysis involving individual entrepreneurs and firms. Further, existing studies are drawn from developed countries (Mauer & Sarasvathy, 2010; Perry et al., 2012; Sarasvathy, 2001; Sarasvathy et al., 2014; Suddaby et al., 2015; Wiltbank, Read, et al., 2009) and little has been done to study causation and effectuation processes in resource-constrained developing economies where they might be particularly prevalent.

In addition, empirical research on high growth firms has mostly concentrated on local research settings where cases are drawn from the same area and sector (Fisher, 2012; Hinton & Hamilton, 2013). While such studies control for location, they, nevertheless, do not give insights into the differences in high growth firms drawn from different sectors and areas (Hinton & Hamilton, 2013). Equally, evidence from developed economies cannot be applied indiscriminately (Kraus, Harms, & Schwarz, 2006) to developing countries due to different cultural, political and economic conditions (Myres, 2009; Rule & John, 2011).

There is, therefore, a unique opportunity to extend the effectuation and causation theories by studying the entrepreneurial processes of high growth firms in a resource-constrained developing economy using Zimbabwe as a case study. Zimbabwe is a unique economic case (Mahajan & Gunther, 2009; Pratt, 2009) which makes it ideal for extending the entrepreneurial theories. Zimbabwe has consistently been scoring lowly on the World Bank's Doing Business Indicators since 1998 (AfDB, 2013; IFC, 2014). Zimbabwe abandoned her local currency in favour of the multicurrency system in 2009 following more than eleven years of economic difficulties, standoff against the West and de-industrialisation problems. However, some high growth firms have emerged in such conditions, although little is found in the literature about how they achieved growth apparently against all odds (Mahajan & Gunther, 2009). Exploring these firms' entrepreneurial processes, that is, how they identify and evaluate opportunities, mobilise resources, leverage networks and manage growth (Read & Sarasvathy, 2005) might generate important lessons that could add to the body of knowledge about entrepreneurship in a resource-constrained developing economy.

1.2 Problem statement

Entrepreneurs are faced with the challenge of whether they should plan or simply start the business and learn as they go along. There is little consensus on the right approach to new venture creation and how entrepreneurs should adjust as their businesses grow. Prior studies have focused on the concepts of causation and effectuation (Perry et al., 2012; Sarasvathy, 2001, 2008) leaving the debate on entrepreneurial process, interaction of planning and execution (Brinckmann et al., 2010), and initiatives by entrepreneurs to sustain growth understudied. In addition, studies on effectuation, causation and high growth firms are disconnected and drawn from developed countries (Fisher, 2012; Mason & Brown, 2010; Mason & Harvey, 2013; Perry et al., 2012; Read et al., 2009) while comparable studies in developing economies are limited. These intellectual gaps (Gephart, 2004) merit analysis of entrepreneurial processes of high growth firms in a resource-constrained developing economy.

1.3 Purpose statement

The purpose of this study is to develop the theory of entrepreneurial behaviour of high growth firms operating in a resource-constrained developing economy. Specifically, the study explores the influence of causation and effectuation processes on Zimbabwe's high growth firms.

1.4 Research questions

The study aims to answer the following key research question:

> In what ways do individuals develop high growth firms in a resource-constrained developing economy?

The study thus addresses the following subsidiary questions:

a) How are the behaviours of individuals that establish high growth firms reflected in the causation and effectuation logics?
b) How do entrepreneurs identify opportunities in a resource-constrained environment?
c) How do entrepreneurs mobilise finance for their businesses?
d) In what ways do high growth firms sustain their growth?

1.5 Significance of the study

The study is expected to make theoretical, methodological, empirical and practical contributions to the body of knowledge (Bergh, 2003; Corley & Gioia, 2011; Mintzberg, 2005; Whetten, 1989).

First, the study seeks to develop a theory that explains entrepreneurial behaviour of high growth firms operating in a resource-constrained developing economy. The dynamic interaction of causation and effectuation is critical to the understanding of the entrepreneurial processes of high growth firms. Entrepreneurs in developing economies face resource constraints, and lack relevant information that could help them start from where they are irrespective of

their resource endowments (Baker & Nelson, 2005; Sarasvathy, 2001, 2008). Therefore, lessons from Zimbabwe's high growth firms can contribute to the existing body of knowledge.

Second, the study contributes to research methodology by using a multiple case design in response to calls to extend the methodologies in the area of effectuation research (Perry et al., 2012). Sarasvathy (2001, p. 261) posits that "… methods such as grounded theory building case studies and qualitative analysis of decision-making experiments might be required to accomplish [this] empirical objective". The case study design can generate qualitative and quantitative data (Eisenhardt, 1989; Maxwell, 2010; Rule & John, 2011; Yin, 2009) that are vital to the understanding of effectuation and causation processes in the intermediate stage (Edmondson & Mcmanus, 2007; Perry et al., 2012). The insights could not have been produced in another way given that causation and effectuation studies in similar contexts are scarce.

Third, the study makes an empirical contribution by exploring the relationships between causation and effectuation logics in high growth firms in a resource-constrained developing economy. The experiences of the participating firms present rich empirical data (Ponterotto, 2006) that others can learn from, especially on how entrepreneurs identified opportunities, evaluated opportunities, financed their ventures, utilised business networks and sustained their business operations.

Investors, bankers and policymakers can also use the study findings to inform their decision-making processes (Corley & Gioia, 2011; Mintzberg, 2005; Whetten, 1989). Thus, the study's findings are expected to guide resource providers on funding methodologies, given their heavy reliance on exotic models that may be inappropriate in developing economies. Investors and bankers may use the study evidence to gain a better appreciation of the entrepreneurs and how they can effectively relate with them. This is particularly in light of the growth of the small and medium enterprises in Zimbabwe. Credit management models that were developed during the period when Zimbabwe had a robust corporate sector may not be relevant in the new economy.

Further, the study may contribute towards government policy on entrepreneurship given the importance of entrepreneurship in developing economies where small and medium scale firms are recognised as engines of economic growth (Morris, 2011; Schwab & Sala-i-Martin, 2012; UNCTAD, 2005). A deeper appreciation of the entrepreneurial behaviour will help policymakers develop appropriate policy interventions that will promote entrepreneurial development. Policy effectiveness will be enhanced instead of relying on speculation and unfounded arguments.

1.6 Structure of the thesis

The thesis is divided into three parts comprising twelve chapters:

Part I includes the first three chapters, which are, Chapters 1 through to 3. Chapter 1 covers the Problem Definition and Context, issues that form the basis of the current chapter. Chapter 2 reviews relevant theoretical and empirical literature. The chapter explores how entrepreneurs in high growth firms use effectual and causal logics. The interaction of these processes and how individuals adjust their behaviours in order to sustain growth are the bedrock of the second chapter. The third chapter presents the Research Methodology. The study is guided by the Interpretivism Philosophy, and uses a multiple case design of six companies. Data were collected using documentary sources, observations and semi-structured interviews, and in turn inductively analysed.

Part II, that comprises six chapters, presents the within-case analyses. Individual chapters present and analyse information from the individual cases using dimensions underlying the causation and effectuation theories (Chandler et al., 2011; Fisher, 2012; Read & Sarasvathy, 2005), and categories grounded in the data and research questions.

Part III is made up of Chapters 10, 11 and 12. Chapter 10 focuses on the cross-case analysis, wherein findings are discussed, synthesised and corroborated with theory and empirical findings. Chapter 11 outlines the emerging theoretical framework, while Chapter 12 provides a summary of the main conclusions, contributions, limitations and suggestions for further research.

CHAPTER 2

LITERATURE REVIEW

2.0 Introduction

The chapter explores what is known and less known (Hart, 2001; Neuman, 2006) about causation, effectuation processes and high growth firms. Through the literature survey, the researcher was able to identify gaps in the literature, converging and diverging views (Mouton, 2011) on the entrepreneurial processes and contributions made by the scholars. The discussion is located within a framework informed by the context (Knopf, 2006) of the earlier studies of effectuation (Perry et al., 2012; Read & Sarasvathy, 2005; Sarasvathy, 2001, 2008) and causation (Shane & Venkataraman, 2000) processes. Literature review provides context and direction for the study of entrepreneurial processes (Jesson & Lacey, 2006).

The chapter proceeds as follows: a survey of the literature on developing economies is explored first, and this is followed by the discussion on the indicators of high growth firms in Section 2.2. Characteristics of high growth firms are explored in Section 2.3. The theoretical foundation of the causation logic is presented in Section 2.4. A critical analysis of causation process is covered in Sections 2.5. Section 2.6 presents the theoretical foundations of the effectuation, while a critical analysis of the effectuation logic is covered in Section 2.7. Section 2.8 focuses on entrepreneurial bricolage. Section 2.9 discusses initiatives that entrepreneurs can pursue to sustain business growth. The chapter concludes with a summary.

2.1 A survey of developing economies

Businesses operate in a particular environment that influences their success. Juxtaposing features of resource-constrained developing economies against those of developed (see Table 2.1) helps illuminate the discussion, and also sets the context for a rigorous qualitative study (Pratt, 2009; Rule & John, 2011; Whetten, 1989).

Table 2.1: Features of developed and developing economies

Factor	Specific factors	Developed economy	Developing economy
Political	Bureaucracy	Efficient systems	Inefficient bureaucratic systems
	Rule of law and respect of property rights	High respect for the rule of law	Low respect for the rule of law
Legal	Doing business	Easy to do business	Difficult to do business
	Law enforcement	Relatively high level of enforcement	Poor and discretionary application of the law
Economic	Economic situation	Stable	Fragile
	Financial market development	Developed and deep	Less-developed and shallow
	Dominant sectors	Technology, service and industrial sectors	Resource sectors, especially agriculture and mining
Ecological	Environmental protection	Strict protection guidelines	Lax legislation
	Natural resource consumption	High consumers of energy and natural resources	Low consumers of energy and natural resources
Technological	Innovation	High levels	Low levels
	Technological transfer	Transfer to developing economies	Dependent on technology from the developed world
Social	Per capita GDP	High	Low
	Infrastructure	Good	Poor

Sources: AfDB (2013), Mahajan and Gunther (2009), Zimbabwe (2013), IFC (2014)

The discussion provides insights into the political, legal, economic, ecological, technological and social factors that affect entrepreneurship in developed and developing economies. A developed economy is associated with relatively favourable conditions that are conducive to productive entrepreneurship. In such an economy, the political, economic and financial architecture is well-developed. For this reason, and unlike in developing economies (Mahajan & Gunther, 2009), the conditions for doing business in developed economies are more favourable (IFC, 2014; Learner, 2009).

In contrast, a resource-constrained developing economy is characterised by low real economic growth liquidity problems, low savings and shallow financial markets (Chidakwa et al., 2013; Devlin, 2007; Gormus & Kabasakal, 2010). Developing economies rely on commodity exports, while heavily depending on imported value-added manufactured products. The structure of exports and imports in such economies make them susceptible to exogenous shocks (AfDB, 2013; Brixiova, 2010). However, despite the negative factors, the living standards in the developing economies have been improving, a development that has seen stable demand conditions for goods and services (Mahajan & Gunther, 2009).

Further, high levels of political uncertainty, inefficient bureaucratic systems and low respect for private property rights make it difficult for entrepreneurs to develop high growth businesses. On the contrary, the institutions in developed economies are more efficient. Entrepreneurs have to deal with political problems, inefficient institutions, unclear policies and inconsistent policy frameworks that are more pervasive in developing economies. Political factors lead to concerns over security of property rights and the rule of law, the absence of which negates the benefits of productive entrepreneurship (IFC, 2014; WorldBank, 2010). Inefficiencies, unethical business practices, cumbersome regulatory requirements for starting a business and bureaucracy have a potentially devastating effect on productive entrepreneurship in developing economies (IFC, 2014; Peters, 2014).

The legal environment comprises the relevant country laws, regulatory and statutory requirements, the dispute resolution channels and generally the legal system that will help protect the interests of the investors (Merson, 2011). From

an investor's perspective, company registration processes including the fees, turnaround periods for relevant approvals, licensing, tax laws, regulatory and compliance issues are critical. While there have been significant improvements in the developed countries' legal systems, there is still more to be done particularly the challenges of inefficient and corrupt institutions that unnecessarily distort the cost of doing business (IFC, 2014; Mahajan & Gunther, 2009). An important feature of the developing economies is that there are too many pieces of legislation whose lack of proper implementation frustrates investors.

Technological factors represent major opportunities and threats to businesses (Merson, 2011; Shane, 2005) by influencing an organisation's products, services, markets, competitors, suppliers, customers, processes, marketing practices and competitive position. Advances in Information Communications Technology (ICT) like computers, satellite networks, fibre optics and internet access have changed developing countries' business landscape in such a way that the adoption of electronic-based business platforms has become inevitable.

There have been significant improvements on the ICT Development Index rankings for some of the developing economies, making them some of the world's fastest growing economies in terms of ICT. Further, the mobile and data penetration rates have also been on the rise in the regional economies (Zimbabwe, 2014a). This development has seen an increase in the demand for ICT-based products and also led to greater innovation in the use of social networking platforms. Access to global information has also become easier. Leveraging ICT developments creates opportunities (Shane, 2005) for entrepreneurs. The globalisation of the world economies has also opened opportunities for business to partner with global firms seeking to serve developing economies through models such as distributorships, agency and strategic relationships that minimise their country risk exposure (Madura, 2008; Sarasvathy et al., 2014; Sharan, 2009).

The contextual factors discussed in this section have implications for productive entrepreneurs. There are, however, some opportunities despite the flood of negative news about developing economies (Knight, 2015; Mahajan & Gunther,

2009). Thus, the ability of the entrepreneur to adapt to the environmental factors and act on limited information is critical (Gouillart, 2009; Mbigi, 2007). A deeper understanding of the contextual factors helps identify the boundaries within which the entrepreneurs operate (Mahajan & Gunther, 2009; Rule & John, 2011).

2.2 Indicators of high growth firms

The discussion on high growth firms provides the organisational context within which the entrepreneurial processes are situated. Various denominations have been used in the literature including fast growth firms, high growth impact firms (Acs, 2010; Morris, 2011; Pinelli & Drexler, 2014), high growth firms (Davidsson, Delmar, & Gartner, 2003; Eurostat-OECD, 2007), super fast growth firms, rapidly expanding firms and gazelles (Eurostat-OECD, 2007; Parker et al., 2010).

Firm growth is any sustained increase in a company's performance, represented by an increase in sales, revenue, employees, market share and assets (Bjerke, 2007; Nichter & Goldmark, 2009; Shane, 2005). Multiple measures of performance are recommended due to the heterogeneous nature of entrepreneurship (Davidsson et al., 2003). Growth in staff is widely used in empirical studies because of its accessibility (Mason & Brown, 2010; Shane, 2005) and reliability (Storey, 2011). The use of employment statistics is, however, problematic because staff numbers and business growth may not be positively correlated especially in technology-intensive industries (Pinelli & Drexler, 2014). Increasing staff may not be a priority for firms that embrace lean and cost effective structures. Sales and asset growth data for private companies may be problematic because of possible manipulation and omissions (Nichter & Goldmark, 2009).

Numerous definitions of high growth firms have also been used, thereby raising concerns whether the empirical research is comparing like with like in different studies (Shepherd & Wiklund, 2009; Smallbone & Massey, 2012; Storey, 2011). Firms with an annual growth in revenue of at least 20 percent for five consecutive years are regarded as high growth (Fischer & Reuber, 2003). A more general definition is given by Smallbone and Massey (2012) who maintain that high

growth firms are those top x% of the growing firms in a given cohort. However, the definition by OECD considers firms with 10 or more employees with average annualised growth greater than 20 percent per annum over a three year period as high growth firms (Eurostat-OECD, 2007). The current study adopts the OECD definition because of its wide acceptance and ability to allow for comparisons in empirical research (Mason & Brown, 2010; Pinelli & Drexler, 2014).

Storey (2011) points out that the evidence on autocorrelation of firm growth over a period is mixed. On balance, there is probably more evidence to suggest that firm growth is subject to regression-to-the-mean, or even negative autocorrelation. High growth firms are likely to regress to the industry average growth in subsequent periods than to continue growing at a rapid rate (Derbyshire, 2013; Parker et al., 2010). Storey (2011) cautioned against public policy that focuses on promoting high growth firms that are likely to grow at the industry average rate in the future. This argument is contrary to Shane (2009) who supports a policy targeted at few potentially high growth firms rather than promoting entrepreneurship in general. However, the current study is concerned with the internal behavioural processes and adjustments by individuals in high growth firms instead of public policy. It will, therefore, be interesting to explore initiatives that high growth firms would employ to sustain their growth especially in an uncertain environment. The discussion on possible initiatives to sustain growth is covered in Section 2.9.

2.3 Characteristics of high growth firms

High growth firms can also be analysed in terms of their contribution to jobs, innovation and exports (Brixiova, 2010; Morris, 2011; Pinelli & Drexler, 2014). High-growth firms account for a significant share of jobs and innovation in an economy. Birch (1981) notes the importance of high growth firms by demonstrating that about 4 percent of all the firms were the main sources of jobs in the USA. The study is, nonetheless, criticised for its methodological flaws especially the adjustments for the missing data in the study sample (Mason & Brown, 2010). However, Birch (1981)’s conclusions were supported by a

subsequent study by the US Small Business Administration using data from 1976-1988 (Mason & Brown, 2010).

Research and development increases the probability of becoming a high growth firm, despite the differences between manufacturing and the service sectors (Hinton & Hamilton, 2013; Mason & Brown, 2010; Segarra & Teruel, 2011). Therefore, high growth firms can rely on research and development initiatives to create new innovations (deBeer, Sowa, & Holman, 2014; Dew & Sarasvathy, 2007; Eurostat-OECD, 2005). Holzil (2011) found that innovation was higher for high growth firms in countries close to the technological frontier. High growth firms use innovation as a differentiation strategy that confers the innovator monopoly power over its products (Katz, 2009; Mason & Brown, 2010). However, innovation in the early stage of the product life cycle raises uncertainty in the industry. Innovation may be expensive for the company (Dew & Sarasvathy, 2007) and external financiers may be unwilling to support untested innovations because of fear of risking their investments. Further, the role of innovation in relation to growth is mixed (Dew & Sarasvathy, 2007; Storey, 2011).

High growth firms embrace service excellence as a way of retaining customers and growing revenues as supported by their experiences in New Zealand where they focused on service, avoided advertising and relied on direct business-to-business marketing instead of advertising. These firms exploited opportunities in new markets by creating a niche with few customers and competitors (Hinton & Hamilton, 2013; Kim & Mauborgne, 2005). Minimal competition gives high growth firms an opportunity to charge premium prices.

The growth trajectory is influenced by a firm's business model. Exporting is an attribute of high growth firms in smaller periphery regions and countries. Exports broaden the customer base, stimulate efficiency levels and increase sales volumes. In a qualitative investigation of small firm growth, Blackburn and Brush (2009) found that exporting was a more common feature of high growth firms in the United Kingdom than in the US. The importance of exporting is supported by Storey (2011) who found evidence of the strategic role of exports in a longitudinal

study of New Zealand high growth firms. Further, exporting was more prevalent in those firms investing in research and development (Blackburn & Brush, 2009).

The novelty of innovation in high growth firms has also been queried by Hinton and Hamilton (2013) and Storey (2011). High growth firms in New Zealand relied on alternative marketing or distribution strategy or changing the existing service value proposition (Hinton & Hamilton, 2013), and had low propensity to innovate (Storey, 2011). Smallbone and Massey (2012) found that high growth firms compete on the basis of innovation and not prices. In addition, high growth firms have more products in more markets and are customer-oriented (Hinton & Hamilton, 2013). High growth firms are founded by individuals with previous industry experience, strong customer relationships, technological and marketing innovation, and robust internal control processes and systems (Feindt, Jeffcoate, & Chappell, 2002; Hogin & Samuelson, 2009). The empirical evidence clearly demonstrates that there is limited investment in radical innovation by high growth firms (Bragg & Bragg, 2005; Hargadon, 2003; Hinton & Hamilton, 2013). A more detailed discussion on innovation is covered in Section 2.5.1.2 that focuses on the sources of business opportunities.

The next section discusses the theoretical foundation of the causation logic.

2.4 Theoretical foundation of the causation logic

The causation logic is informed by the Design School that is associated with the Business Policy Group at the Harvard Business School (Andrews, 1965; Ansoff, 1965). The Design School has been the most influential strategic management thinking since the 1960s (Mintzberg, 1990; Mintzberg, Ahlstrand, & Lampel, 2009). The intellectual logic is based on the neoclassical assumptions of access to information, reliance on predictions, and the dichotomy between formulation and implementation (Andrews, 1965; Ansoff, 1965). Andrews (1965) and Ansoff (1965, 1991) support systematic planning while Mintzberg and Waters (1985) uphold emergent strategies in view of uncertainty and information asymmetry.

The Design School considers strategy an informal process of conception based on the strategic role of the founder (Andrews, 1965; Mintzberg, 1990). The model emphasises a proper matching of management's values and social responsibilities as well as internal and external variables. Its primary focus is on the appraisal of relevant internal (strengths and weaknesses) and external (opportunities and threats) situations to the firm. The proper matching of internal and external factors is vital to the development, evaluation and selection of the strategy for implementation. Formulation and implementation are separated, making the processes sequential, and consistent with neoclassical thinking where planning precedes implementation (Andrews, 1965; Ansoff, 1965) underlying the causation process (Eckhardt & Shane, 2010; Sarasvathy, 2001; Shane & Venkataraman, 2000).

The neoclassical logic emphasises the need for a tightly controlled strategy process with little emphasis on action. Action only follows after the strategies have been formulated (Andrews, 1965; Mintzberg, 1990, 2013). The strategy process is deliberate and the implementation is conscious, and hence the need to formalise the strategies. The Design School recognises the importance of the leadership in strategy formulation and delegation during implementation since strategies often fail at the execution stage (Mankins & Steele, 2005) due to poor quality resources, ineffective delegation, poor communication and lack of strategic clarity. Thus, effective monitoring, controls and qualified teams are essential during execution (Hinton & Hamilton, 2013; Mankins & Steele, 2005).

The planning process assumes access to information and certainty (Mintzberg, 1990; Sarasvathy, 2001; Simon, 1955) that would enable the entrepreneur to identify and evaluate all possible strategies from which the best possible option is selected for implementation (Andrews, 1965; Ansoff, 1965; Mintzberg et al., 2009). These assumptions are, however, unrealistic under complex and uncertain conditions where access to information is limited (Mintzberg, 2013; Sarasvathy, 2008; Simon, 1955). This negates the efficacy of perfect information-based decision models. Therefore, imperfect information models are ideal for resource-constrained economies where quick decision-making with incomplete information is required (Gouillart, 2009; Mahajan & Gunther, 2009; Mbigi, 2007).

An analysis of the causation process is presented next. The analysis focuses on the building blocks of the causation logic, the empirical dimensions and a critique in view of the uncertainty and information asymmetric problems that tend to characterise business environments. The section concludes with a summary of the relevant issues for the current study.

2.5 Causation process

The causation process, supported by Shane and Venkataraman (2000), describes the traditional perspective on entrepreneurship (Sarasvathy, 2001, 2008) that is consistent with a planned and deliberate strategy involving opportunity identification, predicting the future and business planning (Shane & Venkataraman, 2000; Wiltbank, Read, et al., 2009). Entrepreneurs articulate their intentions before taking action (Mintzberg & Waters, 1985; Simon, 1955), and this demonstrates the thinking-action dichotomy underlying the rational choice models. The causation process begins with a single clear goal in mind, and attempts to gather and deploy the required resources to achieve that singular goal (Duening, Shepherd, & Czaplewski, 2012; Read & Sarasvathy, 2005).

Figure 2.1 summarises the causation logic.

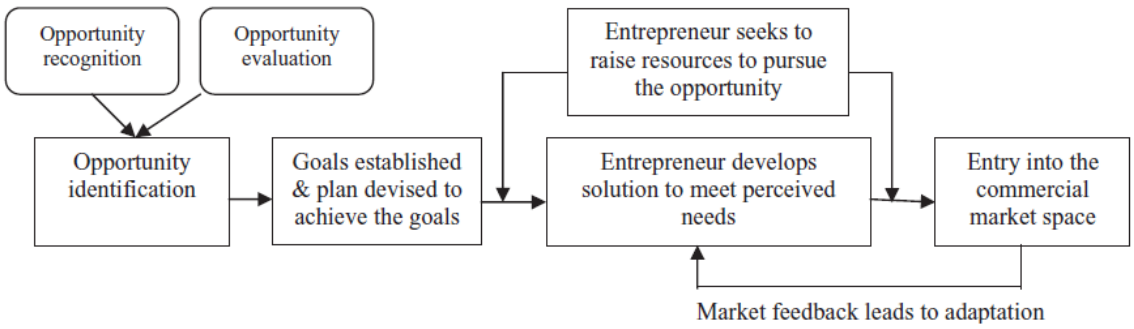


Figure 2.1: Causation process
Source: Fisher (2012, p. 1024)

The entrepreneur is assumed to be rational and to make decisions based on perfect information (Mintzberg, 1994; Simon, 1955; Varian, 2010), endowed with unlimited and costless information, computational ability and time (Eckhardt &

Shane, 2003; Koutsoyiannis, 1988; Varian, 2010). The entrepreneur pursues a wealth maximisation objective by diligently assessing all possible opportunities. Nevertheless, perfect causation is highly unlikely (Mintzberg & Waters, 1985) due to uncertainty and imperfect information (Akerlof, 1970; Eckhardt & Shane, 2010; Sarasvathy, 2001) and is not always feasible in resource constrained environments (Baker & Nelson, 2005; Sarasvathy & Dew, 2008).

The causation model asserts that, by predicting the future, the entrepreneur controls the outcome (Sarasvathy, 2001; Wiltbank, Read, et al., 2009). The firm defines its objectives upfront and systematically searches for opportunities that are evaluated using financial appraisal techniques and are selected if they maximise expected returns (Bennouna, Meredith, & Marchant, 2010; Drucker, 1998; Shane & Venkataraman, 2000). However, many important decisions are not made by optimising returns (Sarasvathy, 2001, 2008). The theoretical dimensions of the causation process are discussed in the remainder of this section starting with the opportunity identification.

2.5.1 Opportunity identification

The opportunity identification process involves a systematic search, evaluation and selection of opportunities that meet the entrepreneur's expectations (Drucker, 1998; Read & Sarasvathy, 2005; Shane, 2005). Opportunities create situations where new products, customers, markets and processes are developed (Eckhardt & Shane, 2003) and allow entrepreneurs to make profits (Mason & Harvey, 2013; Shane, 2005). An opportunity consists of a set of ideas, beliefs and actions that creates future goods and services (Mason & Harvey, 2013; Shane & Venkataraman, 2000). The identification process describes how individuals acting alone or within firms prove the existence of a previously unseen or unknown way to create a new means-ends framework (Eckhardt & Shane, 2010). Entrepreneurs focus on actionable opportunities that can be executed using the firm's available resources (Fisher, 2012) instead of general opportunities or ideas that may remain elusive.

The nature and characteristics of the opportunity influence the processes undertaken by the entrepreneurs during the identification process. Capital-intensive opportunities may be pursued by individuals who have solid financial networks while technology-driven opportunities may be a preserve of entrepreneurs who deeply understand the opportunity (Eckhardt & Shane, 2010). Entrepreneurial opportunities are uncertain due to information asymmetry, the timing of the decision-making process and the selection criteria (Mason & Harvey, 2013).

An opportunity confers monopoly power to the entrepreneur who expects to make economic rent because of the first mover advantage (Porter, 1996). However, the economic rent is eroded as product imitations are introduced (deBeer et al., 2014; Hargadon, 2003; Katz, 2009), minimisation of information asymmetry that initially gave the entrepreneur monopoly power and possible input price increases that squeeze margins (Porter, 1996; Varian, 2010). Thus, the life cycle of an opportunity depends on the nature of protection enjoyed by the entrepreneur through patents, trade secrecy arrangements, limited information disclosure to stakeholders and continuous innovation (deBeer et al., 2014; Eurostat-OECD, 2005).

Opportunities can be categorised according to the locus of change, sources of opportunities and initiators of change (Eckhardt & Shane, 2010). Focus is on the first two dimensions given their direct relevance to the current study. The next section discusses the locus of changes.

2.5.1.1 Locus of changes

The locus of changes represents developments along the value chain that create entrepreneurial opportunities (Eckhardt & Shane, 2010). Porter (1985) describes the value chain as: "…a systematic way of examining all the activities a firm performs and how they interact … [the value chain] desegregates a firm into its strategically relevant activities in order to understand the behaviour of costs as well as the existing and the potential sources of differentiation." While Porter's view is on cost leadership and

differentiation, the value chain opens more avenues for discovering opportunities as demonstrated in Figure 2.2.

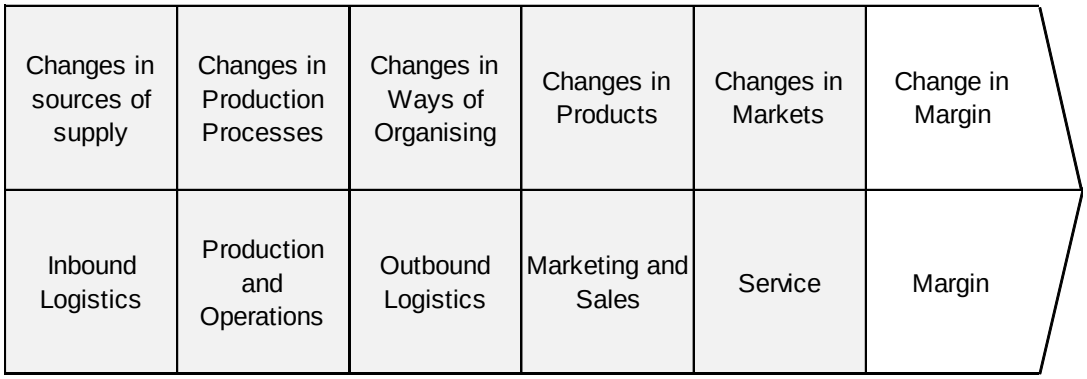


Figure 2.2: Schumpeterian opportunities and the value chain
Source: Eckhardt and Shane (2010, p. 55)

Five different loci of changes on the value chain are identified as follows: those that arise from the creation of new products or services, the discovery of new geographical markets, the creation or discovery of new raw materials, new methods of production and new ways of organising (Eckhardt & Shane, 2010; Mason & Harvey, 2013). The value chain may also be a source of information for re-engineering the business process (Bragg & Bragg, 2005; Hargadon, 2003) and developing partnerships that replace adversarial supplier-customer relations with a system based on collaboration (Brandenburger & Nalebuff, 1995; Camerer, 2003; Moore, 1996).

The value chain analysis fits well into the effectuation and causation domain given the cooperation and competition that characterise entrepreneurial behaviour (Brandenburger & Nalebuff, 1995; Camerer, 2003; Kim & Mauborgne, 2005). Value chains unlock potentially profitable opportunities particularly given the drive towards sub-contracting, the adoption of lean management structures and the relocation of production and distribution facilities to low-cost markets.

2.5.1.2 Sources of opportunities

The existence of sources of opportunities can be explained by the Schumpeterian and Kirznerian perspectives (Mason & Harvey, 2013; Shane, 2005). Information is central to the Schumpeter-Kirzner debate. Schumpeter's view is that opportunities emerge from new information (Shane, 2005) that may be accessed through knowledge corridors, search processes and social networks (Smith & Lohrke, 2008; Stam, Arzlanian, & Elfring, 2014; Welter, 2012). In contrast, Kirzner's opportunities arise from differential access to existing information (Kirzner, 1997; Shane, 2005), and these attributes are summarised in Table 2.2.

Table 2.2: Entrepreneurial opportunities

Schumpeterian opportunities	Kirznerian opportunities
Disequilibrating	Equilibrating
Requires new information	Does not require new information
Very innovative	Less innovative
Rare	Common
Involves creation	Limited to discovery

Source: Adapted from Shane (2005, p. 21)

Changes in the environment generate new information that entrepreneurs can exploit (Drucker, 1985; Mahajan & Gunther, 2009; Shane, 2005). Schumpeterian opportunities emanate from situations that challenge the status quo. The extent of innovation and information availability determines different ways of identifying, evaluating and exploiting opportunities (Mason & Harvey, 2013; Shane, 2005).

Innovation is interpreted in many different ways (Christensen, 2003; deBeer et al., 2014; Drucker, 1998; Hargadon, 2003). However, the most widely accepted definition of innovation is by the Eurostat-OECD (2005, p. 46) that:

> *Innovation is the implementation of a new significantly improved (good or service) or process, a new marketing method, or a new*

organisational method in business practices, work place organisation or external relations.

The definition clearly demonstrates various forms of innovation, that include disruptive (Christensen, 2003; Dew & Sarasvathy, 2007), radical and incremental (deBeer et al., 2014). Incremental innovation is generally understood to exploit existing forms of technologies (Katz, 2009). It either improves on something that already exists or reconfigures an existing firm or technology to serve some other purpose. Available literature on innovation in Africa supports the promotion of indigenous incremental innovation instead of relying on imported technologies from the developed economies (Ely & Bell, 2009; Gouillart, 2009).

Radical innovation involves introducing something new and a departure from the existing technology or methods (Christensen, 2003; Grulke & Silber, 2001). Radical or breakthrough innovation is characterised by an entirely new set of performance features, significant improvement in known performance features and reduction in costs. Despite offering great profit and growth potential, radical innovations present companies with many serious challenges, especially the level of risk and costs associated with such innovations (Dew & Sarasvathy, 2007; Katz, 2009).

In contrast, incremental innovation is relatively cheaper and faster although it is equally faced with some limitations that include, continuous pressure to change features to the existing products and failure to bridge current and future innovation requirements (Drucker, 1998; Ely & Bell, 2009; Katz, 2009).

Kirznerian opportunities result from activities that bring the economy closer to equilibrium (Shane, 2005). These opportunities reinforce established ways of doing business, a view that may be linked to the causation model. Causation focuses on existing opportunities and new entrants compete with incumbents for the market (Kim & Mauborgne, 2005; Sarasvathy, 2001). Firms are attracted to existing markets by relatively higher profits

which can be attributed either to high prices, high volumes or a combination of the two. Prices are, nevertheless, not accurate indicators of the existence of an opportunity due to the problems of market failure (Akerlof, 1970; Varian, 2010).

Schumpeterian and Kirznerian perspectives can be viewed as alternatives. Shane and Venkataraman (2000) maintain that Schumpeterian and Kirznerian opportunities may be present in the economy at the same time. Therefore, entrepreneurs need to continuously monitor possible sources of opportunities.

The preceding analysis has implications for the causation-effectuation debate. Causation assumes certainty and ability to predict the future, possibly suggesting that most opportunities are Kirznerian while Schumpeterian opportunities are effectual. Focusing solely on Kirznerian opportunities while neglecting Schumpeterian opportunities may limit the development of high growth firms (Christensen, 2003; Grulke & Silber, 2001). However, pursuing Schumpeterian opportunities may be costly for firms in a developing economy (Dew & Sarasvathy, 2007; Katz, 2009). There is a need to balance incremental and radical innovations in order to achieve high growth.

2.5.2 Opportunity evaluation

The process of opportunity evaluation informs the entrepreneur's decision-making process (Eckhardt & Shane, 2010). The process is guided by analytical tools that enable the entrepreneur to select opportunities that maximise shareholders' wealth. The decision about which investment opportunity to pursue, and which one to avoid, is a vital aspect of the entrepreneurial process using the causation logic. Furthermore, bad decisions may lead to loss of capital, and an investment commits a company's resources for a longer period resulting in an opportunity cost for the business. Bad decisions are likely to expose the firm to a high risk of failure.

Investment decisions are influenced by the desire to efficiently allocate available scarce resources among competing opportunities (Charan, 2009; Olawale, Olumuyiwa, & George, 2010). Opportunities are evaluated using financial appraisal models and relevant decisions are made whether to accept or reject the opportunity (Bennouna et al., 2010; Chwolka & Raith, 2012). The entrepreneur screens out unviable projects before embarking on the investment, matching resources, time resource flows and minimising potential challenges (Chwolka & Raith, 2012; Eckhardt & Shane, 2003).

Traditionally, the Net Present Value (NPV), Internal Rate of Return (IRR), Profitability Index, Discounted Payback, Payback and Accounting Rate of Return have been used to evaluate opportunities (Bennouna et al., 2010; Block, 1997; Olawale et al., 2010). Investment appraisal may, however, not be fully understood without exploring the risks associated with the investment opportunity. Thus, the risk-return analysis is central to the investment appraisal process (Duening et al., 2012).

Causation-based models rely on the NPV to evaluate investment opportunities (Bennouna et al., 2010; Madura, 2008). The investment decision is guided by the project's ability to generate enough cash flows and the highest expected returns or NPV. Modigliani and Miller (1958) argue that firms should adopt sophisticated methods in order to maximise their values. Block (1997) found that the payback method was the most widely used technique by small firms in the United States because of its simplicity and emphasis on liquidity. Consistent with this argument, Alder (2006) challenges this assertion, and maintains that the NPV method is increasingly becoming irrelevant to contemporary business practice because the costs of sophisticated planning outweigh its benefits (Brinckmann et al., 2010). Further, gut feel is viewed as being better than strict financial appraisal (Alder, 2006; Robinson, 2006) that is less understood in practice (Bennouna et al., 2010).

In addition, cash flow estimates are difficult to predict due to uncertainty and information asymmetry (Eckhardt & Shane, 2003; Sarasvathy, 2001; Shane, 2005) which makes them unreliable. As a result, potentially good projects may be rejected for failing to meet key benchmarks. Further, not all accepted projects will create value for the shareholder. Relatively easier and reliable investment appraisal processes are preferred.

2.5.3 Opportunity exploitation

Identification and evaluation of opportunities are cognitive activities while exploitation involves taking action to mobilise and combine the resources necessary to pursue the opportunity (Eckhardt & Shane, 2010). The exploitation process is influenced by both the attributes of the entrepreneur and the opportunities being pursued as well as the information asymmetry between the entrepreneur and potential investors that leads to adverse selection and moral hazard problems (Akerlof, 1970; Eckhardt & Shane, 2010; Mason & Harvey, 2013). Opportunity exploitation involves business planning and resource mobilisation that form the basis of the remainder of this section.

2.5.3.1 Business planning

Although planning may mean different things to different people (Mintzberg, 1994), it is generally viewed as a rational activity that enables entrepreneurs to psychologically control the future (Chen, Yao, & Kotha, 2009; Mintzberg, 1990; Mintzberg & Waters, 1985), enjoy relatively higher performance (Brinckmann et al., 2010) and achieve efficiency gains. Goals are systematically pursued while action steps are developed. Planning has become widely accepted as an essential managerial function and is expected by lenders, investors and strategic partners (Eckhardt & Shane, 2010; Robbins, Judge, Odendaal, & Roodt, 2009; Wiltbank, Read, et al., 2009). Further, Hogin and Samuelson (2009) argue that planning activity helps to distinguish between causal entrepreneurs and effectuators. It is,

therefore, imperative to closely study the planning process, monitor how plans are crafted, how formal they are and when they are changed.

The general planning theory argues that goal attainment is influenced by individuals' intentions that determine how hard and willing they are to pursue a particular activity (Chwolka & Raith, 2012; Hogin & Samuelson, 2009). The harder they are willing to try, the better they are to perform. Thus, planning involves a cost-benefit analysis, and may be embraced if benefits exceed costs (Brinckmann et al., 2010). Empirical studies have shown that planners are more likely to persist than non-planners (Delmar & Shane, 2003).

Gruber (2007) argues that the amount and focus of planning determine the benefits that the firm may derive from the planning process. Thus, efficiency and clarity of the planning objectives and process are critical to business success (Gruber, 2007). The 2010 meta-analysis study by Brinckmann et al concluded that business planning has a relatively stronger impact on performance in established firms than in new firms.

Business planning is expected to affect financial performance positively. Mankins and Steele (2005) argue that companies on average deliver 63 percent of the financial performance promised by their strategies. This positive relationship is premised on the assumption that formal planning enhances the firm's internal coordination and control (Karlsson & Honig, 2009). This argument can, however, prove to be flawed unless the firm implements plans and regularly controls the implementation process (Karlsson & Honig, 2009). Timmons and Spinelli (2009) note that most firms that rigidly follow their business plans fail. The evidence seems to suggest that planning is no panacea to the organisation's performance issues, unless it is supported by execution.

Static planning models fail to capture the intricacies of dynamic entrepreneurship, and may create flexibility problems that adversely affect the firm's performance (Hogin & Samuelson, 2009). Thus, planning should

be flexible and adapt to evolving internal and external environmental conditions. Langley (1988) cautioned that planning may waste resources without contributing significantly to the firm's growth.

The effectiveness of planning is also undermined by imperfect information, uncertainty, less-developed planning structures and procedures (Brinckmann et al., 2010; Wiltbank, Read, et al., 2009) especially in new firms. Existing literature does not explicitly focus on planning in high growth firms in a resource-constrained developing economy. Additionally, the rationale for developing business plans in practice is not as clear as what literature purports (Brinckmann et al., 2010; Delmar & Shane, 2003).

The evidence relating to the effect of planning on firm growth remains mixed (Brinckmann et al., 2010) and inconclusive (Hogin & Samuelson, 2009; Kraus et al., 2006). Rue and Ibrahim (1998) found a positive but weak relationship between planning sophistication and sales growth. On the contrary, some authors argue that planning makes better use of scarce resources, reduces unnecessary costs and helps firms anticipate possible outcomes (Frese, Brantjes, & Hoorn, 2002). Formal planning enhances the founders' product development and venture organising activities, minimises the risk of failure (Delmar & Shane, 2003) and can affect performance positively (Gruber, 2007) even in dynamic environments.

A study of six Swedish firms in a university incubator by Karlsson and Honig (2009) established that business plans were not being used for their intended purposes. The usefulness of business plans was less evident and plans were playing symbolic instead of functional roles (Karlsson & Honig, 2009). Hogin and Samuelson (2009) found no concrete evidence to support planning as a worthwhile activity in terms of entrepreneurial success in a longitudinal study of 491 Swedish nascent entrepreneurs. This finding concurs with Wiltbank, Read, et al. (2009)'s study of angel investors that found no supporting evidence for the direct relationship between prediction and outcomes.

An analysis of high growth firms in a longitudinal study of nascent entrepreneurs in Sweden by Hogin and Samuelson (2009) showed that planning had little relationship to activity, survival or performance. Planning failed to increase organisational activity, probability of survival and performance. However, planning positively influenced the rate of return. Overall, the study findings strongly supported the use of effectuation-based strategies instead of causal processes in high growth firms. Low growth firms in the study population benefited from planning in the early stages and somewhat less at later stages of the firm's life cycle (Hogin & Samuelson, 2009). A basic plan in the first years can be used to engage and communicate the firm's vision to potential partners (Brinckmann et al., 2010; Sarasvathy, 2003). Behavioural processes that blend planning and learning are likely to promote growth (Brinckmann et al., 2010; Sarasvathy, 2001), suggesting that causation and effectuation may not be that clearly dichotomised in practice. Sarasvathy (2003) observes that established firms simultaneously effectuate despite their reliance on planned strategies.

Entrepreneurs seek control over outcomes (Wiltbank, Read, et al., 2009) by adopting predictive strategies that rely on market surveys, financial appraisal and business plans. Planning, however, fails to fully deal with decisions in uncertain conditions (Eckhardt & Shane, 2003; Mauer & Sarasvathy, 2010; Simon, 1955) that reduce the accuracy, reliability and usefulness of predictions (Wiltbank, Read, et al., 2009). Prediction is, nonetheless, not the only way to ensure control over outcomes (Mauer & Sarasvathy, 2010; Wiltbank, Read, et al., 2009), given the effectuation logic that relies on the control logic and informal processes.

2.5.3.2 Resource mobilisation

Resource mobilisation is a crucial process of the causation logic that follows opportunity identification and evaluation. Access to finance, skills and professional advisory services are key to business growth in the presence of a viable opportunity (Grichnick, Brinckmann, Singh, &

Manigart, 2014; Lingelbach, Viria, & Asel, 2005; Nichter & Goldmark, 2009). Firms often face financial and credit constraints at various stages of their development (Black & Strahan, 2002; Croce, Marti, & Murtinu, 2013; Wright & Stigliani, 2012). Without finance, skills and relevant resources, the entrepreneur may fail to exploit the opportunity, or the project may be deferred unless founders are willing to be diluted (Littunen & Niittykangas, 2010) by inviting other shareholders.

Financing can be through debt and equity. Debt financing involves the acquisition of resources with an obligation to repay (Grichnik, Brinckmann, Singh, & Manigart, 2014; OECD, 2011). The borrower has an obligation to pay periodical interest charged according to the loan agreement, and repay the principal on maturity. Debt may be difficult to mobilise especially for new firms who lack collateral and track record as well as their perceived high risk (Ebben & Johnson, 2006; Fukuyama, 1996; OECD, 2011; Welter, 2012). Further, the cost of funds may be unsustainable because of the risk-adjusted pricing models used by financiers.

Equity financing, on the contrary, takes various forms including own contributions, private equity through venture capital and angel investors. Private equity investors may also bring in skills and networks that may promote growth (Fairchild, 2009; Wiltbank, Read, et al., 2009). These funds produce value through selecting and advising a portfolio of companies. Private equity participation reduces the time to launch the product, instils professionalism and ensures efficient structures that form the foundation for business growth (Croce et al., 2013).

Investments by venture capital and angel investors are done at different stages of the firm's development cycle. Angel investors, who are often experienced entrepreneurs or business people, provide early-stage capital. Venture capital funds prefer investee companies that are already established and have demonstrated performance that can be projected into the future (Gerasymenko & Arthurs, 2014; OECD, 2011). This makes valuations relatively easier unlike firms that are still prospecting.

However, private equity investors tend to extract huge ex-post rent from the firm in the future (Samila & Sorenson, 2011) that may stifle growth. Angel and venture capital investors prefer operating in markets where there are exit opportunities, through an initial public offering (IPO) or mergers and acquisitions (Gerasymenko & Arthurs, 2014; OECD, 2011). Entrepreneurs are unlikely to partner with Venture Capitalists with questionable integrity (Drover, Wood, & Fassin, 2014). Therefore, entrepreneurs and Venture Capitalists should do well to protect their reputation (Fairchild, 2009; Fukuyama, 1996; Welter, 2012).

Given the underdeveloped financial markets in the developing economies, financing models such as angel investors and venture capital may have limited applicability. Businesses are likely to use informal financing models, especially family networks, savings and retained earnings from a portfolio of other businesses that they may be operating (Bygrave, 1997; Fierro & Noble, 2013).

Too much resources at the inception of a new venture may discourage creativity (Fisher, 2012) and prudent resource management. Firms are better off starting with limited resources as this gives them an opportunity to learn how to effectively manage business operations in a resource constrained environment. The potential risks of overtrading and indebtedness are limited thereby allowing firms to grow organically. Resources constraints stimulate resourcefulness among entrepreneurs, and this can be through bootstrapping and leveraging support networks (Grichnik et al., 2014; Grichnik & Singh, 2010). Bootstrapping involves reducing reliance on external sources of finance (Ebben & Johnson, 2006; Grichnik et al., 2014) by resorting to customer-related, delayed payment, owner-related and joint-utilisation methods (Winborg & Landstrom, 2001).

Customer-related and delaying payments methods involve negotiating with the customers to pay in advance while negotiating a relatively longer period to settle the firm's obligation with creditors (Fitzsimmons, 2007; Winborg & Landstrom, 2001). It is, however, difficult to convince

customers to pay in advance during the formative stages because of lack of trust (Fukuyama, 1996; Welter, 2012). Further, negotiating a relatively longer credit period with suppliers may be untenable because of lack of track record (Ebben & Johnson, 2006).

Owner-related methods involve relying on personal resources (Winborg & Landstrom, 2001). However, outside finance becomes available to small firms over time following the demonstration of their ability to manage successful businesses. Thus, owner-related bootstrapping methods decline over time (Ebben & Johnson, 2006). Resource bootstrapping has not been fully studied (Ebben & Johnson, 2006; Fitzsimmons, 2007; Grichnik & Singh, 2010). Therefore, exploring the resource bootstrapping experiences of high growth firms within the causation-effectuation domain becomes imperative.

Information asymmetry makes it difficult for resource providers to separate potentially viable businesses from less attractive ones (adverse selection) and monitoring entrepreneurs against opportunistic behaviour (moral hazard) (Eckhardt & Shane, 2010; Fairchild, 2009; Mason & Harvey, 2013). Unless these problems are minimised, potential resource providers may withhold their support and force entrepreneurs to finance investments from their own resources.

Financiers, therefore, insist on a business plan that demonstrates the market potential, the firm's strategies (Porter, 1985), financial projections and viability analysis (Timmons & Spinelli, 2009; Wiltbank, Read, et al., 2009) that would assist in addressing information asymmetric problems. Entrepreneurs may be reluctant to disclose all the relevant information to the potential financiers because of fear of losing monopoly over project information. In such a situation, the entrepreneur may resort to self-financing to maintain decision-making powers (Eckhardt & Shane, 2010). However, the processes by which high growth firms mobilise and configure resources have not been well researched (Wright & Stigliani, 2012).

2.5.4 Empirical constructs of the causation logic

The empirical constructs of the causation logic are summarised in Table 2.3. An understanding of the behaviours associated with the causation process is critical to the execution of this study. A business whose processes reflect these behaviours may be predominantly relying on the causation logic (Chandler et al., 2011; Read & Sarasvathy, 2005).

Table 2.3: Behaviours underlying causation process

Construct	Indicators
Basis for taking action and acquiring stakeholders	Expresses a vision and/or goals for the venture • Articulate a vision or goal • Holds strategic sessions in which goals are discussed
Opportunity identification process	Identifies an opportunity before developing anything: • Gathers information about customer needs to identify a gap • Analyses technological trends Gathers and reviews information about market size and growth • Gathers data about the market • Interviews potential customers
Attitude towards competitors	Gathers information about competitors and analyses their offerings • Gathers data about competitors • Analyses data about competitors • Uses data about competitors as an input into key decisions
Opportunity evaluation	Calculates the returns of various opportunities • Conducts NPV analysis or probability analysis to choose between various alternatives • Maps out (writes up and discusses) scenarios for the firm's future • Creates and compares financial projections for firm growth
Business planning	Produces a written business plan document • Presents a business plan to external audience Develops a project plan to develop the product/service • Produces a project plan • Monitors product and market developments in relation to a project plan Writes up a marketing plan for taking the products/services to market • Produces a marketing plan • Implements and monitors marketing activities in accordance with a marketing plan
Structures and systems	Organises and implements control process • Establishes an internal reporting structure (management accounts and monthly reporting) • Designs and implements an organisational structure

Source: Adapted from Chandler et al. (2011), Fisher (2012), Read and Sarasvathy (2005), and Sarasvathy (2001)

2.5.5 Critique of the causation logic

The level of environmental dynamism and complexity influences the firm's strategies in terms of being deliberate or emergent (Mintzberg, 2013; Mintzberg & Waters, 1985). A turbulent environment tends to be associated with emergent strategies while deliberate strategies are likely to be more prevalent in stable environments. Critics argue that deliberate strategies that are informed by planning are essential to managing environmental challenges (Brinckmann et al., 2010; Gruber, 2007). This debate makes the study of entrepreneurial processes of high growth firms in resource-constrained developing economies essential because little is known about these processes in such contexts.

Entrepreneurs should, nevertheless, be cautious of the formulation-implementation dichotomy (Brinckmann et al., 2010; Mintzberg & Waters, 1985) because many companies have little to show for their effort, despite investing substantial resources in planning (Mankins & Steele, 2005; Wiltbank et al., 2006). A study by Wiltbank, Read, et al. (2009) concluded that angel investors who emphasised control strategies experienced fewer negative exits (negative Internal Rate of Return (IRR)) while those who relied on predictions made significantly larger investments for relatively lower returns (IRR greater than 100 percent). This shows possible weaknesses of predictive models.

Collapsing the sequential processes into one where the processes proceed in tandem and are closely related (Brinckmann et al., 2010; Mintzberg, 1994) ensures a tighter control of actions, which in turn reduces the need for predictions (Read & Sarasvathy, 2005; Sarasvathy, 2001). The decision-making model should be compatible with access to information, the entrepreneur's abilities and environmental conditions.

Predictive models are, nevertheless, less flexible and may stifle opportunities for adaptive learning (Brinckmann et al., 2010; Hogin & Samuelson, 2009; Mintzberg & Waters, 1985) and creativity due to their

tendency to focus attention and behaviour within a firm. The causation process is criticised for creating a false illusion of control (Mintzberg, 1990; Mintzberg & Waters, 1985).

The causal entrepreneur seeks to take an existing market opportunity and compete with the incumbents (Sarasvathy, 2001). Competition may trigger retaliation by the incumbents as they defend their market positions and margins (Koutsoyiannis, 1988; Varian, 2010; Weigelt & Camerer, 1988). Such a competitive behaviour popularised as Red Oceans by Kim and Mauborgne (2005) may be unsustainable for new entrants because existing firms often have better access to resources and often are better experienced (Almor & Hashai, 2004; Moore, 1996; Weigelt & Camerer, 1988) that may be lacking in new firms.

2.5.6 Section summary

To sum up the discussion so far, it is important to take note of emerging issues from the analysis of the causation process. While planning is dominant in the management literature, the implementation process is fraught with information asymmetric problems and uncertainty (Eckhardt & Shane, 2010; Hogin & Samuelson, 2009; Mason & Harvey, 2013). Bhide (2000) argues that only a very small percentage of successful entrepreneurs pursue a systematic approach to identifying and evaluating opportunities.

Evidence on the influence of causation processes on performance remains mixed and inconclusive (Brinckmann et al., 2010; Hogin & Samuelson, 2009; Kraaijenbrink, 2008; Wiltbank, Read, et al., 2009). Business planning helps put formal structures and systems that promote effective delegation and communication with key stakeholders. Nonetheless, solely sticking to causation processes may limit the understanding of the entrepreneurial processes of high growth firms in developing countries where access to resources and information remains a particular challenge (Baker & Nelson, 2005; Sarasvathy, 2008).

Emergent strategies evolve over time as intentions coincide with a changing reality. Planned strategies may end up being different from the ultimate strategy adopted as firms learn and adapt to the environment. The firm's strategies are fine-tuned in response to the evolving environment and lessons of what works or does not in practice (Mintzberg & Waters, 1985). Emergent strategies closely approximate the effectual logic where the effectuator is expected to go through a process of adaptive learning and experimentation (Sarasvathy, 2001, 2008). The next section discusses the theoretical foundations of the effectuation logic.

2.6 Theoretical foundations of the effectuation logic

The theoretical foundations of the effectuation logic can be traced back to Knight, March, Weick and Mintzberg (1994) who challenged the assumptions of predictive rationality (rational choice), pre-existent goals and selection under conditions of uncertainty (Sarasvathy, 2001, 2008). The influential works include those of Knight's notion of fundamentally unknown future, March's notion of goal ambiguity, Weick's notion of decision makers as sources of selection who enact their environments, Mintzberg's ignorance based heuristics, that is, observation of success stories of probable non-starters (Sarasvathy, 2001). Sarasvathy's work integrates the problem spaces of Knight, March, Weick and Mintzberg (Sarasvathy, 2001, 2008).

Effectuation integrates concepts that underlie entrepreneurial behaviour in markets characterised by imperfect information and uncertainty (Mauer & Sarasvathy, 2010; Sarasvathy, 2001; Sarasvathy et al., 2014; Simon, 1955). The effectuation logic is that uncertainty is minimised through flexible, experimental and iterative learning (Fisher, 2012; Perry et al., 2012; Sarasvathy, 2001, 2008) that enables entrepreneurs to alter their goals and visions in response to available means of who they are, what they know and whom they know (Read & Sarasvathy, 2005; Sarasvathy, 2001, 2008). An opportunity is developed through experiments and behavioural adjustments as new information emerges (Chandler et al., 2011; Fisher, 2012; Sarasvathy, 2001).

The effectuation logic was originally developed through a cognitive science-based study of 27 expert entrepreneurs each of whom had over 15 years of experience building ventures ranging in size from $200 million to $6.5 billion (Sarasvathy, 2001). An expert is “a person who, either individually or part of a team, has founded one or more companies, remained a full-time founder/entrepreneur for 10 years or more and participated in taking at least one company public” (Sarasvathy, 2008, p. 21). Sarasvathy (2001) established that more than 63 percent of the expert entrepreneurs used effectuation logic more than 75 percent of the time.

Effectuators are different from the causal entrepreneurs in that the former are more likely to (1) start marketing and selling as well as forging strategic alliances without traditional market surveys; (2) rely on short-term informal financial planning instead of long-term planning; build strong participatory cultures rather than hierarchies; and fail but effectively manage and learn from their failure for the benefit of their future projects (Chandler et al., 2011; Laaksonen et al., 2010; Sarasvathy, 2001).

The effectuation logic involves shifting from the way entrepreneurship is understood (Perry et al., 2012). It challenges the universal use of causal processes in entrepreneurship by recognising the importance of entrepreneurs’ aspirations (Koutsoyiannis, 1988; Sarasvathy, 2001). Effectuation theory encourages entrepreneurs to start from where they are and make use of existing networks. Effectuation is more relevant than causation in situations where resources are scarce, which may make the former process relevant to developing countries. Effectuation does not eliminate failure but minimises loss in the event of failure (Sarasvathy, 2003; Wiltbank, Read, et al., 2009).

Effectual entrepreneurs rarely rely on predictions of the future, and the outcome of their efforts is materially unpredictable or unknown beforehand (Sarasvathy, 2001; Sarasvathy et al., 2014; Wiltbank et al., 2006). In contrast, the outcome of the causal process is shaped by the opportunity at the start of the entrepreneurial process (Read & Sarasvathy, 2005; Shane & Venkataraman, 2000). Within the effectuation context, the entrepreneur’s decision space is uncertain which makes

it difficult for the entrepreneurs to predict the outcome. Yet, it is within this space that firms with high growth potential emerge (Sarasvathy, 2003). Failure to support effectual processes may limit innovation and entrepreneurship to the detriment of economic development (Dew & Sarasvathy, 2007; Drucker, 1998; Herrington, 2011; Mason & Brown, 2010).

2.7 Effectuation logic

Effectuation can be analysed from the conceptual and empirical perspectives. Conceptually, effectuation is an alternative paradigm to causation (Perry et al., 2012; Sarasvathy, 2001). Conceptual literature addresses the core definitional research questions of effectuation (Perry et al., 2012). Empirical literature explores the areas in which the concept has been applied in order to understand entrepreneurial behaviour.

Effectuation is a control logic which posits that “to the extent you can control the future; you do not need to predict it” (Sarasvathy, 2001, p. 252). It explores what is possible given the entrepreneur’s circumstances. Effectual entrepreneurs co-create the product or market by having stakeholders who care about the business to self-select by pre-committing (Sarasvathy, 2001; Sarasvathy et al., 2014). The entrepreneur, therefore, exercises control over possibilities given the available resources rather than optimising decisions about what ought to be done (Mauer & Sarasvathy, 2010). This is contrary to causation which maintains that “to the extent you can predict the future, you can control it” (Sarasvathy, 2001, p. 252). Expert entrepreneurs consciously avoid prediction and market research (Sarasvathy, 2001; Wiltbank et al., 2006) because of potentially low benefits and challenges associated with forecasting in an uncertain environment (Mauer & Sarasvathy, 2010).

Effectuators assess opportunities based on a set of given means, loss affordability, experimentation, seeking control through alliances and getting pre-commitments from suppliers and customers (Read et al., 2009; Sarasvathy, 2001, 2008). This is contrary to the optimisation and competitive behaviour that underpin causation (Chandler et al., 2011; Mintzberg, 1990; Sarasvathy, 2001;

Simon, 1955). The original effectuation constructs have since been renamed (Sarasvathy, 2008; Sarasvathy et al., 2014) as follows: bird-in-hand (a set of given means), affordable loss, crazy quilt (pre-commitments), lemonade (controlling an unpredictable future) and pilot-in-the-plane. The basic theoretical flavour of these constructs has remained unchanged. Extant literature has, nevertheless, continued to rely on the original terms (Chandler et al., 2011; Fisher, 2012; Perry et al., 2012).

Sarasvathy (2001) distinguishes effectuation from causation through an emphasis on the behavioural principles that include: beginning with a set of given means instead of a given goal; pre-commitments from stakeholders rather than competitive analysis; contingent knowledge rather than pre-existent information; affordable loss instead of expected return; and seeking control of the future rather than predicting a risky future. Each of these principles is discussed in turn.

2.7.1 A set of given means

The effectuation logic is concerned with how entrepreneurs ensure execution regardless of their circumstances. Entrepreneurs create value from resources at their disposal, and start from where they are (Read & Sarasvathy, 2005) that include identity, knowledge and networks to generate potential opportunities (Sarasvathy et al., 2014). Means available to the entrepreneur are identified by answering the questions; who I am, what I know (as shown by the number of years of working experience) and who I know (size and breadth of networks) (Sarasvathy, 2008; Sarasvathy et al., 2014). Effectual logic starts with resources currently controlled instead of the goal (Duening et al., 2012). The effectuation logic emerged from the study of expert entrepreneurs, a category that may not truly represent the whole class of entrepreneurs (Arend, Sarooghi, & Burkemper, 2014; Perry et al., 2012). This can also be said of causation that assumes rational behaviour and unlimited computational ability of the entrepreneur (Simon, 1955). Not all entrepreneurs are endowed with these attributes. This makes the underlying causation principles similarly flawed.

Entrepreneurial activities are affected by access to finance, supporting teams, managerial and organisational skills (Timmons & Spinelli, 2009). Expert entrepreneurs are likely to be endowed with the relevant skills, experience and have access to networks. Yet, entrepreneurs in developing economies may lack these resources, resulting in limited business development (Gouillart, 2009; Smith & Lohrke, 2008).

2.7.2 Pre-commitments

Entrepreneurs are more likely to achieve success by cooperating rather than through competing (Kim & Mauborgne, 2005; Sarasvathy, 2001; Weigelt & Camerer, 1988). The focus should be on building strong and mutually beneficial relationships instead of engaging in unhealthy competitive behaviour (Brandenburger & Nalebuff, 1995; Fisher, 2012; Moore, 1996; Sarasvathy, 2001). Pre-commitments are influenced by the entrepreneurs' realisation of their capability profiles and circumstances. Pre-commitments represent an opportunity by stakeholders to co-create a venture through forging a relationship with effectual partners (Chandler et al., 2011; Dew & Sarasvathy, 2007; Sarasvathy et al., 2014). The future of the effectuator's market is shaped by business relationships (Sarasvathy, 2001; Wiltbank, Read, et al., 2009). Hinton and Hamilton (2013) concluded that the needs of the initial clients directed the future strategies of high growth firms in New Zealand.

The emergence of high growth firms is attributed to the adoption by large firms of lean production processes that rely on networks of suppliers. This supports effectuation's view about the importance of networks and pre-commitments. Effectual partnering is at the core of the business model of high growth firms (Mason & Brown, 2010; Segarra & Teruel, 2011). This is usually in the form of joint ventures, collaborative agreements and long-term relationships with customers. However, the nature of established pre-commitments should benefit all parties because arrangements that benefit one party at the expense of others are unsustainable.

Trust assumes an important position in the entrepreneurial processes in developing economies because of the significance of social networks (Mehta, Maretzki, & Semali, 2011; Stam et al., 2014; Welter, 2012). A social network includes all the relationships that an entrepreneur can leverage (Welter, 2012). The networks are, nevertheless, glued by the level of trust that exists between the partners.

Trust represents positive expectations regarding another party`s conduct (Drover et al., 2014; Welter, 2012). It is the expectation that other parties or institutions will act in ways conducive to the well-being of the others (Mehta et al., 2011; Smith & Lohrke, 2008) as well as how dependable and honest economic players consider others (Mehta et al., 2011; Stam et al., 2014; Welter, 2012). Trust reduces opportunistic behaviour, monitoring costs and information asymmetric problems (Welter, 2012). This is essential in view of the challenges confronting new businesses that are burdened by the "liability of newness" (Smith & Lohrke, 2008; Welter, 2012). Collaborative and support networks are unlikely to partner with economic agents with questionable reputation (Drover et al., 2014).

The effectuation literature does not, however, recognise the importance of trust (Sarasvathy & Dew, 2008) despite being regarded a vital cog in sustaining business relationships (Fukuyama, 1996; Karri & Goel, 2008; Smith & Lohrke, 2008; Welter, 2012). This clearly shows an unresolved debate given the views held by the proponents of the effectuation logic (Sarasvathy & Dew, 2008). Trust continues to be discussed outside the causation-effectuation domain. Thus, the current study will attempt to explore the significance of trust in the entrepreneurial behaviours of high growth firms in a resource-constrained developing economy.

2.7.3 Experimentation

Effectuation may be viewed as a series of experiments to identify the most appropriate business model (Chandler et al., 2011). Entrepreneurs explore various models before they can settle for an appropriate one (Chandler et al., 2011). The entrepreneur may build several different types of firms in different industries. Thus, the entrepreneur may create several possible effects regardless of the objective at the start of the entrepreneurial process (Sarasvathy, 2001, 2008). Experimentation and early interaction with customers increase the firm's chances of surviving the problems of starting new ventures (Fisher, 2012).

There is, however, no explicit explanation of what constitutes an opportunity in the effectuation theory. A discussion on the value creation processes is absent from effectuation instead, there appears to be an implicit assumption that any offering arising from the imagination of the entrepreneur in an uncertain environment will produce a viable business opportunity (Arend et al., 2014).

Literature is silent on business model formulation. It does not talk about the financing of experiments, when to stop experimenting and how relationships with value chain players are managed given that the entrepreneur may be involved in a discovery process leading to an outcome that may be different from the initial concept (Duening et al., 2012; Sarasvathy, 2001).

2.7.4 Affordable loss

The affordable loss dimension explains the entrepreneur's attitude toward risk (Read & Sarasvathy, 2005). While causation is concerned with maximising returns by selecting optimal strategies (Sarasvathy, 2001; Simon, 1955; Varian, 2010), effectuation is based on affordable loss (Sarasvathy, 2001) that the entrepreneur is prepared to incur in the event of failure (Wiltbank, Read, et al., 2009). The effectual entrepreneur seeks

to manage downside risks while leaving the upside potential open (Duening et al., 2012; Wiltbank, Read, et al., 2009). Effectuators are guided by what they are prepared to lose instead of uncertain returns in the future.

Causation focuses on the maximisation of returns, investment capital and project implementation (Chandler et al., 2011; Kraaijenbrink, 2008; Shane & Venkataraman, 2000). While the optimisation concept is well developed in the literature, the affordable loss, experiments and financing modalities underlying effectuation are not fully developed. Effectuators use their creativity and ability to innovate in order to enter the market as quickly and cheaply as possible by using resources within their control (Baker & Nelson, 2005; Duening et al., 2012; Sarasvathy, 2001, 2008).

The effectuation logic relies on the notion of affordable loss, which focuses on downside potential of any action (Read & Sarasvathy, 2005). The affordable loss involves imagining several possible courses of action that an entrepreneur is prepared to take depending on how much he/she is willing to lose (Dew, Read, Sarasvathy, & Wiltbank, 2011; Sarasvathy et al., 2014). However, the logic does not explicitly consider the potential upside that may arise.

2.7.5 Pilot-in-the-plane

This dimension extends the original effectuation logic by putting the entrepreneur in control of the developments within the business and environment instead of being dictated by the factors external to the organisation (Sarasvathy, 2008). An entrepreneur who is faced with an uncertain environment confronts the environment in collaboration with other effectual actors (Harmeling & Sarasvathy, 2013; Sarasvathy, 2008; Sarasvathy et al., 2014). However, the effectuation logic assumes that effectual entrepreneurs will find effectual partners to work with and confront the environmental challenges together (Sarasvathy, 2008; Sarasvathy et al., 2014). This may not be practical in all settings because

not all entrepreneurs are effectual. Thus, the underlying assumption may be restrictive.

2.7.6 Empirical literature on effectuation

Empirical support for the importance of the effectuation logic at the formative stages is overwhelming (Duening et al., 2012; Perry et al., 2012; Sarasvathy, 2001; Wiltbank, Read, et al., 2009). A study by Wiltbank, Read, et al. (2009) found evidence supporting the usefulness of effectuation logic in investments by angel investors. They found that investors who emphasised control achieved relatively better performance than their counterparties who emphasise prediction. The latter investors make larger investments but do not enjoy successes that are commensurate with the effort and investment outlay (Wiltbank, Read, et al., 2009). Furthermore, Wiltbank, Sudek, and Read (2009) established that entrepreneurially-oriented and experienced investors were more effectual in their approaches to new business development.

Empirical literature on the causation and effectuation processes is limited (Brettel, Mauer, Engelen, & Kuepper, 2012; Chandler et al., 2011; Fisher, 2012). However, the most notable effort towards addressing this gap is by Chandler et al. (2011) who developed and validated self-report scales to assess the application of causation and effectuation processes within new ventures.

Table 2.4 summarises the behaviours underlying the effectuation process. The empirical behaviours are used in the matching exercise in this study in order to answer the research question that sought to establish how the behaviours of the participating cases are reflected in the causation and effectuation logics.

Table 2.4: Behaviours underlying effectuation process

Construct	Indicators
Means	• Actions emerge from means and imagination • Stakeholder commitment and actions lead to sub-goals • Feedback from achievement or non-achievement of sub-goals lead to design of major goals

Experimentation	• Develops multiple variations of a product or service to arrive at a commercial offering
	  ○ Creation of multiple different product prototypes
	  ○ Delivering different services in the process of finding an offering
	• Experiments with different ways to sell and/or deliver a product or service
	  ○ Use of different distribution channels
	  ○ Use of different revenue models
	• Changes the product or service substantially as the venture develops

Pre-commitments	• Enters into agreements with customers, suppliers, and other organisations ○ Negotiates with other parties prior to having a fully developed product or service

Affordable loss	• Commits only limited amounts of resources to the venture at a time
	  ○ Seeks out ways of doing things in an inexpensive way
	• Limits the resources committed to the venture in to what could be lost
	  ○ Develops product or service using only personal resources

Flexibility	• Responds to unplanned opportunities as they arise
	  ○ Rapidly changes the venture's offering or revenue model as new opportunities arise
	• Adapts what they are doing to the resources on hand
	  ○ Focuses on what is readily available when deciding on a course of action
	• Avoids courses of action that restrict flexibility and adaptability
	  ○ Continuously rejects courses of action that will lock them in (relationships or investments)

Source: Adapted from Chandler et al. (2011), Fisher (2012), Read and Sarasvathy (2005), and Sarasvathy (2001)

Firms established through effectuation fail early and at lower levels of investment than firms created through causation (Mauer & Sarasvathy, 2010; Read & Sarasvathy, 2005; Wiltbank, Read, et al., 2009). The benefits of effectuation include potential savings in the event of failure by not investing huge sums early into the project and the potential uplift (Wiltbank, Read, et al., 2009). However, the effectuation process may delay growth because of low economies of scale and high average costs. Storey (2011) cautions that new firms need to grow their scales of operations if they are to accumulate sufficient resources required to withstand unforeseen external shocks.

A study of six web-based companies done by Fisher (2012) found that the concepts of experimentation, flexibility and affordable loss were present in the case study companies. Pre-commitments were less useful in explaining the case study firms' entrepreneurial processes (Fisher, 2012) due to the nature of the industry studied that allows companies to experiment and change their processes without incurring huge costs. This is, however, contrary to the view that high growth and successful firms rely on strategic alliances (Sarasvathy, 2001, 2008).

2.7.7 Critique of the effectuation process

The effectuation logic has some limitations. First, focus on expert entrepreneurs may limit the generalisability of a study's findings (Perry et al., 2012). Expert entrepreneurs may be from environments that encourage them to engage in affordable loss experiments and forge alliances because of their resources endowments. Such environments may include growing up in an entrepreneurial family, exposure to financial bootstrapping techniques and other effectual processes (Perry et al., 2012). Such conditions may not be available in developing countries.

Second, the logic is still transitioning to the intermediate stage (Perry et al., 2012), and therefore, still lacks sufficient empirical testing (Arend et al., 2014).

Third, the logic continues to divide researchers (Arend et al., 2014) particularly given its restrictive assumptions in areas such as trust (Karri & Goel, 2008), failure to recognise the possibility that entrepreneurs may also start with goals and visions as supported by some existing literature (Brinckmann et al., 2010; Eckhardt & Shane, 2010; Shane & Venkataraman, 2000).

Fourth, the effectuation logic describes all of the interactions among the units, but fails to provide adequate explanations for the observed relationships. There are no clearly articulated propositions that may potentially make the effectuation logic difficult to empirically test (Arend et al., 2014).

Fifth, the sustainability of the businesses is not explained and is implied. There is need to clearly understand how the firms sustain their business operations. The firm should produce and offer a product with some defendable advantage over existing offerings. The analysis of short-term barriers to imitation and reaction of competitors to new entrants is also missing from the effectuation logic. Thus, the effectuation model does not explicitly explore the aspects that may affect business sustainability (Arend et al., 2014).

2.7.8 Section summary

The discussion on effectuation presented in this section has shown that effectuation processes are likely to create businesses relatively faster and more cheaply than causal processes (Mauer & Sarasvathy, 2010). The effectuation logic is based on expanding the stakeholder network while at the same time allowing for the convergence of goals among the self-selecting stakeholders and executing on commitments made with key stakeholders (Sarasvathy et al., 2014, p. 75). Perry et al. (2012) and Chandler et al. (2011) maintain that a significant share of the existing research on effectuation is largely conceptual. The empirical literature is limited, particularly in the developing economies. The effectuation logic is

relevant in uncertain and resource-constrained environments. This makes the logic relevant to the current study whose focus is on the entrepreneurial behaviour of high growth firms in a resource-constrained developing economy.

2.8 Entrepreneurial bricolage

Entrepreneurial bricolage is a logic that is explains entrepreneurial behaviour in a resource-constrained environment. Bricolage involves “making do by applying combinations of resources at hand to new problems and opportunities” (Baker & Nelson, 2005, p. 333). The logic requires creativity and innovation on the part of the entrepreneur in order to create a successful business (Baker & Nelson, 2005; Fisher, 2012; Senyard, Baker, & Davidsson, 2009).

Three possible business development options are available to entrepreneurs in resource-constrained environments (Baker & Nelson, 2005). These are:

a) Seeking resources from domains external to the firm;

b) Avoiding new challenges by remaining inert, downsizing, or disbanding; and

c) Enacting bricolage by making do by applying combinations of the resources at hand to new problems and opportunities (Baker & Nelson, 2005; Fisher, 2012).

Entrepreneurs should have an appreciation of the resources at their disposals, and the implications of operating in a resource-constrained environment (Phillips & Tracey, 2007; Senyard et al., 2009). Further, adopting an appropriate intervention is critical to the development of high growth businesses. Bricolage is closely related to effectuation despite having the two logics adopting different analytical frameworks (Fisher, 2012).

2.9 Sustaining business growth

Causation and effectuation are argued to be both alternative models and sequential (Chandler et al., 2011; Perry et al., 2012; Read & Sarasvathy, 2005; Sarasvathy, 2003). Chandler et al. (2011) maintain that successful new entrants are more likely to use effectuation than causation processes. Sarasvathy (2001) posits that effectuation is emphasised in the earlier stages of venture creation. A transition to causation is expected as the new firm and market become relatively more developed and predictable (Perry et al., 2012). Causal processes involve formalisation of strategies and business plans that may enable the firm to engage key stakeholders. This reduces the adverse selection and moral hazard problems that negatively affect the efficacy of investment markets (Akerlof, 1970; Eckhardt & Shane, 2010).

Read and Sarasvathy (2005) argue that effectuation becomes more difficult as the business grows. Therefore, more formalised written documents help entrepreneurs to clarify their approaches and communicate with others (Read & Sarasvathy, 2005; Scarbrough, Swan, Amaeshi, & Briggs, 2013; Wiltbank, Read, et al., 2009). This concurs with the view expressed by Mintzberg and Waters (1985) that planned strategies often follow entrepreneurial ones as firms build systems to manage growth (Hinton & Hamilton, 2013).

Companies can also explore various strategies to sustain their operations, and these include bootstrapping (Grichnik et al., 2014; Winborg & Landstrom, 2001), maintaining resource slack (Fitzsimmons, 2007; Mishina, Pollock, & Porack, 2004), portfolio diversification (Fierro & Noble, 2013), leveraging collaborative and social networks and innovation.

Bootstrapping is positively correlated with environmental hostility, industry experience and education (Ebben & Johnson, 2006; Grichnik et al., 2014; Grichnik & Singh, 2010). Entrepreneurial experience is associated with relatively lower resource bootstrapping activity possibly because bootstrapping is a tedious process and entrepreneurs resort to external financing as their businesses grow (Grichnik & Singh, 2010). Further, the founder's ability to bootstrap is closely

related to social capital, especially leveraging other people who are not family members or relatives. This is premised on the fact that leveraging the latter may strain the relationship in the event that the borrower fails to repay the loan (Fitzsimmons, 2007; Winborg & Landstrom, 2001).

Entrepreneurs can also use joint-utilisation methods where the new firms share resources and consolidate their consignments in order to reduce the average cost associated with limited economies of scale (Winborg & Landstrom, 2001). Resource sharing is, nevertheless, expected to decline over time as individual firms create the necessary capacity and economies of scale. Thus, reliance on joint-utilisation methods significantly declines over time (Ebben & Johnson, 2006; Grichnik & Singh, 2010; Winborg & Landstrom, 2001).

Firms may maintain a resource slack in the event that they continue to rely on internal resources. Resource slack is the difference between the resources currently possessed by the firm and its current resource demands (Mishina et al., 2004). This can be in the form of cash, marketable securities, readily saleable assets and ready access to debt markets or bank financing (Fitzsimmons, 2007). Firms aim to maintain sufficient financial slack to ensure that financing is available for good investments. However, the role of slack in determining firm performance is mixed and the debate thereon remains unresolved (Fitzsimmons, 2007; Mishina et al., 2004). Advantages of maintaining a resource slack include the ability to overcome the liability of newness, invest in projects with uncertain outcomes and creating an environment for innovation. Slack may, nevertheless, promote inefficiency in resource allocation (George, 2005).

Entrepreneurs may also hold portfolios in order to raise resources required to finance their businesses. Portfolio entrepreneurship, which represents a situation where an entrepreneur owns multiple businesses or has an ownership stake in a minimum of two firms (Fierro & Noble, 2013) is fundamental to success in less developed economies (Gouillart, 2009). Portfolio entrepreneurship has been identified as an important driver of wealth and growth in developing economies (Fierro & Noble, 2013; Grichnick et al., 2014). The strategy is used to manage

business risk and generating resources to support business growth (Grichnick et al., 2014).

Innovation is an important area that firms can target (Katz, 2009; Partanen, Chetty, & Rajala, 2014). In addition to incremental and radical innovation as discussed in Section 2.5.1.2, firms can engage in process and service innovations. Process innovation involves lowering the unit production costs often by reducing the number of disconnected steps while service innovation entails coming up with excellent service that leads to winning business models. The creativity to alter and adapt the design processes and products is paramount in resource-constrained environments (deBeer et al., 2014; Gouillart, 2009).

Service innovation can be achieved through a combination of operational excellence and customer intimacy (Treacy & Wiersema, 1993). Operational excellence entails delivering quality products at a price and efficiency that no one in the market can match. Focus is on providing low price and hassle free-service (Kim & Mauborgne, 2005; Treacy & Wiersema, 1993). Customer intimacy involves creating and sustaining mutually beneficial relationships with customers. This engenders customer loyalty. The relationship is such that the firm and customer work together to solve their problems and manage the implementation of the solutions (Treacy & Wiersema, 1993).

The discussion in this section demonstrates some of the initiatives that firms may pursue in order to sustain their growth. This is particularly important for the high growth firms in view of the concerns about their ability to sustain growth in the future (Derbyshire, 2013; Parker et al., 2010; Storey, 2011).

2.10 Summary

The issues emerging from the literature are critical to an understanding of the effectuation and causation processes in developing economies. While causation is a fairly developed concept, effectuation is still evolving and more work still needs to be done to further the effectuation research from the nascent to the intermediate phase (Perry et al., 2012). The contribution that effectuation has

made towards challenging the traditional causal thinking analysis is commendable. The logic puts the destiny into the hands of entrepreneurs by encouraging them to start from where they are, with what they know and whom they know (Read & Sarasvathy, 2005; Sarasvathy, 2001, 2008).

High growth firms seem to be using both processes of effectuation and causation (Read et al., 2009). However, the effectuation logic is based on the decision-making process of expert entrepreneurs, and is more prevalent at the formative stages and forms the foundation phase upon which superior expert practice is built (Hinton & Hamilton, 2013; Laaksonen et al., 2010; Sarasvathy, 2001). Causation, in contrast, is likely to be adopted by novices during the formative stages. Ventures will transition to effectuation as they become experts in their fields. Thus, transition has been found not to be unidirectional, but the starting process depends on the experience and resources available to the entrepreneur.

Transition from effectuation to causation is achieved through the introduction of internal control systems, effective delegation and forming professional teams in order to manage the growth process. The degree of plan formality also plays an important role in high growth firms if they decide to adopt causal processes. High growth firms with formal plans in place perform somewhat better than those with less formal plans (Hogin & Samuelson, 2009; Merson, 2011).

The review of current literature has shown some gaps that are restated as follows: (1) the limited research on the interaction of causation and effectuation in high growth firms; (2) the behavioural adjustment of entrepreneurs during growth is a grey area; (3) there is limited discussion on how high growth firms finance their businesses; (4) there is an unresolved debate on the importance of trust in the effectuation logic, and (5) the dearth of comparable studies in developing economies. These gaps clearly point to the need for an empirical study in a developing economy where resources are scarce, expert entrepreneurs are few and business conditions are constantly changing.

Despite being mostly drawn from the developed economies, the information and logics are invaluable for the current study. The ongoing debate on causation and

effectuation informed the current study's intellectual positioning, and also has helped in identifying intellectual gaps that this study seeks to address. Further, the discussion has also helped in the design of this study's research methodology discussed in the next chapter.

CHAPTER 3

RESEARCH DESIGN AND METHODOLOGY

3.0 Introduction

Research methodology is the theory of how research is designed, its theoretical and philosophical assumptions and their implications for the chosen method(s) (Langley, 1999; Morgan & Smircich, 1980). This chapter provides a framework for gathering data and probing the evidence (Allison, 1969; Gioia, Corley, & Hamilton, 2012) in order to get a deeper understanding of the entrepreneurial behaviour of high growth firms in a resource-constrained developing economy. The main aim is to communicate the process through which data and new insights were generated (Bansal & Corley, 2011; Chenail, 1995; Gioia et al., 2012). This chapter discusses the research philosophy, research design, sampling strategy, data collection process, data analysis process, limitations, validity and reliability, as well as ethical considerations. The next section gives an overview of the enquiry process.

3.1 Overview of the enquiry process

The enquiry process outlines the plan of action that connects all the relevant methodological issues starting from the philosophical assumptions to the outcomes (Denscombe, 2010b). This study adapts the framework by Denscombe (2010b) as given in Table 3.1. It aligns the main study components starting with the purpose statement of the study and ending with the expected outcomes, that is, the study contributions. The framework enhances the methodological clarity and ensures a proper alignment of the various aspects of the study methodology.

Table 3.1: Overview of the enquiry process

Aspect	Guiding question	Remarks	
Purpose of the study	What is the research trying to achieve?	Develop the theory of entrepreneurial behaviour of high growth firms operating in a resource-constrained developing economy	
Research Philosophy	What are the underlying assumptions?	Interpretivism	How will the outcomes of the thesis address the initial purpose of the research?
Research design	Which approach best addressed the purpose of the research?	Multiple case study	
Data collection process	Who/what was included in the study?	6 cases, with a total of 30 respondents	
	How was data collected?	Document sources, observation and semi-structured interviews	
Analysis	How was the data analysed?	Analysed inductively using ATLAS.ti package	
Evaluation	What confidence can we have in the findings?	Use of the study protocol and maximum variation in case and participant selection as well as methodological transparency and rigour	
Ethics	How were respondents' rights protected?	Protection of confidentiality and anonymity. The study was cleared by the University of Witwatersrand Human Research Ethics Committee (Non-medical) – See Appendix A	
Outcomes	What are the end-products of the study?	Development of a theoretical framework, and making theoretical, methodological, empirical and practical contributions	

Source: Adapted from Denscombe (2010b, p. 111)

The purpose statement was outlined in the first chapter, and the outcomes are presented in Chapters 11 and 12. The remainder of the components are discussed in turn starting with the Research philosophy.

3.2 Research philosophy

Research philosophy relates to the development of knowledge and the nature of that knowledge in relation to the research (Burrell & Morgan, 1979; Gephart, 2004; Morgan & Smircich, 1980). The philosophy is based on assumptions that underpin the research strategy and methods used. An awareness of the philosophical assumptions that the study makes helps situate the research in a careful and informed manner (Cunliffe, 2010; Guba & Lincoln, 1994; Vos, Strydom, Fouche, & Delport, 2012). Philosophies provide the foundation for quality research, guide researchers in how they approach the study and position themselves in terms of the appropriate methodologies given competing alternatives (Creswell, 2009; Guba & Lincoln, 1994; Hussey & Hussey, 1997). The main philosophical assumptions underlying the study are ontology, epistemology, axiology, rhetoric and methodology (Burrell & Morgan, 1979; Creswell, 2009; Hussey & Hussey, 1997). Consistency among these philosophical assumptions determines the validity of the study evidence (Guba & Lincoln, 1994; Loh, 2013; Shenton, 2004).

Ontology is the nature of reality that can be objective or subjective (Cunliffe, 2010; Guba & Lincoln, 1994). The ontological assumption of this study is that it is socially constructed by the research participants (Hussey & Hussey, 1997). Entrepreneurial behaviour is highly unpredictable and may change over time (Saunders, Lewis, & Thornhill, 2009). It is against this backdrop that the study was inclined towards subjectivist ontology.

Epistemology refers to the researcher's view of what is regarded as acceptable knowledge in a field of study (Creswell, 2009; Cunliffe, 2010). It entails exploring how the researcher may know what is real. It should be noted that epistemology considers broader philosophical issues relating to the nature of knowledge (Cunliffe, 2010). The study was, therefore, guided by the Interpretivist

epistemology, a philosophy that accepts multiple realities of a phenomenon (Badenhorst, 2010; Burrell & Morgan, 1979; Creswell, 2009). Interpretivism uses qualitative methods whose analysis is interpretive, subjective, impressionistic and diagnostic (Creswell, 2009; Denscombe, 2010a). The paradigm places the ideas and reasoning of respondents at the core of the study and also respects respondents' thinking and views. The study explored the details about the entrepreneurial processes, the reality behind the details and multiple views of the respondents (Gephart, 2004; Guba & Lincoln, 1994; Morgan & Smircich, 1980). Further, respondents had an opportunity to tell their stories in a way that accurately represented their experiences (Creswell, 2009; Denscombe, 2010a; Guba & Lincoln, 1994) and subjective meanings were regarded as acceptable knowledge in this study (Saunders et al., 2009).

Interpretivism was ideal because the entrepreneurial processes could only be understood by allowing entrepreneurs, their teams and bankers to give their own stories. Most entrepreneurship literature is not grounded in the experiences of the entrepreneurs. It is, however, important to note that interpretivism is not primarily concerned with explaining the causes of events, but with how phenomena are experienced first-hand by respondents (Saunders et al., 2009). Further, interpretivism was ideal because entrepreneurial processes in Zimbabwe's high growth firms had not previously been fully explored. The philosophy is particularly appropriate for addressing the "how" question (Pratt, 2009; Yin, 2009) which is critical to a better understanding of the issues under study.

Axiological assumptions relate to the role of values in the study (Guba & Lincoln, 1994; Saunders et al., 2009). The study is value bound and the researcher was part of what was being studied. It was impossible to separate the researcher from the phenomenon under study. Therefore, the researcher's values are expected to influence the study in a subjective manner (Maxwell, 2004). Efforts were, however, made to minimise bias by remaining receptive to contrary evidence (Yin, 2009).

Rhetorical assumptions relate to the language used in the study (Guba & Lincoln, 1994; Hussey & Hussey, 1997; Morgan & Smircich, 1980) which can either be

informal or formal. Given the nature of the study, informal language was largely used. It is also noteworthy that the language evolved during the discussion with research participants (Creswell, 2009).

The study also made important methodological assumptions that complemented the other philosophical assumptions underlying this study. Methodological assumptions are concerned with the method of data collection and form of analysis to generate knowledge (Cunliffe, 2010). The study was context-bound targeting high growth firms in a resource-constrained developing economy. Data were inductively analysed, and the emerging theoretical framework will be used to understand (Burrell & Morgan, 1979) the entrepreneurial processes of high growth firms instead of predictions.

3.3 Research design

The study used a multiple case design, which according to Yin (2009), permits a replication of logic that either confirms or refutes an emerging conceptual understanding. Case studies are a valuable means of assessing a phenomenon and clarifying an understanding of the issues under investigation (Bradley, Curry, & Devers, 2007; Miles & Huberman, 1994). The method offered flexibility that narrowed the study focus by concentrating on six firms, and ensured that entrepreneurial processes were explored in a holistic way (Creswell, 2009; Denscombe, 2010a; Rule & John, 2011; Yin, 2009).

The approach revealed the complexities of entrepreneurial processes and allowed for the triangulation of study units, sources, methodologies and data (Yin, 2009). A discussion on triangulation is given in the data collection process section. The study explored the dynamic entrepreneurial processes by focusing on the firm's entrepreneurial experiences since inception to the current development stage. This was essential in order to fully appreciate the evolution of the participating firms over a relatively longer period and also to uncover any behavioural consistencies or inconsistencies that cannot be adequately explored by adopting static methods.

As discussed by Denscombe (2010a), the case that forms the basis of the investigation is something that already exists. The focus is on a naturally occurring and contemporary phenomenon (Creswell, 2009; Yin, 2009). The study dealt with real-life and contemporary issues at multiple levels of analysis, that is, it was concerned with the entrepreneurial processes in Zimbabwe where entrepreneurship has attracted attention at the individual and national levels (Zimbabwe, 2011, 2013).

The case study concentrates on exploring interconnected and interrelated relationships and processes within social settings (Denscombe, 2010a; Yin, 2009). To understand one aspect of the phenomenon, it is necessary to understand many others. In light of this, the study explored issues underlying entrepreneurial behaviour, interaction between causation and effectuation, and initiatives required to sustain business growth. The method revealed issues about the phenomena that could not have been apparent through superficial research (Rule & John, 2011).

The case study design allows for thick descriptions (Charmaz, 2006; Myres, 2009; Ponterotto, 2006; Rule & John, 2011; Yin, 2009) reflected by selected respondents' views on entrepreneurial processes that are presented in Part II of this thesis. The participants' voices are vital to the reporting of research and discovery of new concepts. Therefore, thick descriptions are an evidentiary basis for study findings and conclusions (Gibbert, Ruigrok, & Wicki, 2008; Gioia et al., 2012; Ponterotto, 2006).

Case studies can also be used in developing new theories (Eisenhardt, 1989; Eisenhardt & Graebner, 2007; Siggelkow, 2007) that are "often novel, testable and empirically valid" (Eisenhardt, 1989, p. 532). To date, studies on causation and effectuation have been done in developed countries (Johansson, 2014; Perry et al., 2012) and studies on developing economies are scarce. Thus, an in-depth exploratory case design was considered ideal. An exploratory approach sought to clarify and get a better understanding of the nature of the issues under study. Additionally, the exploratory study had an added advantage of producing new insights into the study problem (Creswell, 2009; Denscombe, 2010a).

Case studies are criticised for lacking rigour, generating soft data, non-generalisable findings and bias (Badenhorst, 2010; Gioia et al., 2012; Yin, 2009). However, a case does not represent a sample (Yin, 2009), and hence case study results are generalisable from the case to theory rather than the population (Yin, 2009). Case study designs lead to analytical generalisation instead of statistical generalisation (Gibbert et al., 2008; Yin, 2009).

Lack of rigour may be due to non-adherence to systematic procedures (Rule & John, 2011; Yin, 2009) that create gaps which negate the credibility of the study process (Gibbert et al., 2008). Literature suggests that by: making use of a case study protocol; showing the case selection process; demonstrating validity and reliability of the study; triangulating of data types and sources, collection techniques (Birks & Mills, 2011; Gibbert et al., 2008; Yin, 2009) and adopting a systematic inductive data analysis process add rigour (Gioia et al., 2012; Pratt, 2009; Thomas, 2006). This study has embraced these recommendations as shown in the relevant sections of this chapter. Further, use of multiple cases provided a basis for comparison, broadened the study evidence (Hofer & Bygrave, 1992; Yin, 2009), enriched theory building (Eisenhardt, 1989; Myres, 2009) and added rigour to the study (Rule & John, 2011; Yin, 2009).

3.4 Sampling strategy

This section discusses the unit of analysis, case and participant selection processes. The discussion is aimed at enhancing the credibility of the study conclusions and of the rigour of the process.

3.4.1 Unit of analysis

The unit of analysis is an important aspect of a case study design. A well-specified unit of analysis is critical to the development of a decent theory (Birks & Mills, 2011; Rule & John, 2011) given that it minimises the possibility of making conclusions on one unit of analysis based on the analysis of another (Durrheim, 2012; Rule & John, 2011; Yin, 2009).

The study adopted a multi-level approach to exploring entrepreneurial processes by targeting both the individual entrepreneurs and their firms. Effectuation was traced to individuals while causation is a firm level construct. Hence, individual entrepreneurs represented the unit of analysis for the effectuation process because of the importance of individuals who take action in organisational formation (Gartner et al., 2010). The transition process, however, requires both firms and founders (Read et al., 2009; Wiltbank, Sudek, et al., 2009). Therefore, the firm was the unit of analysis while founders, their teams and bankers represented the sources of data.

In summary the study gathered data from representatives of each of the participating cases including the founders, senior executives from finance and business development areas or equivalent positions depending on the organisation's structure, as well as the company's banker. The founder was requested to provide details of internal respondents and banker. This approach helped in building a more representative picture of the participating cases, adding analytical rigour and triangulating sources of data (Birks & Mills, 2011; Gibbert et al., 2008; Guest, Bunce, & Johnson, 2006; Yin, 2009).

3.4.2 Case selection

The process of identifying and selecting the cases influences the credibility of the study evidence (Rule & John, 2011; Yin, 2009). Rule and John (2011) and Yin (2009) offer advice on the selection process, while Onwuegbuzie and Leech (2007), and Eisenhardt (1989) advise on the ideal number of cases. Great effort and thought were put into identifying and selecting the final cases because once selected, a case may be difficult to unselect (Rule & John, 2011). In view of the advice from Rule and John (2011) and Yin (2009), the cases were purposively selected from a class of potential cases that met the selection criteria as guided by the study purpose, relationship between the case and class of cases, the number of cases, data availability and accessibility (Pratt, 2009; Rule &

John, 2011; Vos et al., 2012; Yin, 2009). Table 3.2 encapsulates the selection criteria.

Table 3.2: Case selection criteria

Factors	Criteria	Comments
Purpose of the study	To support the purpose	Develop the theory of entrepreneurial behaviour of high growth firms operating in a resource-constrained developing economy
Class of cases to which the case belongs	An average annualised turnover growth rate of at least 20% per year over three years, at least 10 employees (Eurostat-OECD, 2007), and privately-owned. The founder is involved either at the board or executive management levels	Focus was on those firms that were at least 3 years old and had at least 10 employees
Relationship of the case and class of cases	Exemplary and contrasting cases (Rule & John, 2011)	This is in line with Yin (2009)'s recommendation
Number of cases to be studied	1 pilot case 5 final cases	Eisenhardt (1989) recommends four to 10, while Onwuegbuzie and Leech (2007) recommend three to 5
Practical considerations	Willingness to share information, access to key respondents, and geographical distance	Accessible with reliable data that enriched the study evidence

A screening process was adopted, where an initial list of 60 possible case candidates was compiled based on data gathered from newspapers, the researcher's professional network, leads from the industry contacts and Industry Associations. The case candidates were reduced from 60 to 20 firms in the first round of screening. The screening involved grouping the

case candidates into priority and non-priority sectors. The financial, telecommunications and mining sectors were considered non-priority sectors because of the stringent regulatory conditions and equity structures that could have made the study difficult. Ten companies that fell into non-priority sectors were removed from the original list.

The remaining qualifying case candidates were prioritised based on the available information from various archival sources that included print and electronic media reports, as well as discussions with the bankers for some of the companies. The top 5 companies in each of the target sectors namely non-financial services, manufacturing, agricultural and trading or a total of twenty case candidates were selected for further scrutiny.

The second screening stage involved further streamlining of the case candidates by closely interrogating the available data and concentrating on the companies that would possibly fit the study's selection criteria (Yin, 2009). Subsequently, the following steps were taken:

a) Initial contact was made with all of the 15 case candidates resulting in the selection of the eight firms. Preliminary interviews were held with representatives of the qualifying firms in order to confirm that the selected cases had the relevant attributes that the study sought to explore leading to the selection of 6 firms that finally participated in the study. This is in line with the empirical guidelines of three to 10 (Eisenhardt, 1989; Onwuegbuzie & Leech, 2007). The participating cases, shown in Table 3.3, were chosen because of their suitability in advancing the study purpose (Denscombe, 2010a; Rule & John, 2011) because the founders were willing to participate in the study and also their companies were doing relatively well.

Table 3.3: Case study companies

Company	Year of incorporation	Sector	Number of permanent employees
SECURITY	2009	Security services	800
CROP	2007	Agriculture	11
TECHNOLOGY	1999	ICT and stationery	90
CONSTRUCTION	1999	Construction	40
FURNITURE	1998	Manufacturing	40
HOMES	1996	Manufacturing	25

The cases were mostly owner-managed private firms, whose study had the potential of producing new and interesting results due to information asymmetry that characterises their operations compared with public companies. None of the respondents were known to the researcher beforehand, and the researcher did not have any prior relationship with the participating firms (Pratt, 2009).

b) The cases were from the manufacturing, construction, services, agriculture, as well as ICT and stationery sectors. The split was guided by the replication procedure that enhances the quality of research evidence and theory development (Rule & John, 2011; Yin, 2009). The participating firms were drawn from Harare, which is Zimbabwe's capital city, but had operations in some of the country's major cities such as Bulawayo, Gweru, Masvingo and Mutare. The names of the case companies were replaced by the pseudonyms in order to protect their identity.

c) A pilot case firm, CROP, was selected for the preliminary analysis whose evidence was used to refine the case study protocol and the selection of the final cases. A protocol is a guide that contains the instrument, procedures and general rules used by the candidate during the data

collection process. It outlined the nature of data to explore, the interview guide and information to collect from various respondents (Yin, 2009). A protocol is an effective way of dealing with the overall problem of increasing the reliability of case studies (Miles & Huberman, 1994; Yin, 2009), and this is given in Appendix B.

3.4.3 Respondent selection

A total of 30 participants were purposively drawn from the participating cases. The key respondents included the founder, departmental heads drawn from finance, and business development or marketing as well as a bank representative. Founders were critical because of their role in establishing the participating firms and influencing organisational growth (Gartner et al., 2010; Robbins et al., 2009).

Departmental heads from the critical functions also play vital roles in the performance of their organisations. They hold strategic positions through which the firms' strategies are implemented, and also complement the founders (Collins, 2001; Kaplan & Norton, 2008; Mintzberg, 2013). Finance was key given its role in implementing internal control systems among others. Business development and marketing are responsible for generating business required to sustain the company's growth, and also initiating business strategies. Thus, the founder and departmental heads represent an inner circle that is very close to organisational processes.

The bank was chosen because of its intermediary role. The participation of a bank tends to be associated with practices that resonate with the causation logic, especially formal planning and financial forecasting. This practice may be contrary to the firm's, and therefore, the bank's participation enriched the study by providing contrasting views. The participants gave a broader range of information and perspectives about the entrepreneurial processes.

The respondent code names were changed in order to mask the company's identity. The respondents' pseudonym codes are prefixed by the company's first two letters, and followed by the abbreviations of the respondent's functional title. This is illustrated in Figure 3.4 using SECURITY as an example.

Table 3.4: Respondents' pseudonym codes

Functional title	Illustration
Founder	SE_F
Director	SE_D
Head of Finance	SE_FIN
Head of Business Development and Marketing	SE_BDM
Banker	SE_B

3.5 Data collection process

The study triangulated data collection techniques and analysis procedures. It also triangulated data types and respondents within each case. The case study design also triangulated exemplary and complementary cases. Triangulation is increasingly advocated within business and management research (Guest et al., 2006; Margolis & Molinsky, 2008; Yin, 2009). Accordingly, in-depth interviews, observations and documentary analysis were used to gather the relevant data. Preliminary documentary analysis and observation were used to gather information prior to interviews. A summary of the data sources is given in Table 3.5.

Table 3.5: Documentary sources of information

Case	Interviews	Documentary sources
SECURITY	5	Company profile, product brochure, management reports, media articles
CROP	5	Company profile, accounting manuals
TECHNOLOGY	5	Company profile, product catalogue
CONSTRUCTION	5	Company profile
FURNITURE	5	Company profile, product catalogue, accounting manuals
HOMES	5	Company profile, product offering
Total	**30**	

The data collection techniques for this study are discussed next.

3.5.1 Documentary data collection

Documents are a source of data in their own right (Denscombe, 2010a; Gioia et al., 2012). They are an alternative to questionnaires, interviews or observation. The documentary sources are written sources collected from the participating firms. These included individual firms' corporate brochures, information memoranda, press releases and internal reports. In addition, five of the participating case firms had websites that contained useful background information. There was also a significant amount of data both in print and electronic media. Information search on the internet was restricted to the post-2009 because of relative economic stability following the country's decade long economic crisis. Internal documents that were not available to the public, especially management reports, were sought from the participating firms who had an option to either volunteer the information or not.

All the participants were willing to share the information with the researcher, but were less comfortable with financial information that they regarded as confidential and sensitive. This is due to the nature of private companies that keep the information to themselves. This did not, however, affect the quality of data because the study focus was beyond financial data analysis, but the entrepreneurial process. The documentary sources provided critical background data that informed the interviews and analysis.

3.5.2 Observation

Observation is an essential part of the data collection process (Margolis & Molinsky, 2008). The method does not rely on what the respondents "say they do, or say they think" (Denscombe, 2010a, p. 196). The researcher visited the participating firm's premises to observe the entrepreneurial process and the participants' behaviour. The researcher was able to reflect on events, participants' behaviour, details of the physical environment and non-verbal behaviour in field notes that helped the study in developing a story of the entrepreneurial behaviour. The notes were also used to inform the interview questions. Observations were documented in the researcher's field diary, which helped to contextualise events and experiences as they unfolded (Birks & Mills, 2011; Yin, 2009).

3.5.3 Semi-structured interviews

Semi-structured interviews were used to gather relevant data using an open-ended and flexible guide that allowed participants to develop ideas and speak freely on issues raised by the research (Gephart, 2004; Seidman, 2005; Yin, 2009). The interview guide was used to ensure that important issues were consistently covered across all interviews (see Appendix B).

The initial set of open-ended questions was guided by the set of constructs underpinning the causation and effectuation logics presented in the

preceding chapter. These include opportunity identification, opportunity evaluation, business planning, resource mobilisation, pre-commitments as well as roles of the founders during and after establishing their businesses. This was in line with Eisenhardt (1989)'s model which indicates that the researcher can start with the research questions and a priori expectations based on the extant literature. Further, the questions were refined during interviews in order to capture the issues that the candidate had not anticipated at the time of developing the instrument (Birks & Mills, 2011; Creswell, 2009; Gioia et al., 2012; Yin, 2009) in response to the natural flow of conversation. Interviews took between 45 minutes and an hour. Subsequent follow-up interviews with the founders took between 20 and 30 minutes.

Participants were interviewed face-to-face in their offices using semi-structured interviews (Guest et al., 2006; Seidman, 2005). Twenty eight interviews were audio-recorded while two were not because the respondents were not comfortable having the interviews recorded due to security concerns so soon after the July 2013 General Elections that coincided with the data collection phase of this study. However, subsequent interviews with the same respondents were recorded because of the assurance given by the researcher that the data were for academic purposes and also the elections anxiety had died down.

Two interviews were held with the founder, one at the beginning of the study and the other at the end of the process after gathering the views of other respondents. This was meant to clarify and confirm critical issues that emerged from the data collection process. A time period of five to ten days between the interviews was allowed for initial analysis and getting the meaning of the data emerging from the cases (Birks & Mills, 2011; Rule & John, 2011; Yin, 2009) before moving to the next interview. This gave the researcher an opportunity to reflect on the issues under investigation, emerging arguments and directions suggested by the data (Birks & Mills, 2011; Bradley et al., 2007; Yin, 2009). The interviews also allowed on-site observation and gathering of additional company data (Hinton & Hamilton,

2013; Seidman, 2005). In-depth interviews were conducted over a period of eight months, allowing for a longitudinal dimension (Bygrave, 1989; Kodithuwakku & Rosa, 2002; Yin, 2009) and the experiences of the companies were captured since inception.

The interviews generated huge amounts of data, between 15 and 20 pages per interview, that were managed systematically through relevant steps taken before, during and after the interviews. The interviews were recorded using digital media. The researcher also ensured that the audio recorder was always working. Permission to use the audio recorder was sought from the interviewee following which the participant was asked to sign an "Audio Recording Consent Form" which is furnished in Appendix C. Furthermore, memos, field notes and case study database were kept as part of an audit trail (Yin, 2009). While interviews provided the participants' perceptions of the entrepreneurial processes, contextual issues within which the respondents operated were captured in the field diary (Birks & Mills, 2011; Denscombe, 2010a). This provided a context for the study which is an essential aspect of the case study design (Blaxter, Hughes, & Tight, 2009; Rule & John, 2011; Whetten, 1989).

3.6 Data analysis process

Data analysis involves converting raw data into usable information (Creswell, 2009). It is an on-going process that begins before fieldwork and continues to the writing stage (Bradley et al., 2007; Miles & Huberman, 1994). New data gathered during the study at various stages were incorporated in order to develop a plausible theory of entrepreneurial behaviour of high growth firms in a resource-constrained developing economy. A high quality analysis requires an analytic strategy that includes "relying on theoretical propositions, case descriptions, a dual use of both quantitative and qualitative data, and rival explanations" (Creswell, 2009; Margolis & Molinsky, 2008; Maxwell, 2010; Yin, 2009).

3.6.1 Data preparation

Data were prepared and organised before analysis (Denscombe, 2010a). This was transcribed by a professional transcriber according to a brief (Myres, 2009; Rule & John, 2011) given by the researcher. Transcriptions were checked for accuracy (Bradley et al., 2007) before sending them to the participants for review and validation. This process potentially enhanced construct validity (Gibbert et al., 2008; Yin, 2009). Data were backed up using an external hard drive, and backup copies were used during the analysis to protect the original data from unintentional damage and corruption (Badenhorst, 2010; Denscombe, 2010a) as clearly explained in Appendix C. Further, the Dropbox sharing facility on the internet was used. All electronic mail exchanges on the research project were maintained on the internet as a fall back strategy in the event of any unforeseen problems.

3.6.2 Coding and categorisation process

Data were analysed inductively using the coding steps shown in Figure 3.1

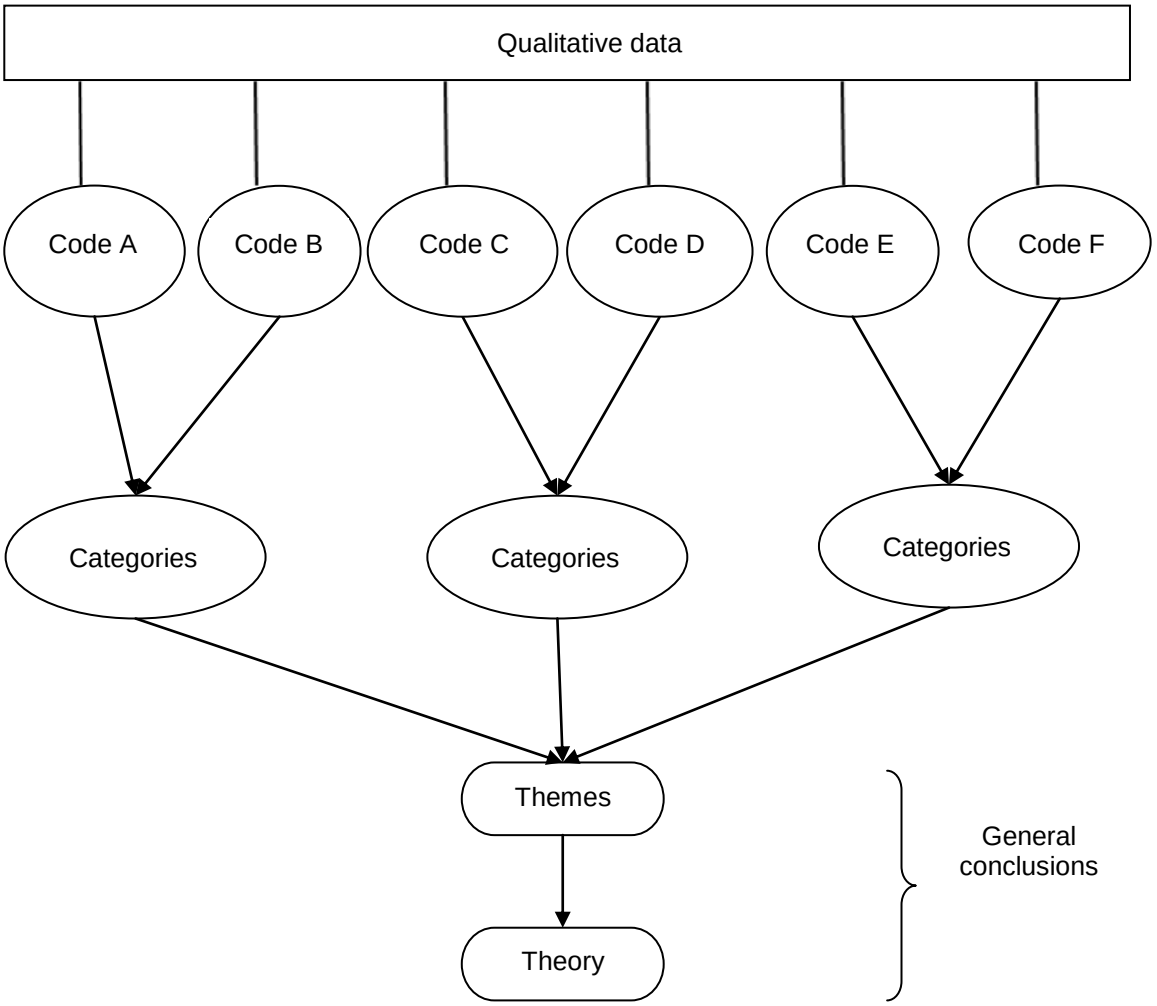


Figure 3.1: Data coding process

Source: Adapted from Denscombe (2010a, p. 286)

Data were analysed using an inductive approach (Creswell, 2009; Denscombe, 2010a; Elo & Kyngas, 2007; Thomas, 2006). The inductive process consists of systematic, yet flexible guidelines for collecting and analysing qualitative data to construct patterns in the data themselves. The process entailed identifying patterns and conceptualising events (Gioia et al., 2012; Langley, 1999). The relevant data processing and analysis steps are discussed next, starting with the coding.

Step 1: Coding the material

Coding is an integral part of data analysis because choices made influence the subsequent analytical process, explanations and conclusions drawn from the study (Guest et al., 2006; Rule & John, 2011). Coding entailed attaching labels to segments of data depicting what each segment is about (Bradley et al., 2007; Charmaz, 2006). The transcripts were read several times during the initial and focused coding (Birks & Mills, 2011; Charmaz, 2006; Saldana, 2009; Thomas, 2006). The study used the ATLAS.ti software package, Version 7 to analyse data. The main advantages of the package are its ability to manage large volumes of data and increase analytical rigour. The package is also relatively easier to learn (Barry, 1998). ATLAS.ti is a powerful workbench for qualitative analysis that offers a variety of analytical tools (Friese, 2013) including memoing and design of network maps.

Analysis was based on the constant comparative (Birks & Mills, 2011; Glaser & Strauss, 1967; Tarrant, Dixon-Woods, Colman, & Stokes, 2010). Initial coding was done inductively for each line in the first transcript (Charmaz, 2006; Glaser & Strauss, 1967; Langley, 1999). Subsequent transcripts were analysed using existing codes. New codes were only assigned to issues not fitting into existing codes. As advised by Miles and Huberman (1994), coding of the previous set of field notes was done before the next interview or data collection process. This enhanced the robustness of data and quality of the analysis (Birks & Mills, 2011; Miles & Huberman, 1994). The codes were kept semantically close to the terms they represented (Miles & Huberman, 1994). A total of 95 codes were adopted in this study. This was in line with the guidelines by Creswell (2009), Litchman (2006) and Saldana (2009) who recommend 80 to 100 codes.

Step 2: Identifying categories

The constructs drawn from the literature initially guided the category identification process. Further, key concepts from entrepreneurial processes served as sensitising concepts (Charmaz, 2006; Tarrant et al., 2010) used to guide but did not constrain coding. As the iteration between data collection and analysis continued 5 more categories emerged namely early marketing strategies, organisational structure, business systems, behavioural adjustments challenges and growth. The pre-commitment construct was further extended to include networks, and it was relabelled "pre-commitments and support networks". The behavioural adjustment challenges are discussed under the interaction between causation and effectuation.

Thus, the within-case analysis was based on a total of 15 family codes or categories into which codes sharing similar attributes were grouped. This was in line with literature which recommends 15 to twenty categories (Denscombe, 2010a; Saldana, 2009). The contents of each category were refined by working within the data before comparing them with each other (Saldana, 2009) during the within-case analysis following which individual case themes were developed (Attride-Stirling, 2001; Fereday & Muir-Cochrane, 2006; Gioia et al., 2012).

Step 3: Identifying themes

Themes were abstracted from the categories using a cross-case analysis. Themes are recurrent unifying concepts or statements about a subject of enquiry (Bradley et al., 2007; Ryan & Bernard, 2003). The themes were developed in two steps which are briefly discussed next. Firstly, themes were abstracted from categories through careful analysis of patterns in the data (Attride-Stirling, 2001; Gioia et al., 2012; Ryan & Bernard, 2003). Secondly, the themes were further refined to make them specific enough to be discrete (non-repetitive), and broad enough to represent ideas contained in numerous categories (Attride-Stirling, 2001, p. 392) and to

represent the process of generalising from the data to theoretical propositions. These themes are the basis of cross-case analysis, and new theoretical insights (Charmaz, 2006; Gioia et al., 2012; Pratt, 2009).

There is, however, no consensus on the number of themes to focus on (Attride-Stirling, 2001). Thus, practical considerations, particularly, the need to adequately handle and utilise the data should help inform the decision on the number of themes. A total of eleven themes grounded in the raw data were developed in this study. Recommendations of 5 to seven themes (Creswell, 2009; Litchman, 2006; Saldana, 2009) and at most 15 (Attride-Stirling, 2001) have been made. According to Attride-Stirling (2001, p. 392), "…more than 15 may be too high to handle and less than 4 may be too few to do justice to the data".

3.6.3 Memo writing

Memoing is an important part of the data collection and analysis process. This helped the researcher to note and clarify issues as well as highlight explanations that could assist in the analysis (Birks & Mills, 2011). According to Charmaz (2006), memo writing prompts data analysis and codes early in the research process. It also increased the level of abstraction of the analytical ideas. Memoing was also essential in clarifying emerging ideas, establishing possible connections between dimensions, crystallising questions and directions to pursue (Birks & Mills, 2011; Charmaz, 2006). Memos were written using ATLAS.ti package throughout the coding and data analysis processes.

3.7 Presentation of case descriptions

Presenting the case study evidence remains a daunting task for researchers (Miles & Huberman, 1994; Yin, 2009). There is no standardised template for presenting qualitative research (Pratt, 2009) and this renders analysis and interpretation difficult (Chenail, 1995; Langley, 1999). Thus, a strategy for presenting a good, clear and coherent analysis was imperative.

The results are presented using a sequenced structure where individual case studies are singly presented first, and followed by the cross-case analysis (Miles & Huberman, 1994; Rule & John, 2011; Yin, 2009) in order to remain close to the theory development framework (Eisenhardt, 1989). A sequenced structure was chosen because of the significance of individual cases in illuminating the study issues (Ponterotto, 2006; Rule & John, 2011), adding analytical rigour and demonstrating the evidentiary basis for findings and conclusions (Gioia et al., 2012). The within-case is based on the presentation of respondent centric terms and categories while the cross-case analysis is organised according to the themes that emerged from the data coding process (Birks & Mills, 2011; Charmaz, 2006).

Both presentations summarise the study evidence using tables that helped to configure data into sensible visual aids. The presentation strategy is briefly discussed, starting with individual (within) case and ending with the cross-case analysis.

3.7.1 Within-case analysis

Individual cases are presented and analysed separately in Chapters 4 through 9. This allowed for a better appreciation of the issues emerging from the individual firm's entrepreneurial processes at a disaggregated level. The voices of the participants were given prominence in the discovery of themes and building of a new theoretical framework (Dooley, 2002; Eisenhardt, 1989; Gioia et al., 2012; Pratt, 2009).

Based on the analysis of the data generated from the participating cases, the results are presented using 15 categories namely; established goal, a set of given means, experimentation, opportunity identification, early marketing strategies, adapting to environmental changes, responding to customer signals, opportunity evaluation, business planning, resource mobilisation, pre-commitments and support networks, organisational structure and business systems. Behavioural adjustment challenges are discussed under the interaction between causation and effectuation while

the final category covering growth dynamics is given as part of the case background information.

In addition, patterns in the data were carefully analysed following which themes were generated (Attride-Stirling, 2001; Gioia et al., 2012). Excerpts from the raw data are used to support the themes in order to ensure that the interpretation remains grounded in the data (Fereday & Muir-Cochrane, 2006). The emerging themes from the individual case evidence informed the overall themes in the cross-case analysis.

The analysis is split into four categories as follows: background, behavioural analysis through the causation lens, behavioural analysis through the effectuation lens and interaction between causation and effectuation processes.

3.7.2 Cross-case analysis

All the six cases were synthesized using themes with a view to establishing similarities and contradictory findings as shown in Chapter 10. The cross-case analysis allowed for creative thinking given the possible differences and similarities across cases (Dooley, 2002; Eisenhardt, 1989; Eisenhardt & Graebner, 2007; Yin, 2009) and the development of theory due to the extension of research from one case to the next (Dooley, 2002).

The study also used the alternate template approach (Allison, 1969; Fisher, 2012; Langley, 1999) to explore how causation and effectuation processes explain the behaviour of the participating firms. This helped to address the research question which sought to explore the behavioural processes, and also focus the research on the prevalent behaviours. The study evidence was matched with the behaviours associated with each of the theoretical processes (Fisher, 2012; Langley, 1999) as shown in Tables 2.3 and 2.4 in Chapter 2. The matching helped to identify the presence or absence of certain behaviours across the six cases. The “√”

was used to represent the presence of the behaviour, “x” for the absence and “?” for inconclusive evidence (Fisher, 2012).

An analysis of divergence and convergence of the themes from the within-case analyses helped in the identification of convergent and divergent themes that informed the overall themes used in the cross-case analysis. Thus, a thematic analysis will be adopted (Rule & John, 2011; Thomas, 2006).

3.8 Theory development process

A theory is a set of ideas that attempts to explain something (Hofstee, 2009; Miles & Huberman, 1994; Rule & John, 2011). These ideas are generally modifiable propositions that explain, predict and interpret events or phenomena of interest (Bradley et al., 2007; Corley & Gioia, 2011). Thus, the current study seeks to establish a theory that shows relationships between constructs underlying the entrepreneurial processes (Hofstee, 2009; Miles & Huberman, 1994; Remenyi & Bannister, 2012) of high growth firms in a resource-constrained developing economy. This study was guided by Eisenhardt (1989)’s approach to theory development using case studies as outlined in Table 3.6.

Table 3.6: Theory development process

Step	Activity	Comment
Getting started	Definition of research question Possibly a priori constructs	Research questions have been defined and given in Chapter 1, Section 1.5
Selecting cases	Sampling	Purposive sampling (Section 3.4.2)
Crafting instruments and Protocols	Multiple data collection methods	Documentary analysis, observations and semi-structured interviews
Entering the field	Overlap data collection and analysis Flexible and opportunistic data collection methods	A period of 8 months was taken to allow for the overlap between data collection and analysis
Analysing data	Within-case analysis Cross-case analysis	Presented in Chapters 4 – 9 See Chapter 10
Shaping propositions	Iterative tabulation of evidence for each construct Replication Search for evidence for “why” behind relationships	Done in the data analysis chapters Studied 6 cases drawn from different economic sectors
Enfolding literature	Comparison with conflicting literature Comparison with similar literature	Done in the discussion and theory development chapters, Chapters 10 and 11
Reaching closure	Theoretical saturation when possible	Ends process when theoretical refinements become negligible

Source: Adapted from Eisenhardt (1989, p. 533)

The focus was on the common themes that continued to surface because of their importance in the development of new theory. An essential feature of the theory development process is the comparison of the enfolding literature with the extant literature (Eisenhardt, 1989; Madzivire, 2011). The following questions served as guides during the data analysis and theory development process:

a) What information did the study find out?

b) What new information did the study uncover?

c) Which information was not conforming to the literature?

Thus, divergent and convergent views were considered in order to increase confidence in the study evidence. While similar literature served to confirm similarities in concepts, the divergent literature deepened insights into the emergent theory (Eisenhardt & Graebner, 2007; Madzivire, 2011). Particular attention was on “nascent concepts that did not seem to have adequate theoretical referents in the existing literature” (Gioia et al., 2012, p. 20). Furthermore, generating innovative ideas, developing appropriate theories and practical guidelines on entrepreneurial processes required the researcher to engage in iterative processes between data, existing body of literature and models (Birks & Mills, 2011; Charmaz, 2006).

3.9 Limitations

The case study design is criticised on numerous grounds. For instance, the reliability, validity, and generalisability of results (Denscombe, 2010a; Yin, 2009). Data quality concerns were addressed through strategies used at design and analysis stages. Case studies generalise data to theory (Yin, 2009), thereby making the attack on the grounds of generalisation invalid.

Case studies are also faulted for the alleged lack of rigour in data collection, construction and analysis. Triangulation and use of multiple cases helped to address these limitations (Creswell, 2009; Yin, 2009). The use of field memos

and audit trail added rigour to the study. Maintaining an audit trail is an essential part of credible qualitative research (Birks & Mills, 2011). The transparency of data collection steps (Chenail, 1995; Gioia et al., 2012; Pratt, 2009) as discussed throughout this chapter improved the validity and reliability of the study. Further, the analysis was inductive that added analytical rigour (Charmaz, 2006; Denscombe, 2010a; Rule & John, 2011).

The other limitation of the case study design is bias and subjectivity introduced by the researcher and respondents (Maxwell, 2004). While this argument may be valid, it was impossible to totally eliminate bias in a qualitative research. Further, it is widely acknowledged that in qualitative research, the researcher is the research instrument (Maxwell, 2004). The researcher, however, minimised the bias by remaining receptive to contrary findings (Yin, 2009) and through documenting in field notes and analytical memos.

Case study methods are also associated with the problem of self-selection. The focus of the current study was on entrepreneurial processes in high growth firms, and as such failed or slow growth firms were not part of the study. Thus, the study is unable to give information about other classes that are outside the scope of the chosen cases.

Accessing the relevant data, especially financials, was difficult due to confidentiality and ethical considerations. Respondents were, however, assured of anonymity, confidentiality and strict adherence to ethical conduct. The researcher accessed most of the non-financial data which was a key requirement for the successful completion of the exploratory study.

3.10 Ensuring validity and reliability

Validity and reliability measure the study's credibility which was enhanced through triangulating data sources, cases and methods (Denscombe, 2010a). An in-depth analysis was achieved through a multiple case design that produced robust findings and improved external validity (Denscombe, 2010a; Yin, 2009).

The study embraced advice by Yin (2009) in order to enhance methodological rigour (Gibbert et al., 2008) as shown in Table 3.7.

Table 3.7: Design tests

Tests	Tactic	Phase in which tactic is employed
Construct validity	• Triangulation of data sources • Proper definition of the key concepts and identifying operational measures • Key respondents reviewed transcriptions for accuracy	Data collection and analysis stages
Internal validity	• Pattern matching • Addressing rival explanations • Explanation building	Cross-case analysis
External validity	• Use replication logic given the multiple case design	Research design
Reliability	• Using the case study protocol • Developing an audit trial	Data collection and analysis stages

Source: Adapted from Yin (2009, p. 41)

Triangulation is an important check for construct validity. This was done at various stages of the study that included data, sources of data where interviews were held with different knowledgeable respondents, methodological (use of semi-structured interviews, observations and documentary evidence) and sectoral (different economic sectors that include agriculture, construction, manufacturing, services, ICT and stationery).

3.11 Ethical considerations

The respondents were protected from harm throughout the research process by adhering to the principles of good ethical conduct as defined by the University of the Witwatersrand Human Research Ethics Committee (Non-Medical). The Research Ethics Committee's approval was granted for the study and the Ethics Clearance Certificate to this effect is given in Appendix A. The principle of

voluntary participation based on informed consent was applied (Denscombe, 2010a). The participants' responses and identity were protected by the use of pseudonyms.

The study purpose and how the information was to be used were explained to the participants who were also assured of anonymity and confidentiality. Steps to protect respondents were outlined in the Participant's Information Sheet. This accorded participants the opportunity to give informed consent about participating in the interview and having the interview audio-recorded. The participants were also asked to sign the formal consent form (See Appendix C).

3.12 Summary

The study explored the subject of entrepreneurial behaviour of Zimbabwe's high growth firms using a multiple case study design of six firms. A qualitative methodology was ideal because of the exploratory nature of the study (Creswell, 2009; Yin, 2009). Qualitative analysis guards against the "sin of omission" (Pellissier, 2007, p. 20) associated with the use of prejudged constructs. The findings for each case are presented separately in Chapters 4 through 9 that form Part II of this thesis.

PART II

WITHIN-CASE ANALYSIS

This part consists of six chapters focusing on individual cases separately. Each case analysis contains the research evidence concentrating on the verbatim quotes from the interviews and a brief analysis. The analysis gives an interpretation of the respondents' words. Each case is split into five sections namely, background, behavioural analysis through the causation lens, behavioural analysis through the effectuation lens, interaction between causation and effectuation processes and finally a summary of the main case themes.

CHAPTER 4

SECURITY

4.0 Background

SECURITY is a family-owned business that was incorporated in 2009, and licensed by the Ministry of Home Affairs. The company's head office, that provides all corporate functions, including human resources, finance, operations and business development, is located in Harare. It also has branches in Bulawayo, Gweru and Mutare.

The company provides security services that include guard services, cash-in-transit, electronic security systems, alarm systems, rapid response and consultancy services to supermarkets, residential, industrial and public institutions in Zimbabwe.

SECURITY experienced rapid organic growth and in the process, was able to achieve favourable performance levels as demonstrated by the number of guards and the company's expansion into other security services.

> *When I joined SECURITY we had not more than 200 guards and now we have just over 800 (SE_FIN - 2:3).*

The company has also introduced more products including alarm systems and cash-in-transit services.

> *We had only one Cash In Transit vehicle, but now we have a fleet of more than ten (SE_FIN - 2:6).*

SECURITY's product portfolio has, over the years, also evolved from merely guarding property to the provision of security and risk management services.

SECURITY introduced a quality management system that was ISO-certified by the Standards Association of Zimbabwe (SAZ) in 2012. The certification was conferred on the company for meeting the quality standards as defined by SAZ.

Since its formation, SECURITY has consistently emphasised service quality, customer focus, and investment in human capital and security technology. The founder remarks that:

> *SECURITY is run extremely well, we have been running it like a bank, I might say, people admire banks (SE_F - 1:37).*

4.1 Behavioural analysis through the causation lens

4.1.1 Established goal

The decision to enter into the business was not influenced by a pre-determined objective.

> *We just wanted to start a business. You know we just wanted to venture into a new business (SE_D - 3:16).*

4.1.2 Opportunity identification

Support from the family helped to identify the opportunity. The founder's wife encouraged him to consider the security business.

> *There was a guy in Zimbabwe who had a security company, and I said to him [my husband], I think you can do better than this guy. Why don't you start a security company? (SE_D - 3:5).*

However, the process was informal given that the founder did not engage in any systematic way of establishing the business opportunity.

4.1.2.1 Adapting to environmental changes

Zimbabwe's operating environment has been hostile to business since 1997. The economic conditions worsened income disparities, poverty and formal unemployment that have in turn contributed to rising corruption and crime (ZimStat, 2014). Environmental changes created opportunities for SECURITY. Furthermore, technological developments have led to the introduction of new security systems.

There`s a lot of technology around that we initially didn't dream of doing, but the market has forced us to adapt (SE_F - 1:129).

The company has enhanced its product portfolio by adapting to market conditions and progressively responding to technological developments. This is reflected by the firm's evolving business model.

You really can't just be stuck to one idea or one view, you have to adapt to the environment (SE_F - 1:131).

4.1.2.2 Responding to customer signals

The firm's ability to respond to the customer's signals is vital to its success. SECURITY has introduced new products in response to customer demands. Customers signal possible business areas that firms may venture into, and the firm's product portfolio has, to an extent, been influenced by customer demands.

There are so many things we didn't intend to do but we've had to do them because the clients have demanded that. For instance, we started off as guards, but then we realised the premises that we were guarding, still people needed access control. Banks need access controls, surveillance cameras, they needed alarms, so they were getting these from someone else. The moment we got into that, they were extremely happy because they got like a one stop-shop (SE_F - 1:133).

4.1.3 Opportunity evaluation

The founder neither used market surveys nor investment appraisal techniques to assess business opportunities.

The evaluation was just looking at what is happening in the market. Basically, I looked at bigger players, the middle players, not so fantastic security companies, not so professional security companies and then I just decided to start my own (SE_F - 1:35).

Observing the operations of a similar business run by a friend was enough to guide the founder. He looked at what a friend and other players in the industry were doing and proceeded to implement the business idea. The evaluation process was informal and did not involve any complicated analysis. .

I didn't have to do all that [feasibility analysis]. There was a friend of mine who was running a security company. The way he was running it was not proper, was not very professional, but he was making money, he was employing people. I didn't have to reinvent the wheel, I liked it and I just improved on it (SE_F - 1:33).

4.1.4 Business planning

The company did not have a formal business plan at its formation. Emphasis was on execution rather than having a business plan. The founder argues that business plans are used to impress other people instead of guiding the business.

No, I started only implementing a strategy after starting to operate. I don't believe in having these fantastic business plans, it's to impress someone else (SE_F - 1:72).

Formal business planning is considered to be central to the causation process. The founder argues that having a good plan without executing it is a waste of resources. Implementing the business plan increases the probability of success, otherwise the intended objective of business planning may not be realised.

But yah, having a piece of paper is encouraged; don't concentrate too much on having a fantastic business plan and then actually neglecting the executing part of it (SE_F - 1:74).

The founder's wife, who assisted in establishing the company, argues that planning and execution should be concurrent. Instead of entirely focusing on planning, the business should implement and refine the plans along the way.

It's not like you will be concentrating on the business plan. You will be doing other things and the business plan also. Whilst you are working, it also helps you to do your business plan (SE_D - 3:67).

4.1.5 Resource mobilisation

Business financing takes various forms at different stages of the organisational growth cycle. The firm used its internal resources, retentions and a self-financing

business portfolio. The founder financed the business startup from personal savings.

> *When I started SECURITY, we did not have to borrow, I don't believe in borrowing because if you borrow to start the business, who does the business belong to? The bank? (SE_F - 1:16).*

External financing creates a vicious cycle for the borrowing organisation. Therefore, using own resources and support from family, friends and relatives is better than external loans.

> *You know my husband is also into real estate, farming and lodges, so we were taking money from our pockets, financing the company (SE_D - 3:69).*

In summary, the company's financing models to date are given in Table 4.1.

Table 4.1: Financing models

	Phase	**Financing model**
1	Start-up	Own savings
2	Growth	Profit retentions, and revenues from other businesses

The organisation is skeptical about using external financing because of the stringent lending conditions. According to the founder, banks are designed to maximise their own payoffs at the expense of the clients. External loans put pressure on the business due to exorbitant interest rates, fees, and relatively short tenors.

> *A financial institution is designed to bleed your savings politely; it is not in your interest, so I would actually say that I got a lot of support from the whole society than the financial institutions (SE_F - 1:45).*

4.1.6 Organisational structure

During the formative stage, the company had a small team comprising the founder`s family, a guard and a marketing person. As the business grew, the founder became overwhelmed with work, forcing him to engage additional staff with relevant skills and experience in the security business and support services.

> *After the first eight months, contracts started trickling in and I couldn't be in all places because I had to look for the business. I had to maintain the business, I had to deploy the guards; so that's when we started getting someone to deploy and actually supervise the guards because we started having guys working with us during the day and working with us as well during night (SE_F - 1:85).*

The company introduced an organisational structure that allowed for effective delegation, and decentralisation of the decision-making process. The founder works closely with the departmental heads on strategic issues, although he has the greatest influence on the final decision.

> *So most of the decisions I have actually empowered them, my model is very simple, I have got an HR Manager, I have got CIT Manager, I have got a finance guy and I have got an operations guy. I always encourage them to sit and look closely at an idea before they make a decision, then they rope me in (SE_F - 1:112).*

The company has an independent board of directors that was appointed with the help of a consultant from a professional accounting firm. The members had no previous relationships with the founder. This demonstrates professionalism in the way the business is being managed.

> *So some of the people he didn't even know personally until they were appointed by a professional accounting firm (SE_FIN - 2:118).*

The board is also balanced and skilled comprising experts with accounting, legal and security backgrounds.

> *In the board, I took in someone who was extremely strong; he is a retired Assistant Commissioner with the police, so he understood security. I took*

a Labour Lawyer, because with security, labour issues are always there on a monthly basis. I invited a Chartered Accountant to help us with our accounting (SE_F - 1:91).

The founder has also embraced succession-planning as part of the transition process in order to ensure business continuity.

I've got a fantastic company running already and I don't have to be here as a CEO. I don't want to be here as CEO forever. I have given myself five years to nurture the business and then get someone to get it to the next level (SE_F - 1:122).

4.1.7 Business systems

The company implemented business systems to ensure proper control during growth.

As the business grew, we started employing supervisors, …, an accounts person, someone who is actually well versed in accounts then that's when we started putting systems in place (SE_F - 1:81).

ISO certification of the company was also an important part of the formalisation of the business systems. The documentation of systems and procedures made it relatively easier to instil discipline in the organisation.

You don't end up managing people, you end up managing a system and it makes your life so much easier. That's number one, it's been a fantastic quality management system for us, it has helped us a lot (SE_F - 1:141).

ISO-certification has given the founder some confidence given that the staff have systems and procedures to follow. ISO-certification, production of performance reports and review thereof by the board have tightened the systems and increased transparency.

4.2 Behavioural analysis through the effectuation lens

4.2.1 A set of given means

The company was started from scratch with limited resources, and assistance from the family and friends. The founder did not start with huge sums of money but with what he had at that time and focused on implementing his vision.

> *When I started the company I did not have lots of money. I started off with one guard, and that one guard, actually I gave him my clothes, that was the uniform, we had a baton stick and a pair of handcuffs we borrowed from one of my policemen friends (SE_F - 1:18).*

The founder's approach reflects an awareness of the need to exploit resources at one's disposal rather than embarking on a business that requires substantial capital. Friends who assisted with handcuffs and contracts also contributed to the business formation.

The founder had experience in commodity broking, marketing and security following many years of working.

> *I worked for a couple of companies before I started SECURITY (SE_F - 1:8).*

He briefly worked for a South African security company before establishing his own security company in the same country.

> *Some people thought that it [SECURITY] had a South African backing because they know that our MD had worked in South Africa for a security company and then came back home (SE_FIN - 2:27).*

Thus, relevant experience coupled with business development skills contributed to the efficiency with which SECURITY was established.

The founder argues that self-belief is vital to successful entrepreneurial behaviour.

> *First, you have to believe that you can do it, that is how I have always operated (SE_F - 1:13).*

He also emphasised his passion for the business by saying:

> *It was not easy but I just had the passion for it and I really enjoyed this journey of having to clothe the guard with my own clothes that I got from my wardrobe, using my only one vehicle that I had to deploy them, then wake up, set up an alarm and actually supervise (SE_F - 1:23).*

Self-belief and passion for business are essential, otherwise without these attributes, the entrepreneurial journey may be arduous.

4.2.2 Experimentation

Before embarking on the security business in Zimbabwe, the founder tried other ventures including a security business in South Africa and commodity broking. The founder tried other ventures with some mixed results before finally settling on the security business.

> *This [security business] is not the first business that I've started. I've started a lot of businesses, some have failed, and some have made it (SE_F - 1:127).*

The founder made mistakes along the way, although he overcame their adverse effects on his business. He remarks that entrepreneurship is not always smooth.

> *I have made a lot of mistakes during this journey, you have to make mistakes. There is nothing like a proper problem-free journey. Actually making mistakes is part of the journey (SE_F - 1:124).*

Experimentation gave the founder an opportunity to learn in the field rather than spend resources on formal planning. The founder discovered what works and what does not work, and also explored other options that he had not thought about through trial and error.

4.2.3 Early marketing strategies

According to the founder, entrepreneurship is a lifestyle, and business relationships should be reciprocal

> *You got to have a lifestyle whereby if you are in a gym or supermarket. For instance some of the retail clients we have, I didn't know the guys but would just go in there, fill up my trolley and ask to see the owner (SE_F - 1:51).*

Reciprocal business relationships have been vital to the company's development process. The ability to develop opportunities is influenced by patience, persistence and trust.

> *The owner will have to entertain me because I am his client, I have a trolley full of groceries. … he looks at me as his client, he listens to my story. I would say, look, my name is Mhofu, this is my business card, this is what we do, and we are different in there and there. The guy will have to warm up to me because I am supporting his business (SE_F - 1:56).*

Security-based networks are based on the trust that is built around the company's value system. Networks serve different purposes and, therefore, their significance to the organisation's development is essential.

> *Trust and networks are everything in security, people will give you business in security because they know you, they like you. They have to like you and then they trust you (SE_F - 1:47).*

Being trustworthy also contributed to the company's ability to win the confidence and support of clients and business partners.

The firm also explored opportunities that were less profitable in the short term, but which had the potential to grow the business and improve brand visibility. Thus, serving strategic loss leaders has been a key initiative adopted by SECURITY.

> *Some clients may be strategic due to their location or the kind of the people who visit that place. So it seems as if they know it, so they come*

and suggest a ridiculous price for the service and you have to take it because it's going to have some knock-on business effects in the future (SE_FIN - 2:54).

4.2.4 Pre-commitments and support networks

The company's network includes friends, customers and strategic partners.

We got a lot of support from friends as well. Some would just give us a contract to look after their houses not that they were under threat but just to support us (SE_F - 1:43).

Family and friends have promoted the company by providing moral support and business contracts. The family was actively involved in the company's formation with the wife in charge of administration and the son assisting with accounting services. Family support reduced the need for working capital compared with a situation where all labour is hired.

Competitors have also supported SECURITY, thereby demonstrating that opportunities for collaboration in this industry abound. SECURITY learnt about the industry dynamics from established local and international players.

I have learnt a lot from one of the two biggest security companies, I have met the guys who run the two security companies; they have been extremely helpful. There are certain sites that we actually share and we collectively get in there and negotiate prices (SE_F - 1:63).

The founder has been proactive in creating networks. He started playing golf in order to reach out to the potential decision makers and also establishing strategic relationships with sports clubs where the company has erected its billboards in exchange for security services.

We have billboards at … for which we provide a free service. We have billboards at …for which we provide free services to them in return for them allowing us to erect a billboard on their premises (SE_FIN - 2:24).

4.3 Interaction between causation and effectuation processes

The company began as an entrepreneurial venture with the founder and family largely involved. The founder was solely responsible for making critical decisions ranging from strategic to operational. However, as the business grew, the founder embraced initiatives to become more professional as summarised in Table 4.2.

Table 4.2: SECURITY transition process

Factor	Early stage	Growth
Company focus	Marketing	Marketing
Structure	No structure – the founder controlled everything	Formal structure and delegation to the team
Business systems	Informal	ISO-certification of the systems and instituting a board of directors
Founder's control points	No delegation	Business development, operations and approval of critical decisions
Succession planning	Family-based	Founder has started mentoring some of his employees

Staff is empowered, although they consult with the founder before a decision can be made. The founder has interests in the areas of business development and operations.

> *I think for him operations. The operations department because with the operations he has to be involved, this is where we lose clients (SE_D - 3:56).*

While significant progress has been made towards transition from effectuation to causation, there are certain responsibilities that the founder has maintained. Commenting on the board, the founder argues that the business reflects his vision and the board may delay making decisions.

I believe boards also tend to delay in making decisions. They are too cautious; they don't share the same vision with me. I started this business; the vision is still with me. They tend to be more careful, reserved bookish people (SE_F - 1:103).

4.4 Summary

The founder financed the business from his own resources and retained earnings. However, he is sceptical about using external finance because of stringent credit conditions and cost. The company has a structure, an independent board of directors and ISO-certified business systems, and appears to be gradually transitioning from being effectual to causation. There appears to be some close interaction between planning and execution, albeit, more focus is on execution. Table 4.3 gives a summary of the company's evidence and emerging themes.

Table 4.3: Summary of SECURITY evidence and emerging themes

1st Order Concepts	Theme indicator	Theoretical dimension
• We just wanted to venture into a business	Objectives for starting a business	Defined goals
• We didn't have to borrow • I did not have a lot of money • I gave the guard my clothes as the uniform	Resource constraints are illusionary	A set of given means
• Worked for a couple of companies • Our MD had worked for a security company	Influence of previous employment	
• I said to my husband, why don't you start a security company?	Influence of family	
• We got support from friends • We have billboards at sports clubs for which we provide free service • Help from competitors • There are certain sites we actually share	Converting social networks into sources of business and capital	Social innovation
• Started businesses, some failed and some have made it • Making mistakes is part of the journey • Don't concentrate too much on business plans then neglect execution	Prioritisation of execution over formal planning	Experimentation
• You know my husband is also into real estate, farming and lodges	Building a portfolio to sustain business growth	Portfolio diversification
• I did not reinvent the wheel, I liked it and I just improved on it • You can't be stuck to one idea or view	Intelligent copying and adaptation	Incremental innovation
• Taking customers in strategic location at lower price due to the potential knock-on effect • Market forced us to adapt	Alertness to unnoticed opportunities	
• Trust and networks are everything in security	Trust is the basis of sustainable business relationships	Trust
• We started putting systems in place • Systems make your life much easier • I have actually empowered my staff • An independent board of directors	Sustaining business growth	Business systems

CHAPTER 5

CROP

5.0 Background

CROP was established in 2007 by an entrepreneur who had worked in a state-owned enterprise as an Agronomist. The company provides tobacco contract-farming services to resettled small-scale farmers in Zimbabwe. Contract-farming is a forward agreement specifying the obligations of farmers and buyers as partners in business. Farmers are obliged to supply the specified quality and volumes of the underlying product at the agreed price while the contractor is obliged to provide inputs and buy the product off the farmers.

The company has relied on an arrangement that brought together the bank, the tobacco merchant and its founder. Today, only CROP and the Merchant have remained in this partnership following the withdrawal of the bank in 2008 when it was no longer viable for farmers to accept local currency denominated loans.

The company's head office is in Harare, located at the merchant's auction floors. The staff share two offices, one being shared by the founder and the Finance Director while the other is a reception that is used by the Portfolio Manager and his Assistant. Extension Officers, who are based in the farming areas where they provide services, report to the Portfolio Manager at the head office.

The number of contract farmers rose from less than 100 in 2007 to more than 600 in 2013. The staff complement has also risen from five to 40 in tandem with the number of farmers on the scheme over the same period. Further, the company has started exploring opportunities in foreign markets, and engaging international equity investors for additional capital to fund its expansion programmes.

5.1 Behavioural analysis through the causation lens

5.1.1 Established goal

The motivation for starting CROP was twofold; to generate additional income and contribute to the country's socio-economic development. The company's vision as highlighted by the company's representative points to promoting the country`s small scale farmers.

> *When I joined CROP the initial thinking or the goal was to help the small scale farmers to produce quality tobacco that will meet international standards of exports (CR_BDM - 9:8).*

5.1.2 Opportunity identification

Opportunities can be identified through interacting and networking with other players in the market. Networks provide a platform for information-sharing that entrepreneurs can rely on.

> *One thing I know from the general discussions that we have been holding is that it has been an issue of interaction, networking, you know when you are talking to other people or that is where you can identify an opportunity (CR_D - 8:12).*

The ability to identify the gap, coupled with relevant previous experience played an important role in the opportunity identification process.

5.1.2.1 Adapting to environmental changes

The limited number of indigenous players in tobacco value-added services motivated the founder to enter the tobacco contract-farming business. This realisation was crucial in light of the empowerment laws in Zimbabwe (Zimbabwe, 2008).

> *There are no major indigenous companies involved in tobacco growing, processing and exporting (CR_D - 8:5).*

The newly resettled farmers needed financial and technical support that CROP and its partners provided.

> *The industry was transforming, production was moving from the hands of the whites who in 2000 were producing 240 million kgs to the indigenous. I think the dynamics are now maybe 80 percent of production is now black-controlled (CR_F - 7:33).*

Despite the industry being dominated by multinational companies, CROP identified an underserved market segment given that most banks had reduced direct lending to farmers due to policy uncertainty and lack of collateral. Furthermore, access to markets was also difficult and hence the ability to pool small scale farmers under one umbrella made it relatively easier for CROP to penetrate the industry. The merchant ensured access to international credit lines and markets.

5.1.2.2 Responding to customer signals

The rise of China as a dominant player in international trade activities has also assisted CROP, given that China imports significant amounts of Zimbabwe's tobacco.

> *The advent of the Chinese on the world economy helped a lot …, Chinese market has been buying at least 70 to 80 percent of the total tobacco production in Zimbabwe (CR_D - 8:8).*

Farmers were drawn into contracts through the company`s deliberate prospecting efforts, walk-ins and referrals. The required level of support is signaled by farmers through their anticipated hectrage which determines the expected demand for additional support.

5.1.3 Opportunity evaluation

The founder did not engage in any formal investment appraisal at the time of establishing CROP. The decision to establish a tobacco contract-farming business was not based on a formal evaluation process, but reliance on

information and potential from similar projects handled by the founder's former employer. The firm based its decision on an existing model.

5.1.4 Business planning

The company did not have a formal business plan at its formation, and the focus has been on the performance targets, especially area under crop. The founding team worked with some performance guidelines covering the hectrage and recovery rate. Apart from these, the other components were informal as the founder relied on the strategies from his previous employment.

> *We had a concept that these are the revenue sources and expenditures (CR_F - 7:48).*

The planning process is, nevertheless, focused on hectrage and the recovery rate that form the basis of regular management discussions and reviews. Furthermore, timely supply of inputs to the farmers has been an important aspect of the company's planning process given its influence on the yield. The founder believes in implementing ideas instead of spending resources on formal planning. However, management and the bank maintain that planning is relevant otherwise operating without a plan introduces high levels of inefficiencies and chaos.

5.1.5 Resource mobilisation

The founder did not invest monetary capital into the project. The founder started the business with no capital because of the tripartite relationship he had with the bank and the merchant.

> *It [capital injection] was absolutely zero; I mean it (CR_F - 7:37)*

> *We also spoke to one bank at that point that we got a competency area which if we can put resources and minds together we can. So we ended up having a tripartite relationship between the bank, ourselves and the merchant (CR_F - 7:24).*

The company retained part of the operating profits, and restrained non-productive expenditures in order to finance its growth.

> *We made a decision that for the mean time the dividend or retention policy of the organisation has been that the little surplus that we generated; let's reinvest it into the business, and production rather than non-productive activities (CR_D - 8:72).*

Table 5.1 summarises the organisation's financing models to date.

Table 5.1: Financing models

	Phase	Financing model
1	Start-up	No capital injection by the founder, but funding availed by strategic partners
2	Growth	Strategic partners and profit retentions

The start-up phase working capital requirements were funded by the local bank which was a partner in the tripartite arrangement. The founder did not inject monetary capital to start the business; rather he relied on his intellectual capital to establish the business.

The growth phase financing has been through a combination of the existing strategic relationship with the merchant and profit retentions. The company is looking for international equity investors to finance its growth into processing and export market development. The company's funding model may indicate that management is wary of external debt.

5.1.6 Organisational structure

The decision-making process revolved around the founder and his co-director given an informal structure during the formative stages. The business introduced a formal structure in order to promote effective delegation and decentralisation of the decision-making process on operational issues.

So some of the things that our management were doing they've cascaded to admin (CR_BDM - 9:49).

The founders empowered staff to make operational decisions that did not have a huge impact on the shareholders' value. The decentralisation had been influenced by the need to expedite the decision making process given the company's business model that relies on field officers who work closely with the farmers. However, strategic decisions are centralised at the corporate office.

The company currently has a shareholder-based board.

Unfortunately it is shareholder based, I do not know whether I can say that fortunately but currently that is the arrangement (CR_F - 7:97).

The company also has an experienced team of professionals that has contributed to its growth.

We also have a competent team, a well resourced team in terms of experience. Our team is comprised of people who have been in the industry for more than 20 years. So they know what they are doing. Some have been managers of training institutions, tobacco and agriculture training institutions (CR_BDM - 9:71).

5.1.7 Business systems

During the early life of the business, information was shared between the founder and his co-director only. As the business grew, the founders started sharing certain information with the staff in order to expedite the decision-making process. However, certain strategic information remains the preserve of the founding team.

Most of the information was shared just between the two of us, but I can also recall that at one time we were saying we never know what will happen, what if one of us leaves the business; we need to share the information as an organisation. Yes, there are some levels of sharing information but the general administrative information has to be shared within the organisation (CR_D - 8:66).

The company has a performance management system where employees have clear targets whose achievement determines their bonuses.

> *We have got what we call performance bonus. If you perform well you get a better bonus, if you underperform you have an under bonus (CR_BDM - 9:35).*

A performance management system is used to promote productivity and motivate staff. The founder argues that he is prepared to share the earnings with his staff rather than become a prisoner of work.

Some planning and budgeting systems were also introduced in order to guide the business operations.

> *We have evolved from just doing things and encompass or include those planning techniques like the budgeting, and also coming with monthly management accounts (CR_D - 8:94).*

CROP has also formalised its business processes by introducing and enforcing compliance with its Standard Operating Procedures (SOPs).

> *We have got SOPs that guide us starting from recruiting a farmer up to the time of rejecting a farmer (CR_BDM - 9:29).*

Standard operating procedures have helped in ensuring consistency and efficient decision making process. Also, documentation of operating procedures helps minimise abuse by staff and the challenges associated with contracts, especially the adverse selection and moral hazard problems. The selection of contract farmers is influenced by the desire to effectively manage credit risk. The company assesses farmers' creditworthiness and recommends to its partner.

> *We also carry extensive grower vetting exercises (CR_D - 8:31).*

The company has also invested in environmentally friendly practices where it adheres to international health and safety standards. It also enforces the use of recommended chemicals that it also supplies to its farmers. It monitors the use of

such chemicals, and tests product samples for the banned chemicals, and rejects all the tobacco that fails the test.

> *We take samples and test to see if there are no residual elements or chemicals in the crop or from each and every grower that is in our scheme. If we find any unwanted chemicals in the crop, we don't buy that crop (CR_BDM - 9:28).*

5.2 Behavioural analysis through the effectuation lens

5.2.1 A set of given means

The founder partnered with a bank and merchant in order to rollout the business venture. The founder relied on his experience, extension services' skills and industry knowledge to start the business, rather than being constrained by lack of capital. The founder had been involved in extension services and a similar programme with his former employer. The experience gained during the previous employment helped in establishing the new business and designing internal control systems.

> *In my previous job we had been given responsibility when land reform came from zero, we were given a responsibility which we had no experience to support new farmers with inputs so that we could maintain and sustain tobacco production (CR_F - 7:39).*

The founder was one of the pioneers of tobacco contract-farming involving newly resettled farmers in my previous job.

> *We have got intellectual capital, we know how to look for good farmers and it was based on demonstrable evidence (CR_F - 7:41).*

In addition, the bank and tobacco merchant were equally experienced in agricultural financing and processing.

The establishment of the business was guided by the founder's passion for tobacco farming.

I have been passionate about it (CR_F - 7:16).

Transparency, teamwork, consistency and integrity are some of the attributes that the founder infused into the business.

> *In all that we do, let there be integrity, let there be transparency, let there be teamwork and let there be consistency (CR_BDM - 9:68).*

These attributes shaped the organisational values, a situation which shows that the founder's influence in entrepreneurial firms is highly visible. This influence is demonstrated by the founder's continued involvement in the recruitment process.

5.2.2 Experimentation

The founder ran a parallel business during the time he was with TIMB. This afforded him an opportunity to experiment with a business model that he later on introduced at CROP.

> *In about 1996, 1997 I had started a parallel farming project where I was growing some tobacco and I have remained in that business to this date (CR_F - 7:4).*

The business model benefited from the founder's skills and experience gained during his working days at TIMB. The founder benefited from the experiments (Fisher, 2012; Sarasvathy, 2001) that his former employer had started in order to support small scale farmers following the agrarian reform. Thus, experiments using a parallel business operation and the employer-funded projects gave the founder an opportunity to refine the model adopted by CROP.

5.2.3 Early marketing strategies

CROP used the contract-farming arrangement as an entry strategy where it focused on extension services. The tripartite arrangement gave CROP an opportunity to access the market.

Management is also exploring opportunities in export markets, although, the appraisal process is not rigorous.

> *We have tobacco here, we process it, they buy our processed tobacco for their further exporting or we can process it and export it directly (CR_BDM - 9:20).*

The evaluation of export markets is guided by the market size and country risk. Market size represents the potential business that the company expects to tap into. The company does not, however, use formal models to evaluate the attractiveness of export markets.

5.2.4 Pre-commitments and support networks

Contract-farming business is based on a network of value chain players comprising the bank (that has since left), the tobacco merchant (that is now providing finance after the bank had left), CROP and the contract farmers.

> *To us, the driver in terms of contract growing is the relationship created with the farmers (CR_F - 7:82).*

The merchant has been providing the funding, technical skills, tobacco processing and access to markets while the farmers are responsible for production with the technical support of CROP. The network developed to date has enabled CROP to contract the farmers while at the same time using the merchant's auction floors and administration offices. This, in a way, helped reduce the cost of establishing the business and working capital requirements.

The land reform displaced commercial farmers that the bank and merchant previously relied on. On the other hand, CROP, given its founder's experience with newly resettled farmers from previous employment, had an appreciation of the dynamics of small scale tobacco farming operations. This gave the bank and merchant a gateway into the newly resettled farmers, while giving the founder an opportunity to establish his business.

> *To us we were saying, here are new farmers who were coming in. The Merchant had assets which were not performing. Banks used to extend loans to farmers in 2000 who had collateral farms that had dissipated; it was no longer there (CR_F - 7:38*

Trust plays an important role in the development of business relationships. Trust influences the strategic relationships that the company has with the bank and merchant. Further, trust between the company and contract farmers plays an important role given competition for good farmers and the need to circumvent the problem of side marketing.

5.3 Interaction between causation and effectuation processes

The business seems to be transitioning from being entrepreneurial to professional as demonstrated by the developments discussed in the preceding sections. However, certain areas remain under the control of the founder and his co-director. Issues of strategic nature, business development, recruitment and financing have not been delegated to the staff. This may be explained by the stage at which the organisation is operating, otherwise, excessive delegation may expose the company resulting in constrained growth. The Finance Director remarked:

> *Whilst you can ask for input from the staff, but the final decision has to be approved by the senior management (CR_D - 8:103).*

The founder has also maintained some control on the company's recruitment process because this is the stage at which he expects to identify the skills and attributes he wants for the business.

> *I think the one thing that I would not let go is recruitment. I think for the foreseeable future, I will make sure that whomever we are going to take on board, I would take time to make judgment about whether he fits into the value system, which we have which in fact we value integrity, teamwork, and professionalism (CR_F - 7:69).*

The transition process is summarised in Table 5.2.

Table 5.2: CROP transition process

Factor	Early stage	Growth
Company focus	Production	Production and marketing
Structure	Formal	Formal structure and delegation to the team
Business systems	Standard operating procedures	Standard operating procedures, and performance management system
Founder's control points	No delegation	Business development, recruitment, capital raising and approval of critical decisions
Succession planning	Focus on establishing the business	No formal mention of succession planning

5.4 Summary

This case demonstrates an innovative way of taking advantage of changes in a country's policies. The founder was able to establish a sustainable growth business by exploiting his experience and industry knowledge. The case demonstrates the importance of networks in the process of building a business in an uncertain environment. The company did not rely on formal appraisals and feasibilities that tend to dominate the management literature. In addition, robust internal control systems have had a positive impact on both the recovery and delivery rates achieved by the company. It is evident from the case that the company is slowly introducing systems and procedures that allowed for effective delegation and productivity. The company largely remains entrepreneurial although some initiatives to document the processes, delegate, introduce formal structures and business systems are being embraced.

The entrepreneurial experience of CROP is summarised in Table 5.3.

Table 5.3: Summary of CROP evidence and emerging themes

1st Order Concepts	Theme indicator	Theoretical dimension
• Help the small scale farmers to produce quality tobacco	Objectives for starting a business	Defined goals
• It [capital] was absolutely zero • The little surplus that we generated, let's reinvest it into the business	Resource constraints are illusionary	A set of given means
• In my previous job we had been given responsibility when land reform came to support new farmers • We know how to look for good farmers	Influence of previous employment	
• A tripartite relationship between the bank, ourselves and the Merchant • Relationships created with the farmers • Networking, that is where you can identify an opportunity	Converting social networks into sources of business and capital	Social innovation
• We had a concept that these are the revenue sources and expenditures • I had started a parallel farming project	Prioritisation of execution over formal planning	Experimentation
• Farmers rose from less than 100 in 2007 to more than 600 now	Building a portfolio to sustain business growth	Portfolio diversification
• In my previous job we had been given responsibility when land reform came to support new farmers	Intelligent copying and adaptation	Incremental innovation
• No major indigenous companies involved in tobacco growing, processing and exporting • Industry was transforming, production was moving to the indigenous farmers	Alertness to unnoticed opportunities	
• All that we do, let there be integrity, transparency, teamwork and consistency	Trust is the basis of sustainable business relationships	Trust
• We also have a competent team • I would not let go recruitment • But, the final decision has to be approved by the senior management • We have got SOPs • We also carry out extensive grower vetting exercises	Sustaining business growth	Business systems

CHAPTER 6

TECHNOLOGY

6.0 Background

TECHNOLOGY was established in 1999 by a former educationist using personal resources and support from relatives and friends. The company has eight branches distributed as follows: four in Harare, and Bulawayo, Kwekwe, Gweru as well as Mutare with one branch each.

The company provides Information Communications Technology (ICT) and stationery products. Specifically, TECHNOLOGY sells a broad range of products including desktop computers, laptops, cartridges, printers, scanners, fax machines, computer consumables and accessories.

The company has grown organically as demonstrated by the staff compliment of one person at the start compared to ninety employees as at end of 2014, branch network and product range. The company has been experiencing growth in staff numbers, product range and branch network.

> *We have been growing as a one man band, two players, three players up until now we have a staff complement of plus or minus ninety (TE_F - 12:12).*

Further, the customer base has also become more diversified giving the company relative stability in terms of the business model and cash flows. The company`s corporate customers are drawn from both the private and public sectors, with the bulk of its revenues coming from corporate clients.

> *Business was and is still more from the corporate institutions (TE_F - 15:15).*

TECHNOLOGY's growth has also been underpinned by its ability to offer competitively priced genuine brands from reputable suppliers to its customers. It

is an accredited Gold Partner and the official distributor of the international brands in Zimbabwe.

6.1 Behavioural analysis through the causation lens

6.1.1 Established goal

The founder did not have a pre-defined objective of getting into ICT and stationery business. He remarks that the ICT and stationery business was one of the many businesses that he established.

> *There isn't any special reason to that, it's just something which came into my mind, there isn't any special reason. I could have landed on anything, but stationery worked out (TE_F - 76:76).*

The objective for establishing the business was not financial. Instead, the founder's objective was to establish a distribution infrastructure.

> *…pursue goals of seeing ourselves growing in terms of infrastructure and services, so when we pursue branch network, …, we talk of wanting to have a picture of warehouses (TE_F - 1:73).*

However, such an objective leads to the generation of business volumes and ultimately financial objectives.

6.1.2 Opportunity identification

The company did not have a formal way of identifying business opportunities. As alluded to before, it was through trial and error that the current business was established. Further opportunities are pursued in response to customer signals.

The company has also relied on information from its sales representatives who are in close contact with the market. Sales representatives get information from their clients in terms of the product performance, competitor behaviour and relevant market signals. This, in a way, has eliminated the need for surveys and

feasibilities. However, this approach does not gather information in those areas where the company is not operating.

6.1.2.1 Adapting to environmental changes

The ability to understand the implications of the external environment as a source of risks and opportunities is essential for sustainable growth. The organisation enjoyed relatively good performance while other firms struggled during Zimbabwe's economic crisis.

> *Whilst others probably were having bad times, to us we wish if those times would come back again because that's the time we really had good times as a company because of the opportunities we exploited, opportunities of the moment by then (TE_F - 1:56).*

Rising demand for education and new skills development in Zimbabwe created opportunities for TECHNOLOGY. Further, the public infrastructure deteriorated resulting in the establishment of educational colleges and private schools in the country, resulting in a relatively bigger market for ICT and stationery products. The growth of the small and medium enterprises (SME) sector may have also raised the demand for ICT and stationery products as they equipped their offices.

6.1.2.2 Responding to customer signals

Signalling by customers is an important source of potential business opportunities. Customer enquiries and information obtained from the sales representatives have been used as indicators of the potential opportunities.

> *We have got some clients that were coming as far as Bulawayo, they would place orders while they are in Bulawayo, please TECHNOLOGY provide these products, put them on Swift (TE_FIN - 2:29).*

The company has been receiving enquiries from customers throughout Zimbabwe. Customer enquiries from a particular region when consolidated may signal potential in that location. Customer signals have been relied on for the purposes of establishing distribution outlets.

Further, challenges that customers faced, especially poor products, forced them to switch suppliers. This also created an opportunity for the company.

> *It was as a result of the challenges that customers faced with some poor products that they were buying from the market (TE_FIN - 109:109).*

The company also exploited competitors' inefficiencies as it sought to build a sustainable growth business, especially supply of low quality crony products at unsustainably high costs.

6.1.3 Opportunity evaluation

The company does not rely on any formal investment appraisal process and feasibility studies. The respondents argue that they have not been applying formal and complicated appraisal analysis but relied on gut feel (Alder, 2006).

> *To be honest, for whatever we have done to date, we have not done much analysis. Those kinds of things [investment appraisal], we have never done them. This is just an analysis I would do even with my team in a very informal way of just saying I think this makes business sense. We do very simple calculations then we take a position (TE_F - 1:22).*

New opportunities are discussed and evaluated using market indicators by the management team.

> *So it is more to do with, I would say, more bias is on the marketing side. We try to see if there is any business based on the products that we will be pushing in a given area (TE_FIN - 98:98).*

The company relies on marketing information generated by the sales team for the purposes of assessing new opportunities, instead of financial metrics.

6.1.4 Business planning

The company did not have a formal written business plan at its formation. Emphasis was on execution. It would also appear that planning and execution

are not dichotomised as highlighted by the founder who maintains that planning is informally done daily.

> *I would say when it comes to analysis as an entrepreneur it's something which you do on a daily basis, that's the kind of a life which I live every day, every minute, twenty-four hours (TE_F - 44:44).*

Informal planning and execution are done concurrently although execution appears to be more dominant.

The company notes that business planning is less useful in a fast-changing environment because of uncertainty. The company argues that business plans are only useful when borrowing because banks would insist on them. Otherwise, plans do not seem to serve their intended purpose in an uncertain environment.

> *Business plans, we want them but anyway with the current environment that we are operating in, it is no longer straight jacket because you would find that circumstances constantly change to the extent that if you got to follow a certain plan you find that tomorrow it has changed (TE_FIN - 2:82).*

6.1.5 Resource mobilisation

The founder financed the business through own savings, family, friends and supplier credit.

> *The initial capital was plus or minus one hundred US dollars which was out of my salary as a teacher (TE_F - 1:24).*

Support from friends, relatives and suppliers also contributed to the early-stage business financing. This support was due to the confidence that these partners had in the founder.

> *The first point of call was friends and relatives. So it was out of trading for a while that suppliers developed confidence in me and that's how it started and it continued developing (TE_F - 1:133).*

The ability to gain the confidence of business partners, family members and friends who provided financing was influenced by the founder's attributes especially, honesty, willingness to share profits with others and lack of greed.

Supplier credit has been an alternative financing model for the company's working capital requirements.

> *Then with the passage of time we also ended up having other suppliers willing to give us goods that we would sell and make payments after an agreed credit period (TE_F - 62:62).*

The company is an accredited distributor of HP products, and therefore gets supplies on credit and pays after an agreed period. The accreditation has been due to the company's performance in terms of meeting the volume targets, its integrity and success made by staff who write examinations as part of the accreditation process.

The company has been financing its growth from profit retentions, supplier credit and to a lesser extent bank credit. Bank credit was used following the adoption of a multi-currency system, and suspension of local currency-denominated bank accounts by the Reserve Bank of Zimbabwe in 2009.

> *We only started to access some bank loans around August 2009 (TE_FIN - 2:5).*

Bank finance has been used sparingly, and was only considered in situations where the company needed bridging finance.

> *We try by all means to regulate ourselves and say let's just pursue some of our customers who have not paid and at least they pay, rather than for us to take the easy route because I think the bank is the easiest route … but sometimes it's quite dangerous because I think for most of the companies that have closed, part of it is because of indebtedness (TE_BDM - 43:43).*

The company has also set up a workshop that repairs computers and other gadgets as a way of foreclosing the market. A drive towards creating a diversified

business portfolio is highly visible given its product offering and extension into related activities.

Table 6.1 summarises the company's financing models to date.

Table 6.1: Financing models

	Phase	Financing model
1	Start-up	Own savings, support from family, friends and relatives; supplier credit from local companies
2	Growth	Profit retentions, supplier credit from local, regional and international players, and limited bank credit

Prudent financial management practices gave the company an opportunity to free resources that were used to finance its growth. This can be shown by the company's modest outlets and offices. The company's double storey office complex has an outlet on the ground floor and an open plan office space on the first floor. All the staff including the founder share the open plan offices.

6.1.6 Organisational structure

The company introduced formal departmental structures that have necessitated proper delegation of the decision-making powers and allowing the founder to focus on providing strategic leadership. Introducing formal departmental structures, reporting channels and well-defined job descriptions were some of the initiatives adopted to manage growth.

> *We now have distinct departments with distinct managers in those different departments. We have people who are in charge so that's how I have relieved myself from all these other duties. I now overally manage twelve different heads of departments (TE_F - 88:88).*

The founder has become more responsible for developing strategies that are then implemented by his team.

I dream, I think of things and leave to my capable team to implement (TE_F - 117:117).

The company has a shareholder-based board comprising the founder and his brother. The founder who is also the Managing Director has 90 percent equity and his brother controls 10 percent.

You would find that like our company, you have got our shareholder who happens to be the founder, is also the Managing Director who is actively involved in business operations (TE_FIN - 170:170).

6.1.7 Business systems

The company has invested in business systems that ensured robust controls given its wide branch network. The founder engaged qualified and skilled personnel to head key departments and ensure effective implementation thereof.

In terms of internal controls, the advantage that we have is that I was coming from a background of auditing, so you would find that my strength is being able to see what could go wrong (TE_FIN - 162:162).

The company does not have external auditors, although it produces monthly management accounts. External auditors are viewed as less useful because of the involvement of the major shareholder and founder in operations.

We don't have an external auditor. Why would we have an external auditor when the MD is with us every day? (TE_FIN - 217:217).

6.2 Behavioural analysis through the effectuation lens

6.2.1 A set of given means

The founder had experience in teaching and trading following some of the businesses that he tried in the past.

I would say I am a teacher, my background (TE_F - 1:107).

Trading experience could have contributed to the growth of his ICT and stationery business. Further, teaching experience could have exposed the founder to a better understanding of the scholastic business.

In addition, the founder's attributes include passion, honesty, believing in the capabilities of others and lack of greed. These attributes have helped him win the support, trust and confidence of the family, relatives, friends, suppliers and customers.

> *Through lack of greed, I was able to get a lot of support from my family, friends, relatives and suppliers (TE_F - 1:78).*

Respect of both formal and informal contractual arrangements is essential for an organisation to build a reputable business that wins the support of value chain players. Informal agreements with family members, friends and relatives during the early stages of the business helped enhance the reputation of the founder. The founder maintained that lack of greed created social capital that in turn attracted credit suppliers and banks.

6.2.2 Experimentation

The founder tried other businesses before settling on the ICT and stationery business. He has been involved in buying and selling of butchery equipment and driving taxis among other businesses.

> *I am a kind of a person who has always been trying to do things and it is not only stationery I started doing because prior to that from the age of ten years or so I have been in business. I have done so many other things through trial and error, but it so happened that when I came to stationery and IT products it worked very well (TE_F - 72:72).*

The founder has had a fair share of failures during his entrepreneurial journey. Experimentation could have given the founder an opportunity to learn in the field leading to the successful launch of the ICT and stationery business.

Furthermore, the company experimented with new markets as part of its survival strategy during Zimbabwe's economic crisis. It went into Malawi and South Africa, but has since closed foreign operations and now concentrates on Zimbabwe.

> *We have been to Malawi, it did not quite work out in Malawi, and we have been in South Africa (TE_F - 1:74).*

The firm went into foreign markets in order to sustain its operations during Zimbabwe's economic crisis. Foreign operations were expected to generate the foreign currency required to finance the importation of stocks at the time where exchange controls, country risk and limited trade finance facilities constrained business operations. However, foreign operations were stopped following the adoption of a multi-currency system in 2009 that made domestic operations more attractive. The founder argues that it was relatively faster to grow the domestic than foreign business.

> *But then along the way we dollarised our economy so for us we felt we could make it locally at a faster rate than if we were to start venturing into a new area (TE_F - 1:15).*

6.2.3 Early marketing strategies

Service quality has also contributed to the growth and market dominance that the company enjoys. Instead of joining the bandwagon of crony products, the company has remained true to its vision of providing high quality products at the right price.

> *Our customers know that we provide quality products and they are able to pay that right price (TE_BDM - 3:37).*

Brand loyalty has also contributed to the growth of TECHNOLOGY. This is supported by the following remarks:

> *Because of the brand loyalty that has been created, you would find that as we speak now we can sell to anyone in Zimbabwe, so it has also to do with the loyalty of customers (TE_FIN - 2:96).*

Management has also been focusing on protecting its intellectual capital. It has so far patented its designs, trademarks and logos.

> *In 2007 in fact, our thrust was to establish the brand. Because by then it was not a registered trade mark, but now that TECHNOLOGY logo is a registered trade mark, so it was more of brand development (TE_FIN - 2:49).*

6.2.4 Pre-commitment and support networks

The founder was assisted by some of the biggest players in the ICT and stationery industry.

> *We are competitors, it's true, but you would find it is actually …, even when TECHNOLOGY was in one room, the MD would go to … to get some products, go to … but in little volumes. So it is actually … that in a way assisted TECHNOLOGY to be where it is today in terms of stationery (TE_FIN -57:57).*

Initially, the firm got support from the family and friends and it was this that promoted growth. This helped to attract the attention of suppliers who offered credit facilities.

> *Our suppliers would give us goods we sell, banks also with the passage of time developed confidence in us and they were now giving us some facilities. So we now have got formal institutions and suppliers, different suppliers both regionally and internationally (TE_F - 65:65).*

Suppliers are willing to support organisations that perform and also honour their supply contracts. The company gets a rebate from an international supplier on meeting sales targets.

> *So what we have done is to try as much as possible to buy in bulk and also negotiate discounts from our suppliers ... and benefit from the rebate after three months (TE_FIN - 112:112).*

A network of relatives, friends, suppliers and competitors has supported the growth of TECHNOLOGY by providing both financial and non-financial support. Competitors provided trade credit that reduced pressure on working capital

requirements. The industry players collaborated in order to support the new entrant. Support has also been received from international suppliers with whom the firm has performance-based contracts. The company enjoys rebates from its biggest supplier for meeting the volumes targets, and this has enhanced the company's price competitiveness.

6.3 Interaction between causation and effectuation processes

The business startup was largely effectual where the founder ventured into ICT and stationery business as a result of trial and error. The founder relied on the resources at his disposal and support from family, relatives and competitors. However, over the years the company has taken major strides towards transitioning from effectuation to causation, as summarised in Table 6.2.

Table 6.2: TECHNOLOGY transition process

Factor	Early stage	Growth
Company focus	Marketing	Marketing
Structure	No structure – the founder controlled everything	Formal structure and delegation to the team
Business systems	Informal	Standard Operating Procedures
Founder's control points	No delegation	Business development, finance, recruitment and approval of critical decisions
Succession planning	No particular mention of this	Founder has been engaging qualified management and staff

The company has been relying on the influence of the founder who is involved in the business operations. While some activities have been delegated to staff, the founder authorises all the payments.

He remains the sole signatory to all bank accounts (TE_FIN - 208:208).

A tight control on finance could have contributed to financial discipline because cash was only paid out after getting the founder's approval.

The founder is involved in the company's recruitment process. He argues that, this allows him to have control on the values he would want to inculcate into his team.

> *The most important thing is recruitment. If you miss it on recruitment and if you delegate too much of recruitment to other people you are taking the wrong person. That's why naturally I would want to spend most of my time on the recruitment (TE_F).*

While it is a good practice to have a board, the respondents' view is that the board slows down the decision-making process.

> *If we had a board particularly in this dynamic environment, then there will be too much intervention which means also that our decisions will be checked. Ingenuity which is within someone is compromised (TE_FIN - 178:178).*

The founder's control has been on cash flow movement where he is the sole signatory to all bank accounts. The founder is also involved in the recruitment process in order to select new people with the ideal attributes and ensure that the new employees' values are close to those of the company. The existing structures require the job holders to consult with the founder before making any critical decisions.

6.4 Summary

The business was started from scratch, and achieved organic growth. The founder invested his personal resources and also got support from the family, friends, relatives, suppliers and competitors during the formative stages. Supplier credit has been an important financing model while the use of external bank credit has been minimal. The main findings are summarised in Table 6.3.

Table 6.3: Summary of TECHNOLOGY evidence and emerging themes

1st Order Concepts	Theme indicator	Theoretical dimension
• Pursue goals of seeing ourselves growing in terms of infrastructure and services	Objectives for starting a business	Defined goals
• The initial capital was plus or minus US$100 which was out of my salary	Resource constraints are illusionary	A set of given means
• I am a teacher	Influence of previous employment	
• First point of call was friends and relatives • Suppliers will to give us goods that we would sell and make payments after an agreed credit period • It is actually …[the competitor] that in a way assisted TECHNOLOGY to be where it is today	Converting social networks into sources of business and capital	Social innovation
• I could have landed on anything but stationery worked out • I have done so many other things through trial and error. • [Investment appraisal], we have never done them. • We have been to Malawi, it did not quite work out in Malawi and South Africa	Prioritisation of execution over formal planning	Experimentation
• Because of brand loyalty that has been created we can sell to anyone in Zimbabwe • Wide product range	Building a portfolio to sustain business growth	Portfolio diversification
• A channel partner for an international company	Intelligent copying and adaptation	Incremental innovation
• Challenges that customers faced with poor products on the market • We exploited the opportunities of the moment then	Alertness to unnoticed opportunities	
• Through lack of greed, I was able to get a lot of support	Trust is the basis of sustainable business relationships	Trust
• I would want to spend most of my time on the recruitment • He remains the sole signatory to all bank accounts	Sustaining business growth	Business systems

CHAPTER 7

CONSTRUCTION

7.0 Background

CONSTRUCTION was established in 1999 as a family business involved in the construction as well as refurbishment of residential and commercial buildings. Its head office is in the Msasa Light Industrial area of Harare.

The founder and his brother own the business in equal proportions following the former's loss of his family in a car accident in 2008.

> *In fact when we started the organisation, it was my brother and I, then as the business was growing, the shareholding was taken over by my wife but in 2008 October, my wife passed away, my entire family was involved in an accident and I was left alone. I had to call in my brother to take up the other 50 percent (CO_F - 13:3).*

The company has been growing organically, and now employs 40 permanent employees and more than 400 contract workers at various construction sites. Its asset base has also grown over the years. The company has also invested in relevant equipment and machinery that allow it to undertake relatively big projects.

The building and construction sector comprises companies engaged in manufacturing and provision of construction materials and services. These include civil and mechanical engineers, architects, quantity surveyors, plumbers, bricklayers and painters. The sector is, however, dominated by a few and well-established companies. CONSTRUCTION has, nevertheless, remained an equally important player because of its track record after successfully completing high profile projects for the country's big organisations.

CONSTRUCTION is classified under Category A within its membership bodies such as the Zimbabwe Building Contractors Association (ZBC) and Construction

Industry Federation of Zimbabwe (CIFOZ) as well as the Ministry of Local Government, Public Works and National Housing.

The company's operations are mostly local with its major clients being the government, parastatals, local authorities, mines and the private sector. It has a diversified product offering involving constructing residential and commercial properties for individuals, private sector and government.

There has also been a significant rise in the demand for construction services in the cities and towns on the back of growing population, that has seen the country facing an estimated housing backlog of 1.25 million units (Zimbabwe, 2013). Further, mining sector investments have also opened opportunities in the areas of housing, roads, schools and clinic development.

> *Even if you go to housing developments for people, there is a serious backlog, whether it's a government backlog or city council, but the bottom line is that people are looking for housing (CO_F - 13:46).*

Despite this surge, the construction industry is faced with challenges that include excess capacity, stiff competition and liquidity constraints. This is largely due to the cash flow problems facing the government that have resulted in delayed payments for jobs done and shelving of the public sector investment projects that tend to give the industry some lifeline. CONSTRUCTION has, nonetheless, sustained its operations in such an environment because of its reputation and support from large institutions and government. The founder had invested in creating good personal and company reputation.

> *Creating a good name with suppliers and clients is very important (CO_F - 10:23).*

7.1 Behavioural analysis through the causation lens

7.1.1 Established goal

The company's objectives were twofold: creating wealth for the shareholders and contributing towards the country's economic development.

> *Just like any other business, it's to make money. But over and above I wanted to contribute to the development of Zimbabwe (CO_F - 10:14).*

According to the founder, providing a service and contributing to economic development will help the organisation achieve its financial objectives. This shows that financial and economic objectives are closely related since pursuing a economic objective will ultimately result in the generation of cash flows.

7.1.2 Opportunity identification

The opportunity was largely informal due to the influence of previous employment and also the influence of the brother who was already operating in a construction-related business that supplies electrical cables. Apart from encouraging the founder to start the business, the brother gave the founder equipment and raw materials required to launch the new business, and also the first construction project.

> *I motivated my brother to start the business by setting the foundation where I gave him an assignment to construct durawall panels at my farm. I provided everything including equipment and raw materials, and his role was to become a Project Manager. I wanted him to understand the intricacies of the construction industry (CO_D - 11:14).*

7.1.2.1 Adapting to environmental changes

The company has been able to adjust to the evolving business conditions by shifting to the private sector contracts after realising that Zimbabwe's economic problems had stalled public sector investment projects. In addition, government projects had become relatively less attractive due to competition, depressed prices and low profit margins.

There are too many people on the market targeting government projects. You find the competition is high and the prices are low (CO_BDM - 12:20).

7.1.2.2 Responding to customer signals

Customer focus, built on understanding customer needs and providing appropriate solutions, is central to the company's business operations. Focusing on customers has worked both as a major differentiator in a market where there are many established construction companies, and a source of repeat business.

We try to understand customer needs and problems. This creates opportunities for repeat business and relationships (CO_D - 11:57).

Clients signal the opportunities by inviting construction companies to tender for projects.

Normally it's through the open selective tender systems or when we get companies or individuals who invite us to provide a quote for the job (CO_BDM - 12:1).

Delivering quality jobs created a reputation that has helped to attract additional business from new and existing customers. CONSTRUCTION has done jobs that demonstrate its track record and quality of workmanship. Reputation is as a result of the trust that the company has been able to build. Thus, the company has leveraged its strong brand to grow its business.

We don't need even to send anyone to look for jobs, which is the norm in this industry. People continue to come back and enquire about our services because of our reputation (CO_F - 13:26).

7.1.3 Opportunity evaluation

The founder did not use formal investment appraisal techniques to evaluate the opportunity prior to establishing his business. Instead, he relied on his previous experience to form an opinion on the opportunity.

My previous job had exposed me to how City Councils, Financiers and NGOs work, and had to rely on that knowledge (CO_F - 10:6).

The decision to undertake the project was not informed by a technical analysis, but the influence of the brother and working experience.

7.1.4 Business planning

The company did not have a formal business plan at its inception, although the founder claimed that he had an idea of what he wanted to do.

> *I had no written business plan, but had an idea in the head (CO_F - 10:31).*

A checklist used to execute the first project was developed on site and later refined as the business evolved. This demonstrates that the founder largely focused on execution rather than formal planning.

> *The checklist was developed from the sites (CO_D - 11:22).*

Planning is informal, and is done daily in consultation with key staff. This situation demonstrates that planning and execution are concurrent. The company appears to be using emergent strategies because of the difficulties and uncertainty associated with formal strategies in a resource-constrained developing economy.

> *We would have liked to have formal strategic plans, but the current environment does not allow for that (CO_F - 10:46).*

The founder believes in implementing the ideas instead of spending resources on formal planning. Despite being predominantly effectual, both the founder and director recognise the importance of planning that involves clarifying the thought process and defining the road map.

> *A business plan clarifies your thought processes; helps address variances throughout the business cycle. It tells you what you want to do (CO_D - 11:47).*

The director, nevertheless, cautions against using a business plan for wrong reasons especially raising debt.

The use of a business plan to facilitate capital mobilisation is problematic because you are likely to misrepresent your true business potential by making false assumptions to please financiers (CO_D - 11:48).

7.1.5 Resource mobilisation

Table 7.1 summarises the organisation's financing models to date.

Table 7.1: Financing models

	Phase	Financing model
1	Start-up	No capital injection by the founder, but relied on the brother, credit suppliers and workers
2	Growth	Credit suppliers, customer deposits and profit retentions

The founder did not have capital to invest in the project. He neither had personal savings nor collateral to pledge as security to the bank in order to access bank credit. He relied on the assistance from the family, suppliers, customers and workers.

I did not have any collateral security to pledge to the bank. Also, I did not have money to inject into the project, buy materials and pay labour. I had to rely on other players in the construction industry namely City Council, previous employer and the client (CO_F - 10:17).

Workers have also been an important source of interest-free debt. Instead of sticking to the calendar salary payment dates, the founder with the concurrence of workers deferred salaries until the proceeds from the project had been received. This reduced the requirements for working capital.

I also negotiated with workers to be patient so that they would not demand their wages before the completion of the project. I managed to get the employees' support (CO_F - 10:20).

A deposit by the client also assisted in meeting the early-stage funding requirements.

> *After getting the contract, I pleaded with the client to trust me by paying a deposit for the job, which he agreed to (CO_F - 10:19).*

The company also used supplier credit as a source of working capital.

> *I went to material suppliers who were my previous employer and negotiated a credit facility ... and managed to get a 30-day credit facility for the material and other supplies (CO_F - 10:22).*

Diversifying into other business areas helped to generate funds that were used to finance part of the project costs. The diversification strategy cushioned the business especially in those situations where business activity was low and also helped to reduce pressure on working capital requirements.

> *The founder also had a small agricultural project that generated a few dollars and took care of his family needs. This helped as it reduced pressure on the core project (CO_D - 11:56).*

The company has also been financing its projects using retained earnings during the growth phase.

> *We have been funding most of our projects ourselves from start until clients start paying us on a work done basis which is normally monthly (CO_BDM - 12:9).*

Growth was funded through a combination of retained earnings, supplier credit and client deposits. Bank finance is only used to bridge any funding gaps in the short term.

> *It's very important to have a financial institution that will give you bridging finance (CO_F - 13:51).*

Bank credit was only used to bridge the company`s funding requirements in those situations where payments had been delayed. A bridging facility is a short-term credit facility used to finance an organisation's requirements whilst awaiting payments from its clients.

Further, retentions and stage payments have been used to finance growth. Client deposits were used to pay for the required materials in order to start the project. Client deposits, coupled with supplier credit reduced pressure on working capital requirements. This demonstrates that clients respect a reputable firm thereby making it relatively easier for it to ask its customers to pay a deposit and stage payments thereafter.

7.1.6 Organisational structure

At the time of establishing the business, the founder was handling almost everything, but with time he introduced a formal organisational structure that allowed for effective delegation. The business currently has departments handling specific activities, a situation that has helped the founder to focus on providing strategic leadership and supervision.

> *I cannot do everything on my own now. What I used to do is now being done by my team (CO_F - 10:40).*

The decision-making process was largely the preserve of a few senior managers early into the organisation's life. However, as the business grew the decision-making process was decentralised although the founder retained control over critical decisions.

> *While I make critical decisions, staff members equally make decisions (CO_F - 10:44).*

The Business Development Manager also made a comment on the founder that:

> *He makes the overall decision (CO_BDM - 12:26).*

7.1.7 Business systems

The company has invested in business systems in order to facilitate transition from being entrepreneurial to a more formal business entity. This has been in the areas of financial controls, inventory as well as health and safety standards.

Internal procedures and control systems are aimed at promoting compliance with some set business parameters.

> *The business invested in systems, accounting system, cash receipts, inventory management, customer information management, financial statements, information process flows (CO_D - 11:63).*

Meetings are used to promote effective communication within and outside the company.

> *We also share experiences and information with staff on a daily basis discussing our achievements and failures (CO_F - 10:4).*

While internal meetings are used to share information and discuss issues facing the organisation, site meetings are used to enhance relationships with clients and address project related issues. This helped the founder to appreciate issues facing the organisation and progress at the construction sites.

7.2 Behavioural analysis through the effectuation lens

7.2.1 A set of given means

The founder grew up in a family business environment that exposed him to business management skills, procurement, record keeping and internal control processes. The family background could have influenced the way he established his business, and also shaped his personal attributes.

> *Discipline arose from my parents who used to run a small family business (CO_F - 10:26).*

Further, growing up in a family business exposed the founder to basic business principles that assisted at the time of establishing and managing his company. Previous family business experience enhanced the founder's appreciation of the importance of internal control systems, decision making and marketing skills.

> *We grew up in a family business, and would work in the family business during the school holidays ... lessons from this early life training allowed us to make decisions in the business (CO_D - 11:4).*

The founder's main attributes are fairness, focus, integrity and responsibility. These attributes have helped the founder create a good name (reputation) for himself and the company. Reputation is important because few individuals would want to deal with someone who lacks integrity.

> *Be fair to yourself and your neighbour. Don't lie when you are doing business (CO_D - 11:29).*

The founder had been exposed to the building and construction industry from his previous job with a building supplies company where he was a Business Analyst.

> *My previous job had exposed me to how City Councils, financiers and NGOs work, and had to rely on that knowledge (CO_F - 10:6).*

The founder learnt about the construction industry, as well as met with industry players, especially the land owners, financiers and suppliers. Previous experience helped the founder to establish his business without incurring high learning curve costs.

Due to budgetary constraints during the formative stages, the founder outsourced relevant technical skills in order to minimise initial capital requirements and pressure on the business.

> *I was the sole promoter, and had to do everything because I could not afford staff at that stage, I would outsource temporary technical staff at the start (CO_F - 10:9).*

7.2.2 Experimentation

The company's directors argue that experimentation is an important aspect of business development.

> *Experiment and take risk. If you fail, try another project. If idea A fails, then move on to idea B (CO_D - 11:50).*

The founder has been involved in other projects before finally settling on the construction industry.

> *I assisted the founder with resources to register his company, availed panels for the durawall for free, and was to charge me labour for doing the work for me (CO_D - 11:15).*

The first major experiment was a construction related project where he was moulding durawall panels. This was due to the support by the brother who had been actively involved in promoting the company's development. The founder also engaged in farming that generated resources, and reduced pressure on the construction project during its formative stages. Thus, experimentation exposed the founder to the basics of running an entrepreneurial project outside the formal business following several years of working in an established business.

7.2.3 Early stage marketing

The opportunity development process can be traced to the initiatives taken by the founder since the formation of CONSTRUCTION. He started small by tendering for small projects which by then made economic sense given his limited experience and resources.

> *I just started like any other business in the construction industry. I started tendering for small projects (CO_F - 10:4).*

The company relied on its network to venture into relatively bigger projects. Currently it is exploring opportunities in related business areas such as infrastructural development focusing on roads, dams and bridges.

7.2.4 Pre-commitments and support networks

The importance of support networks throughout the company's development process has been highlighted by the respondents. The company has relied on the

networks of customers, suppliers and family. Suppliers extended trade credit that reduced pressure on the working capital requirements.

> *Networks were also critical, especially, the support from my former employer as a source of raw materials (CO_F - 10:28).*

The founder was assisted by his brother who provided the start-up resources and the first project that served as a reference.

> *When I was building my head office, I asked my brother, to tender for the job although he had no prior construction experience. I took the risk by awarding the job to my brother who was to become a Project Manager working with a team of skilled builders. My objective was to have the founder develop a record of having been involved in a good quality project (CO_D - 11:16).*

Upon completing the first construction project, the founder registered as a government approved contractor. The first contract helped the founder to build a profile that enabled his new company to showcase its potential and secure more contracts in the future.

> *As a result of this project, he was able to register as a government builder. This opened opportunities for the new business (CO_D - 11:20).*

Friends also facilitated access to the relevant projects at various stages of the company`s development, particularly by introducing the founder to new public sector investment projects.

> *The business also benefited from the founder's old friend in one of the ministries who facilitated some government construction projects (CO_D - 11:27).*

The company leveraged its relationship with its industry association that classified it as a Category A contractor. This has helped raise the company's profile and visibility through industry magazines and other channels.

7.3 Interaction between causation and effectuation processes

The company`s transition process is summarised in Table 7.2

Table 7.2: CONSTRUCTION transition process

Factor	Early stage	Growth
Company focus	Execution	Execution and customer care
Structure	No structure – the founder controlled everything	Formal structure and delegation to the team
Business systems	No formal systems	Standard operating procedures
Founder's control points	No delegation	Recruitment, finance and approval of critical decisions
Succession planning	Focus on establishing the business	No formal mention of the succession planning

The growth achieved to date has been due to the culture that the founder infused into his team. Participatory decision-making practices, believing in the abilities of staff, effective internal and external communication were being encouraged in the organisation. This reduced the decision-making burden on the founder who now relies on his team

The business seems to be transitioning from being entrepreneurial to professional. Issues of strategic nature, financial management and recruitment had not been delegated to the staff. A family-owned business setup made transition a relatively slow process because of the failure by the employees to separate management and shareholding issues. Such behaviour creates power distance between the founder and staff.

> *Transition is very difficult because of the business structures that are predominantly family-owned. The mentality of employees who continue to address the founder as the boss makes the transition difficult as this psychologically weakens them (CO_D - 11:64).*

7.4 Summary

The company's entrepreneurial experience is summarised in Table 7.3.

Table 7.3: Summary of CONSTRUCTION evidence and emerging themes

1st Order Concepts	Theme indicator	Theoretical dimension
• It's to make money • Contribute to Zimbabwe's development	Objectives for starting a business	Defined goals
• No money to inject into the project • No collateral security to pledge • Funding most of our projects ourselves	Resource constraints are illusionary	A set of given means
• We grew up in a family business • I motivated my brother to start the business • I asked my brother to tender for the job • I provided everything including equipment	Influence of family	
• Had to rely on that [previous employer] knowledge	Influence of previous employment	
• Managed to get employees' support • Client paying a deposit for the job • Outsource temporary technical staff at the start • Also benefited from friends • Managed to get a 30 day credit facility • Rely on other industry players	Converting social networks into sources of business and capital	Social innovation
• Experiment and take risk. If you fail, try another project • I had no written business plan, but had an idea in the head • I started tendering for small projects	Prioritisation of execution over formal planning	Experimentation
• Had an agricultural project and making durawalls • Diversified client base	Building a portfolio to sustain business growth	Portfolio diversification
• Setup in an established business	Intelligent copying and adaptation	Incremental innovation
• Understand customer needs and problems	Alertness to unnoticed opportunities	
• Don't lie when you are doing business • Enquire about our services because of our reputation • What I used to do is now being done by	Trust is the basis of sustainable business relationships	Trust
• my team • He makes the overall decision	Sustaining business growth	Business systems

The business was formed with the support from various network players, especially the family, friends, credit suppliers and employees. The founder neither had capital to inject into the project nor collateral security required by the bank. The company did not rely on formal appraisals and feasibilities to assess the project attractiveness. However, the focus was on implementing the idea that the founder had based on his previous working experience. The company introduced a number of internal control systems and procedures in order to facilitate the transition from being predominantly entrepreneurial to professional. It also embraced a participatory decision-making culture although the founder continued to make critical decisions.

CHAPTER 8

FURNITURE

8.0 Background

FURNITURE was established in 1998 as a family business. The company was named after the co-founders who are twin brothers. Its thrust was primarily to distribute filing products such as sheet folders, lever arch files, archive boxes and binders. The company`s business model has evolved from distribution to manufacturing of furniture and steel fabrication.

> *We are now into metal fabrication manufacturing. We see ourselves turning this company into a fully-fledged manufacturing company… we are trying to turn it into a multinational company (FU_F - 14:61).*

The company invested in a modern manufacturing plant in 2012 in order to enhance its productivity, product quality and competitiveness. The investment transformed the company`s business model where Zimbabwe became the production hub, supplying to the rest of Africa.

The furniture and equipment manufacturing sector covers all products manufactured from wood, metal, plastic and other related products for home, office and industrial use. These products include but are not limited to office furniture and household furniture. Furniture manufacturing is one of the well-established and diversified sub-sectors in Zimbabwe (Zimbabwe, 2012).

There are many players producing a variety of products, and competition has also risen due to an influx of cheap imports. Despite these industry factors, FURNITURE has expanded its business on the domestic and foreign markets due to its focus on product quality and after sales service. Its products are designed and manufactured by skilled personnel and all the materials and products are inspected for quality from the procurement source and through every stage of the production process. Customer relationship management has

also helped the company to retain existing customers and mobilise new customers.

The company has been growing organically and now employs 40 workers. It has also expanded its product offering and diversified its markets by venturing into Zambia and Tanzania. It, however, closed its operations in South Africa because of competition.

8.1 Behavioural analysis through the causation lens

8.1.1 Established goal

The founders did not have pre-determined goals except that they needed to get a source of livelihood given their family background.

8.1.2 Opportunity identification

The founders were encouraged to start the filing cabinet business by their sister who had experience in the filing and archiving business. The founders heeded the sister`s advice and proceeded to establish the business.

> *The idea actually came from our sister who was working for a filing company which was dealing in filing products (FU_F - 14:2).*

The founders acknowledged that they imitated the existing product instead of trying to establish something novel.

> *We copied, it's only the printing that we changed because I think there is nothing in this world that you can say I want to invent, it's only copying. We are all copying and improving (FU_F - 14:31).*

The industry was monopolistic, with one company dominating all the activities. On realising the potential opportunity and limited number of industry players, the sister was convinced that the industry was viable.

She said there is one company which is dealing with filing and archiving boxes, why not you as black people start something, you have a chance to excel (FU_F - 14:6).

The company subscribed to an internet-based company that provided information about tenders in Southern Africa.

There is an organisation, it`s an internet based organisation that flights tenders in Southern Africa. We have subscribed to them (FU_FIN - 15:28).

The directors also generated business from prospects that they met during social networking functions. The promoters possess networking skills and confidence that have enabled them to reach out to influential people.

The other factor is just networking. When these guys go out, they come back with a list of contacts, they try to socialise with a lot of people and that way they get to know about the needs of many companies (FU_FIN - 15:30).

The ability to network with other business people exposed the firm to new opportunities and channels through which they could engage new customers and decision makers.

8.1.2.1 Adapting to environmental changes

Incumbents attempted to protect their designs and intellectual capital through patents and copyrights. This was aimed at discouraging imitations by new entrants.

Then this fellow of mine, my friend at the Supplier said …by all means you have to go to Deeds Office and search if they have got that copyright or design (FU_F - 14:28).

The incumbent on realisation of the entry of a new player approached the sole supplier of boxes to stop supplying the new entrant and also threatened the new entrant arguing that the designs were protected. Competitive behaviour results in fierce competition that tends to push new players out of the market.

She [existing player] went even to the directors of …to stop us from getting the product. She pleaded with the Supplier to protect her (FU_F - 14:29).

8.1.2.2 Responding to customer signals

The company responded to the customer signals by convincing the manufacturer of boxes to produce archive boxes that were required by its client although they were not part of the company's standard product portfolio.

The Supplier was not dealing with archive boxes… they advised that if we could come up with a design then they will make it for us. My customer had their own design which we managed to convince the Supplier to make (FU_F - 14:20).

The existing firms were not responsive to market needs, a situation that created an opportunity for the new firm. The client had an own design that the incumbent firm was not offering, and the new entrant convinced the supplier to do the design on their behalf.

8.1.3 Opportunity evaluation

The founders did not do any formal appraisal of the business opportunity. They relied on information and guidance from their sister who highlighted some of the achievements made by the incumbent.

We didn't do the market survey per se and appraisals, but we took our sister`s advice because she was saying she is the only white woman or only company which was dealing with this type of a product (FU_F – 14:32).

Thus, the experience and achievements of the incumbent served as indicators of project viability. The realisation that the market was dominated by a single firm gave the founders confidence that they could partake in the market opportunity. The founders argued that they were convinced of the business potential.

There was an opportunity because she was talking of the cars they were buying, a lot of things. We measured the opportunity, by saying that if they are owning these cars, these properties, so if we can do the same we

were going to earn more, so that`s when we started to push (FU_F - 14:35).

8.1.4 Business planning

The founders did not have a formal business plan at the formation of the company. Rather, they focused on the implementation of the business idea and perfected the business model as they explored the market conditions.

We started to test the market and see how we can go about it (FU_F - 14:11).

Efforts have been made to develop a business plan although not much has been achieved. Commenting on the challenges of planning in an uncertain business environment, the Head of Finance maintained that:

We did come up with a plan covering what we wanted for 2013 but less than 3 months down the line we had moved away from the plan because new things emerged now and again (FU_FIN - 15:42).

While management acknowledged the benefits of planning, they also noted that a formal business plan was less valuable in an uncertain environment because of constantly changing conditions. In view of this, emergent strategies were more useful as they allowed for adjustments in light of the prevailing conditions. The Head of Finance added that:

Right I will tell you that the business plan is one thing that is not there (FU_FIN - 15:41).

The founders believed in implementing the ideas instead of spending resources on formal planning (Gruber, 2007; Mankins & Steele, 2005). Despite being predominantly effectual, the founders recognised the importance of planning that involves clarifying the thought process and defining the road map.

8.1.5 Resource mobilisation

Table 8.1 summarises the organisation's financing models to date.

Table 8.1: Financing models

	Phase	**Financing model**
1	Start-up	Salary of the twin brother, help by the brother, sister and credit suppliers
2	Growth	Credit suppliers, customer deposits , profit retentions and of late bank credits to finance acquisition of machinery

The founders did not have enough resources to finance their project. They maintained that they started with limited resources given their poor upbringing.

> *We started on a poor note (FU_F - 14:1).*

The start-up capital was negligible given the founder's background. However, the focus was on embracing the idea by the sister.

> *So in terms of finance we were at zero, but from the encouragement from our sister we said we were going to do it (FU_F - 14:8).*

The founders financed their first order from salary and borrowings from their elder brother.

> *He [co-founder] paid his salary which went to the Supplier. Then we also had the balance I borrowed from my brother (FU_F - 14:19).*

The start-up capital came from a combination of sources that included the sister, brother and own resources (salaries). The twin brother was gainfully employed as a Security Guard elsewhere, and used his salary to finance the project while the other twin was actively involved in marketing and managing the business.

The founders engaged contract workers whenever they had jobs in order to minimise working capital requirements.

> *We used to engage filing clerks on a contract basis when we get orders (FU_BDM - 16:2**)**.*

Efforts to raise capital at the formative stages proved fruitless because of lack of the collateral and trading history that the banks required. The company has been re-deploying part of its earnings into expansion projects.

> *We get some huge tenders and we use the proceeds to finance growth (FU_FIN - 15:57).*

The company also relied on supplier credit as a source of finance during its growth stage.

> *The relationship that we have with most of our suppliers is such that we normally get raw materials against bank guarantees (FU_FIN - 15:59).*

The organisation financed the acquisition of machinery using a bank loan in 2012.

> *Last year (2012) we got funding from the Bank (FU_F - 14:83).*

The process of raising bank credit to finance the acquisition of its machinery was not onerous because of its relationship with the financier. It has been dealing with the same bank for a long time and the bank now has confidence in the organisation.

> *One of the advantages that we had with the bankers is that we have had these bankers for a long time, we have a history with them (FU_FIN - 15:8).*

The company maintains that bank loan conditions in Zimbabwe are not favourable to a business due to unsustainably high fees and interest rates as well as short tenors.

The loans are very expensive, you can`t take another one, the collateral, the conditions and the long approval time (FU_F – 14:76).

They also attributed stringent conditions to information asymmetry problems, especially the moral hazard problem where untrustworthy borrowers do not channel bank loans to their intended purposes.

Some of these people are not trustworthy, they just get funding and disappear, which is a bad thing, which is a cancerous thing in Africa (FU_F - 14:79).

8.1.6 Organisational structure

The founders recruited two employees after a year to assist with the marketing and administrative functions. They, however, remained with a relatively lean structure during the formative stages.

We also give responsibilities to our departments, like Mr. … is the Finance and administration Manager. We have our marketing department. We now have a production department which is also being run by a Production Manager, so it`s quite different from where we were 5 - 10 years ago (FU_F - 14:63).

Following years of growth, the founders engaged professionals to assist with the management of business. This resulted in the founders now concentrating on providing leadership in the areas of marketing and production. Employees were empowered to make decisions, and this has had a positive impact on the quality and effectiveness of business decisions in the company.

Whatever we do, we incorporate the input from our team (FU_F - 14:70).

8.1.7 Business systems

The company started to document its procedures through manuals, leading to the introduction of the finance and administration procedures and the human resources procedures manuals.

We do have manuals that we use internally (FU_FIN - 15:54).

This represented a step towards formalising the processes. This has, however, been largely in the areas of financial controls, health and safety standards and inventory. The systems were largely aligned to the industry requirements where health and safety standards are closely monitored by a government institution that enforces compliance with workplace safety standards.

The company did not have a formal review process and also the frequency of reviews tended to be ad-hoc instead of being properly planned. Budgets were being reviewed infrequently notwithstanding highly uncertain business conditions.

> *When I started, we had a plan where we said, we should be able to do reviews quarterly, but now and again we have failed to do that. But what we have achieved to do is after six months we have been able to sit and review (FU_FIN - 15:49).*

8.2 Behavioural analysis through the effectuation lens

8.2.1 A set of given means

The founders grew up in a poor family on a farm where they were exposed to practical selling skills at an early age. According to the founders, this background and experience prepared them for their current business.

> *We started long back because we grew up on a farm, and our parents used to send us to sell vegetables … so marketing wasn't an issue because we had started it at the age of 5 years (FU_F - 14:22).*

Growing on a farm and tasked to sell vegetables at a young age exposed the founders to effective selling and hard work. These are some of the attributes that they embraced as they established their new business. They also maintain that:

> *We are people who are focused, trustworthy, disciplined and hardworking (FU_F - 14:37).*

The founders argue that they are courageous largely because of their upbringing that exposed them to selling at an early stage.

> *We can take the market head-on and we believe in ourselves. That courage, like what I have said, we started marketing at a tender age (FU_F - 14:52).*

8.2.2 Experimentation

The industry was largely dominated by the demand for printed boxes that the competitor had foreclosed. However, instead of being deterred by that practice, the founders focused on the unprinted boxes that were less popular.

> *I said I can use the unprinted boxes as our samples, so we started marketing using the unprinted boxes, that`s how we started marketing the boxes (FU_F - 14:16).*

Focus on an uncontested product gave the founders an opportunity to launch the business while they enhanced the features to the standard required by the market. This experience demonstrates the founders` desire to execute the business idea instead of spending resources trying to launch a perfect product before even being known in the market.

The founders were involved in episodes of trial and error as a way of establishing their business. The model has evolved from purely trading to a manufacturing business. The company also diversified its product offering as it ventured into new markets as a way of enhancing its revenue generation capacity. The product range has also been expanded through extensions that utilised the current stock of the firm’s skills and knowledge.

The founders have been focusing on execution in order to realise their dream. They used buses to transport their products to Zambia during the early stages instead of being constrained by logistical issues.

> *In exporting these archive boxes, we were using public buses, it was not easy but it helped us (FU_F - 14:45).*

The founders have also been involved in some experiments as they sought to grow their business. They have tried projects in South Africa, Mozambique and the Democratic Republic of Congo (DRC) without success. The company sent its staff to open branches in foreign markets. The staff were expected to further refine the business model instead of expending resources on feasibility studies while in Zimbabwe.

> *We thought if we start small by establishing an office there, we have some Tanzanians, Zambians and Zimbabweans too who are working that side, so if these guys are right in the thick of things they might be able to gather a lot of information for us and then we might be able to have a better understanding of the market (FU_FIN - 15:23).*

8.2.3 Early marketing strategies

The company has been using tenders as a source of business opportunities. Such tender information was obtained from a system of business networks that it had invested in that collated relevant information and advised of the upcoming tenders.

> *It all started through tenders, when they invited me to join them full time, it was one of the issues they said that I help them win tenders (FU_FIN - 15:27).*

The early marketing strategies are also well-pronounced in the experiments made by the founders where they marketed unprinted boxes although the market was dominated by the printed ones.

8.2.3 Pre-commitments and support networks

The founders secured the support of the sales team from the suppliers of archive boxes. This was through general acceptance of new players, providing market information and assisting with negotiations for payment terms.

> *He [the sales officer] is the one who accepted us and took our idea and said if you want to make archive boxes I can help you. He managed to negotiate on our behalf, instead of paying 100 percent cash upon placing*

an order, we managed to place orders without paying any deposit and we would pay after production (FU_F - 14:25).

In addition, the elder brother also availed office space which reduced pressure on the early stage working capital requirements.

We shared the office with my brother, so I was just having that advantage of using his offices without paying rentals (FU_F - 14:23).

Support came from the family and suppliers, especially the Supplier's sales team who opened doors for the new firm, provided advice and negotiated payment terms on their behalf. The founders were assisted by their sister to establish the business. The sister flagged the idea and also provided the start-up resources needed for company registration. Having a relationship with an internet-based company that advised on upcoming contracts also contributed to firm growth.

8.3 Interaction between causation and effectuation processes

The company`s transition process is summarised in Table 8.2.

Table 8.2: FURNITURE transition process

Factor	**Early stage**	**Growth**
Company focus	Selling	Production and selling
Structure	No structure – the founders controlled everything	Formal structure and delegation to the team, although founders still played an active role
Business systems	No operating procedures	Operating procedures currently being developed
Founder's control points	No delegation	Recruitment, production, marketing and approval of critical decisions
Succession planning	Focus on establishing the business	No formal mention of succession planning, but recruited skilled people

The transition process has seen the company introducing formal organisational structures and systems.

The business seemed to be transitioning from being entrepreneurial to professional. However, while the founders had started delegating some of their responsibilities, they continued to control critical activities, especially financial management functions.

> *I say money, nothing else (FU_F - 14:97).*

The finance manager also highlighted that the founders were still holding onto some of the activities that they used to control.

> *There has been a shift but it's quite difficult because they are still holding on to a lot of things (FU_FIN - 15:50).*

While some internal control systems were being designed, it was still a challenge for the founders to fully comply with them. There were certain instances where the founders had not been complying but had the transaction ratified.

> *But I should probably say, they [internal controls] have been effective from my level downwards because the directors can do anything outside that, and what I have only managed to do is to say each time you do anything outside our established policies, try to disclose (FU_FIN - 15:55).*

The company did not have an independent board of directors, and the founders argued that they were the owners and were actively involved in daily operations. Thus, they held that the board was less useful.

> *We are the founders, we are not reporting to anyone else (laughing), we have got others to check how we are operating and also advice us to do the right thing (FU_F - 14:67).*

The founders maintained that the need for a board was largely influenced by the size of the organisation. For a relatively smaller business, the board would constrain activities because its views may be diametrically different from those of the entrepreneurial founders. Some of the initiatives that the business adopted in

order to grow the business could have been misconstrued as being unprofessional for example, using public buses to transport products to Zambia.

8.4 Summary

The business was formed with support from various network players, especially the family, friends, credit suppliers and employees. The founders used the salary of one of the twin brothers to partly finance the business. The company did not rely on formal appraisals and feasibilities to assess the attractiveness of the project. However, the focus was on implementing the idea that the founders had, given the encouragement by the sister who understood the industry. The advice by the sister and her observations of the incumbent`s lifestyle were enough evidence for a potentially viable business opportunity.

The company introduced some internal control systems and procedures in order to facilitate the transition from being predominantly entrepreneurial to professional. The company embraced a participatory decision-making culture although the founders continued to make critical decisions. The company's entrepreneurial process is summarised in Table 8.3.

Table 8.3: Summary of FURNITURE evidence and emerging themes

1st Order Concepts	Theme indicator	Theoretical dimension
• I say money	Objectives for starting a business	Defined goals
• Marketing wasn't an issue because we had started it at the age of 5 • Brother's [co-founder] salary • We get some huge tenders and we use the proceeds to finance growth	Resource constraints are illusionary	A given set of means
• The idea actually came from our sister who was working for a filing company	Influence of family	
• We borrowed the balance from my brother • Engage contract workers when we get orders • Credit suppliers • He [the Sales Officer] is the one who accepted us • Shared the office with my brother	Converting social networks into sources of business and capital	Social innovation
• We measured the opportunity, by saying that if they are owning these cars, these properties • We started to test the market and see how we can go about • We were using public buses to export • The business plan is not there	Prioritisation of execution over formal planning	Experimentation
• Turning this company into a fully-fledged manufacturing company • Market diversification	Building a portfolio to sustain business growth	Portfolio diversification
• We copied, it's only the printing that we have changed	Intelligent copying and adaptation	Incremental innovation
• We started marketing using the unprinted boxes	Alertness to unnoticed opportunities	
• Focused, trustworthy, disciplined and hardworking • We have had these banks for a long time, we have a history with them	Trust is the basis of sustainable business relationships	Trust
• Manuals used internally • Founders still hold on to a lot of things • We are the founders, we are not reporting to anyone else	Sustaining business growth	Business systems

CHAPTER 9

HOMES

9.0 Background

HOMES is a family-owned business that has interests in vertical blinds, venetian blinds and curtain tracks. Its head office is located in the Msasa Light Industrial area in Harare where it has its manufacturing factory. The company was established in 1998 as a franchise but grew from merely supplying venetian blinds to a wider range of products including shutters and awnings.

The company has, however, been streamlining its products following Zimbabwe's economic challenges that negatively affected the demand for blinds which are regarded as luxuries.

The company operates in an oligopolistic industry where products are differentiated and branding is widely used as a strategic tool. Some competitors` products include bamboo, wooden and Roman panel blinds which are imported largely from South Africa.

HOMES currently manufactures tailor-made products unlike its competitors who are middlemen. In addition, the company has been able to develop business networks and manage customer relationships that have contributed to its growth.

The founder left the business in the hands of his nephew following a deteriorating business environment in Zimbabwe.

> *Competition was stiff and I decided to hand over my business to my nephew, it was really messy that the business needed someone who is hands-on, energetic and innovative (HO_F - 17:6).*

The nephew is currently running the business while the founder is involved in an advisory capacity. The nephew had an already existing media and advertising

business and he indicated that the two businesses formed an important part of his life.

The company was adjusting from the “old” to the “new” leadership following the retirement of the founder who relinquished his role to his nephew. Thus, the presentation focuses on the pre and post-takeover experiences of the organisation. Prior to the taking over of the business, the nephew assisted the founder to develop and implement promotional strategies for the organisation.

The nephew had also been exposed to the business through the exhibitions that he attended courtesy of the trade promotion board. This support was essential given that the founder and his nephew lacked resources to support their entrepreneurship project.

9.1 Behavioural analysis through the causation lens

9.1.1 Established goal

The objective of establishing the business was largely motivated by a passion for the industry rather than by that of making money. Maybe this argument is premised on the thinking that doing something that one is passionate about makes the job more fulfilling and rewarding, and along the way monetary rewards will flow.

9.1.2 Opportunity identification

The promoters did not have a formal model for identifying and developing a business opportunity. The director argued that identifying an opportunity in a familiar area increases the chances of building a successful business venture. The learning curve costs are relatively lower than those associated with establishing business in an unfamiliar territory.

> *I don’t think there is a formula for identifying opportunities, certainly I don’t know that formula if it’s there, but as an entrepreneur you are oriented in a*

certain way and if your energies are directed there you are likely to be successful (HO_D - 18:65).

The founder acquired the business that he had worked for through the assistance of a venture capital financier.

The company that I had worked with for 13 years decided to sell their business (HO_F - 17:1)

9.1.2.1 Adapting to environmental changes

The company has been exploring opportunities in export markets that have favourable economic outlook.

We would want to capture regional markets starting with Zambia then Botswana and Tanzania (HO_D - 18:60).

The foreign markets are said to have some gaps that the promoters claim that they had identified.

Within these markets we have also identified gaps that these products are needed (HO_D - 18:61).

Market gaps are an important indicator of the market potential in foreign markets.

If you then look at what is locally (Zambia) available, then you can realise that there is a big gap because there are few suppliers of blinds so we can fill that gap. Currently they are relying on South African suppliers but we are much closer than South Africa (HO_D - 18:64).

The firm has been exploring opportunities in Africa particularly those economies where socio-economic and demographic factors are favourable.

9.1.2.2 Responding to customer signals

Customers signal their intentions to transact by calling for quotations among other strategies. The company got referral business from government ministries following the projects that it had done. Customers would also approach the company for its services thereby signaling their intention to transact.

The promoters are continuously exploring opportunities to grow their business in terms of the product offering and markets. They have been focusing on addressing market gaps both on the local and foreign markets such as Zambia, Botswana and Tanzania.

> *I also found out that people had specific needs that they had but those needs were not necessarily being met. They would then have to settle for products that were there, that were closest to what they needed so the gap was quite obvious (HO_D - 18:21).*

According to the promoters, there are huge market gaps that they seek to tap into. Further, developing foreign markets had been central to the company`s business development initiative. It is also important to note that the company was exploring foreign markets for its existing products instead of introducing new ones.

9.1.3 Opportunity evaluation

The opportunity evaluation process was largely influenced by the previous working experience of the founder. There were no feasibilities done to ascertain the business potential and viability. Instead, the evaluation was done by the Venture Capitalist. Clearly, the founder did not do an own financial analysis to establish business viability as shown in Sections 9.2 and 9.9 on A set of given means and Business planning respectively.

9.1.4 Business planning

At the time of taking over the business, the founder did not have an own business plan, instead he relied on the plan produced by the venture capital financiers following their due diligence.

> *Venture Capital was 100 percent equipped to be able to put together a business plan for you (HO_F - 17:16).*

The founder's nephew who took over the business following the retirement of the founder indicated that he did not have a business plan.

> *I didn't have a 50 page business plan. I didn't need a very complicated document (HO_D - 18:9).*

Commenting on the usefulness of the business plan to the bank, the director noted that having a formal business plan does not necessarily imply success because the tool rarely serves its purpose. He further maintained that the business plan is not valuable in a difficult environment.

> *You don't actually need a business plan (HO_D - 18:11).*

> *More often than not the best business plans are not always adhered to in practice so in a way it presents false hope of something happening which may never happen (HO_D - 18:15).*

The views of the respondent are that planning may take a long time despite being of limited use. Execution is more important than spending time on planning.

> *I just think some things are worth doing because you can analyse something today and you can analyse something for 10 years by which somebody else like me who hasn't really analysed it bit by bit has made 10 years of strides meanwhile you are still on the analysis stage (HO_MD - 22:14).*

While systematically evaluating the business opportunity may be ideal, it may not add much value because it delays the process. Instead of focusing on methodical evaluation, emphasis should be on execution because the latter creates value. Business plans are rarely adhered to because of environmental uncertainty. It would appear that the firm's emphasis is on execution which is firmly grounded in the effectuation logic.

9.1.5 Resource mobilisation

Table 9.1 summarises the organisation's financing models to date.

Table 9.1: Financing models

	Phase	Financing model
1	Start-up	No capital injection by the founder, but funding was availed by a venture capitalist
2	Growth	Own resources, supplier credit

The founder had worked for the organisation for a relatively longer period, and had a better understanding of the business model. He did not have resources to buy the company when it was offered for sale. However, he approached a venture capital company that ultimately financed the business.

> *We had no money until I was directed to Venture Capital Company of Zimbabwe by one of the directors whom I knew (HO_F - 17:2).*

In addition to providing finance, the venture capital company assisted the new owners with the technical support that involved setting up of systems and ensuring good business practices. They also supported the business through establishing good governance and management structures.

> *Those people were so good that they taught us how to do business at the same time how to grow it (HO_F - 17:4).*

Part of the company`s growth was financed from retained earnings. However, the ability to set aside resources for reinvestment requires discipline and restraint on uncontrolled consumptive expenditure.

> *Whatever I get is going back, we are ploughing it back (HO_MD - 22:29).*

9.1.6 Organisational structure

The company has a formal organisational structure. The ability to empower staff and relinquish some of the roles of the founder is influenced by the confidence that one has in his staff. As one becomes confident, he is likely to trust the staff leading to the transfer of responsibilities to staff.

> *Building structures that are more professional helps one to develop a sustainable business (HO_D - 18:3).*

Pursuant to buying the business with the assistance of a venture capital fund, the company established a board of directors. The founder, however, maintains that the board might constrain business growth because of delays and cautious decision making process.

> *At Venture Capital, the pace at which the board wanted us to move was not the pace I wanted the business to move because they will be safeguarding their finances whereas on the other hand as an entrepreneur, I just wanted things to move at a very fast pace (HO_F - 17:19).*

A board of directors promotes professionalism in the way the business is managed as well as effective delegation and participation by the team. The board brings experience to the organisation, and provides controls that entrepreneurs may lack. Thus, because of the board involvement, entrepreneurs are checked so that they do not blindly pursue projects that may expose their businesses to huge financial risk. However, following the exit of the venture capitalist, the company operated without a formal board of directors.

> *On the manufacturing side, we don't have a board as yet but I think it's also the time at this stage we need to be single minded in terms of what we want to achieve and we will do that way (HO_D - 18:54).*

The new directors maintained that they adopted a dictatorial approach in order to address challenges that the manufacturing entity was facing which called for drastic actions to break the culture that had developed over the years.

> *On the manufacturing side, because we entered at a time when the business was on its knees, very drastic actions had to be taken. So decision-making was almost very much dictatorial because there was already a culture that had been growing for many years (HO_D - 18:41).*

9.1.7 Business systems

The director restructured and tightened internal control systems in order to effectively manage the costs and address the financial challenges that the business was facing. The new directors also focused on effective management of the receivables whose book had swollen leaving the company with limited resources to meet its obligations.

> *Another thing that we did was to look at the weaknesses of the business model that was there. The biggest weakness that we identified was that we were not getting paid for the jobs done (HO_D - 18:31).*

Internal control systems are important to business success. Having good systems that can be audited raises confidence within the organisation.

> *You have got systems that shape the culture of the organisation because at a certain point you need to recognise that you need now to migrate to proper systems that can be audited (H_D - 18:59).*

Robust control systems helped to address leakages that could have derailed the organisation's growth potential. Thus, the founder's willingness to establish such systems was important; otherwise without the directors' support such systems would be ineffective.

9.2 Behavioural analysis through the effectuation lens

9.2.1 A set of given means

The founder argued that he lacked financial resources to acquire the business. He was, however, not discouraged by that lack of resources. He managed to secure the support of a venture capitalist.

> *I was interested but I had no money until I was directed to a venture capitalist by one of the directors whom I knew because it was a good business (HO_F - 17:2).*

The main promoter had worked for the company that he later on acquired. This exposed him to the relevant operations that contributed to the successful running of the business. Further, the nephew had been exposed to the manufacturing business through the work that he had been doing for the company.

Integrity is an important attribute of the founder, and this attribute has also been demonstrated by how the founder conducted his business.

> *There was too much corruption whereby you had to bribe people to get a job, but I did not believe in that... We stood firm that we said no to bribery and by that we gained the trust of many clients (HO_F - 17:9).*

The founder despised unethical business practices, corruption and bribes. According to the founder, integrity and honesty helped him build a sustainable business. This also assisted him gain the confidence of other business partners because of the trust that they had developed through professional business conduct.

Discipline is also a vital attribute displayed by the promoters. It restrained promoters from engaging in extravagant behaviour that could have adversely affected business viability.

> *If you are just looking for self-gratification for the day then you will not be able to last as an entrepreneur, but if you delay your own gratification for future years then perhaps you will be able to make it (HO_D - 18:6).*

Discipline entailed delaying immediate pleasure in order to preserve resources required to grow and sustain business operations.

9.2.2 Experimentation

The founder had entrepreneurial experiences in the areas of trading after operating small-scale businesses in both Zambia and Zimbabwe.

> *The economy in Zambia had just collapsed so we closed the shop and came back home (HO_F - 17:25).*

He has also been involved in trading operations in Zimbabwe.

> *I was retrenched from this company, but after that I had that business mind that I was going to do this, so I started buying and selling on a small scale and I operated from home under the company name, which I formed before this one (HO_F - 17:51)*

In addition, the active directors encourage staff to experiment with ideas rather than remain in a mode of fear of failure.

> *I always say to the team I would rather do something and see how it happens and be able to say to ourselves hang on we didn`t do it right there, how can we improve on what we have done than not to do it because if you don't do it, you don't know (HO_MD - 22:38).*

The emphasis was on execution, and the directors encouraged their teams to try new activities and execute instead of waiting to be told what to do. The promoters also maintained that experiments were being done systematically. They did not embark on projects recklessly, but pursued an idea that they thought would work. The promoters posited that it was better to try something and then see how it may be enhanced.

9.2.3 Early marketing strategies

The company had the sole franchise that allowed it to enjoy some form of protection from competing products from the same supplier.

> *We had a sole franchise with a company that makes the product that we sell (HO_F - 17:11).*

When the founder took over the business, he had the sole franchise to run the business in Zimbabwe, and competition was limited. However, as the economic problems deepened, and with the rise of China as a global player, new players entered the industry with competing products thereby eroding the monopolistic advantage that the company had been enjoying. Coupled with the economic challenges, this saw the company's fortunes declining leading to financial challenges in 2012. The situation had, however, normalised following the handover of the day-to-day running of the business to his nephew.

9.2.4 Pre-commitments and support networks

The company enjoyed credit facilities from South African suppliers. Such credit relationships are largely shaped by trust and integrity of the business partners. The company enhanced its credibility by honouring its obligations as and when they fell due.

> *We used to buy aluminum from South Africa on credit because we honoured our obligations (HO_F - 17:12).*

The company also benefited from the support and training that it got from an export promotion company in Zimbabwe.

> *We did exporting courses with ZimTrade and we really learnt a lot (HO_F - 17:5).*

The support from ZimTrade possibly explains why HOMES's business model is largely export-oriented. ZimTrade trained the firms in export market development as well as financed their regional travel and exposed the promoters to new potential export markets opportunities.

> *ZimTrade was of more help in the establishment and growth of the company because they took my nephew to exhibitions and trade fairs and they paid for everything (HO_F - 17:8).*

The founder also echoed the importance of good relationships with support networks. Good relationships with suppliers and customers are critical for business success.

> *If you want to succeed in business you need to have a good relationship with your suppliers and customers (HO_F - 17:14).*

Support networks are further enhanced through interacting with people and being honest in one's business dealings.

> *Honesty is another factor which made my company favourable to my suppliers and customers (HO_F - 17:13).*

The company has been benefiting from the relationships that it had nurtured that led to referral business.

> *From our relationships and the work that had been done, there will be referrals and those referrals were one of the tools that we used to grow our business (HO- D).*

Support networks have also been referring new clients to the company. Referrals are important sources of business because there is limited marketing expenditure incurred on developing that opportunity save for the good work and relationship that the company would have developed with the existing customers.

9.3 Interaction between causation and effectuation processes

Despite being a proponent of effective delegation, the director maintains that over-delegation may expose the founder to loss of business as some of the empowered employees may end up creating competing businesses. Thus, selective delegation is preferable to wholesale delegation. The promoters safeguarded their business interests by being tactful in the way they delegated.

> *Delegate but also don't close your eyes as you are delegating (HO_D - 18:46).*

The directors argued that there has to be a single line of command using the military metaphor in order to achieve great results.

> *The military is believed to be one of the most effective institutions that people are involved in. And my thinking is that the reason is because there is a single line of command even if the decision made is not necessarily the best decision, but you are guaranteed that the effort that is going to be put to execute that decision is going to be tenfold (HO_D - 18:55).*

The director maintained that a board may constrain the decision-making process. He recognised that decision-making was about taking calculated risks because along the way some decisions may be wrong while the probability of making welfare enhancing decisions was equally high. The transition process is summarised in Table 9.2.

Table 9.2: HOMES transition process

Factor	Early stage	Growth
Company focus	Production	Production and marketing
Structure	Formal structure because of the participation of a venture capitalist	Formal structure and delegation to the team
Business systems	Standard operating procedures	Standard operating procedures
Founder's control points	Delegation	Business development, recruitment and approval of critical decisions
Succession planning	Focus on establishing the business	Business handed over to the nephew to actively manage it

9.4 Summary

This case demonstrates the importance of venture capital financing as a source of capital. Its role in ensuring the implementation of formal structures and systems has also been demonstrated. The founder was able to establish a sustainable growth business by exploiting his experience and industry knowledge. The importance of business networks in the process of building a business in a resource-constrained economy is also demonstrated. Further, the company did not rely on formal appraisals and feasibilities that dominate the management literature. On the contrary, the venture capital financier did a due diligence, valuations and business planning as part of the business takeover process. Robust internal control systems have had a positive impact on the company`s growth process. It is evident from the case that the company has been tightening its systems while the critical decisions remain centralised in the office of the directors

The entrepreneurial experience of HOMES is summarised in Table 9.3.

Table 9.3: Summary of HOMES evidence and emerging themes

1st Order Concepts	Theme indicator	Theoretical dimension
• The economy in Zambia had just collapsed so we closed the shop and came back home	Objectives for starting a business	Defined goals
• Reinvesting profits	Capital constraints are illusionary	A set of given means
• I know it was a good business • The company that I had worked with for 13 years decided to sell their business	Influence of previous employment	
• I was directed to a venture capitalist • Venture Capitalist taught us how to do business • Materials secured on credit because we honoured our obligations	Converting social networks into sources of business and capital	Social innovation
• I started on a small scale • I always say to the team do something and see how it happens • Even if the decision made is not necessarily the best decision but you are guaranteed of execution	Prioritisation of execution over formal planning	Experimentation
• No longer serving as a middleman • Exploring business in Africa	Building a portfolio to sustain business growth	Portfolio diversification
• We had a sole franchise with a company that makes the product • Manufacture tailor- made products	Intelligent copying and adaptation	Incremental innovation
• Needs not necessarily being met	Alertness to unnoticed opportunities	
• We said no to bribery and by that we gained the trust of many clients • VC was 100% equipped to put together a business plan for you • Honesty is another factor which made my company favourable to my suppliers and customers	Trust is the basis of sustainable business relationships	Trust
• Don't close your eyes as you are delegating • Delay own gratification for future years	Sustaining business growth	Business systems

PART III

CROSS-CASE ANALYSIS, THEORETICAL FRAMEWORK AND CONCLUSIONS

Part III consists of Chapters 10, 11 and 12. Chapter 10 presents the cross-case analysis of the themes drawn from the experiences of the participating six cases presented in Part II. The chapter also draws some conclusions about the evidence with a view to establishing a robust foundation for the emerging theoretical framework presented in Chapter 11. Chapter 12 ends the study with conclusions, contributions and recommendations (Bergh, 2003; Corley & Gioia, 2011; Whetten, 1989) as well as the study limitations and suggestions for further research.

CHAPTER 10

CROSS-CASE ANALYSIS

10.0 Introduction

This chapter discusses the findings across all the six cases focusing on the themes derived from the data analysis process as discussed in Chapter 3. The analysis proceeds in six broad sections as follows: In the first section, Behavioural analysis, the study evidence is matched with the behaviours underlying the causation and effectuation logics. The second section presents a cross-case reflection of themes in order to gain insights into converging and diverging themes (Eisenhardt, 1989; Eisenhardt & Graebner, 2007; Gioia et al., 2012). The cross-case themes are analysed in the third section. The contextual factors affecting the entrepreneurial processes are covered in the fourth section given the importance of context in case studies (Denscombe, 2010a; Rule & John, 2011; Whetten, 1989). High growth indicators are discussed in the fifth section. The final section concludes the chapter with a summary of the factors contributing to successful entrepreneurship (Gioia et al., 2012) that informs the emerging theoretical framework in Chapter 11. The next section presents the behavioural analysis.

10.1 Behavioural analysis

The analysis responds to the research question that sought to explore how the causation and effectuation logics are reflected in the behaviours of the participating firms. The analyses through the causation and effectuation lens are discussed in turn in order to identify the ubiquitous behaviours across cases.

10.1.1 Behavioural analysis through the causation lens

The causation model asserts that, by predicting the future, the entrepreneur controls the outcome (Sarasvathy, 2001; Wiltbank, Read, et al., 2009). The firm defines its objectives upfront and systematically searches for opportunities that are evaluated using financial appraisal techniques and are selected if they maximise expected returns (Bennouna et al., 2010; Shane & Venkataraman, 2000). Table 10.1 outlines the behaviours underlying the causation logic based on a detailed analysis in the Literature Review.

Table 10.1: Behaviours underlying causation process

Dimensions	Indicators
Basis for taking action and acquiring stakeholders	• Expresses a vision and/or goals for the venture
Opportunity identification process	• Identifies an opportunity before developing anything • Gathers and reviews information about market size and growth
Attitude toward outside firm	• Gathers information about competitors and analyses their offerings
Opportunity evaluation	• Calculates the returns of various opportunities ○ Conducts NPV analysis or probability analysis to choose between various alternatives ○ Maps out (writes up and discusses) scenarios for the firm's future ○ Creates and compares financial projections for firm growth
Business planning	• Produces a written business plan document ○ Develops a project plan to develop the product and/or services ○ Writes up a marketing plan for taking the products/services to market
Structures and systems	• Organises and implements control process ○ Establishes an internal reporting structure ○ Designs and implements a clear organisational structure

Source: Adapted from Chandler et al. (2011), Fisher (2012), Read and Sarasvathy (2005), and Sarasvathy (2001)

The evidence from all the six cases was analysed using the template in Table 10.1 to establish the presence (√) or absence (x) of the behaviours underpinning the causation logic.

Table 10.2: Cross-case evidence on causation process

Indicators	SEC	CRO	TEC	CON	FUR	HOM
Expresses a vision and/or goals for the venture	√	√	√	√	√	√
Identifies an opportunity before developing anything	x	x	x	x	x	x
Gathers and reviews information about market size and growth	x	x	x	x	x	x
Gathers information about competitors and analyses their offerings	x	x	x	x	x	x
Calculates the returns of various opportunities	x	x	x	x	x	x
Produces a written business plan document	x	x	x	x	x	x
Organises and implements control process	√	√	√	√	√	√

Key: SEC – SECURITY; CRO – CROP; TEC – TECHNOLOGY; CON – CONSTRUCTION; FURN – FURNITURE; HOM - HOME

It is clear from the preceding analysis that the participating firms have not been relying on the causation process. Most of the behavioural attributes underlying causation are not explicitly supported by the study evidence. The firms, however, started with some goals and introduced some control systems as they developed as shown in Table 10.2. The goals centred on the need to make money and contribute to the country's development. The experiences of all the participating firms, nevertheless, show that the founders had overall control on key decisions. Founders of CROP, CONSTRUCTION and TECHNOLOGY controlled cash flows and recruitment. Founders of CONSTRUCTION, CROP, FURNITURE, HOMES and

SECURITY prescribed over the business development function. The nature of goals are largely short-term instead of long-term, while systems are informal (Read & Sarasvathy, 2005; Shane & Venkataraman, 2000). It can be concluded that the causation logic is not fully reflected in the behaviours of the case firms, and therefore, fails to fully explain observed behavioural patterns of high growth firms in Zimbabwe. The next section explores the extent to which aspects of the effectuation logic are reflected across the case firms.

10.1.2 Behavioural analysis through the effectuation lens

The theoretical dimensions of the effectuation logic are given in Table 10.3.

Table 10.3: Behaviours underlying effectuation process

Dimensions	Indicators
A set of given means	• Actions emerge from means and imagination • Stakeholder commitment and actions lead to sub-goals • Feedback from achievement or non-achievement of sub-goals lead to design of major goals
Experimentation	• Develops multiple variations of a product or service to arrive at a commercial offering • Experiments with different ways to sell and/or deliver a product or service • Changes the product or service substantially as the venture develops
Pre-commitments	• Enters into agreements with customers, suppliers, and other organisations prior to having a fully developed product or service
Affordable loss	• Commits only limited amounts of resources to the venture at a time • Limits the resources committed to the venture into what could be lost (*using only personal resources*)
Flexibility	• Responds to unplanned opportunities as they arise • Adapts what they are doing to the resource on hand • Avoids courses of action that restrict flexibility and adaptability

Source: Adapted from Chandler et al. (2011), Fisher (2012), Read and Sarasvathy (2005), and Sarasvathy (2001)

The results on the presence (√) or absence (x) of the effectuation behaviour in the participating cases, and situations where evidence is inconclusive (?) are summarised in Table 10.4.

Table 10.4: Cross-case evidence on effectuation process

Indicators	SEC	CRO	TEC	CON	FUR	HOM
A set of given means						
• Actions emerged from means and imagination	√	√	√	√	√	√
• Stakeholder commitment and actions led to sub-goals	?	?	?	?	√	√
• Feedback from achievement or non-achievement of sub-goals led to design of major goals	?	?	?	?	?	?
Experimentation						
• Developed multiple variations of a product or service in arriving at a commercial offering	√	√	√	√	√	√
• Experimented with different ways to sell and/or deliver a product or service	√	√	√	√	√	√
• Changed the product or service substantially as the venture develops	√	√	√	√	√	√
Pre-commitments						
• Entered into agreements with customers, suppliers, and other organisations prior to having a fully developed product	√	√	√	√	√	√
Affordable loss						
• Committed only limited amounts of resources to the venture at a time	√	x	√	x	√	x
• Limited the resources committed to the venture in to what could be lost (*using only personal resources*)	√	x	x	x	x	x
Flexibility						
• Responded to unplanned opportunities as they arose	√	√	√	√	√	√
• Adapted what they were doing to the resources on hand	√	√	√	√	√	√
• Avoids courses of action that restrict flexibility and adaptability	√	√	√	√	√	√

As Table 10.4 reveals, the study evidence supports the presence of the various aspects of the effectuation behaviour across the cases. The four main dimensions, namely; a set of given means, experimentation, pre-commitments and flexibility are reflected in the behaviours of all the case firms, while the affordable loss dimension does not seem to be well represented in the data. A brief analysis of the emerging behavioural issues from Table 10.4 is presented next.

The behaviours underlying “a set of given means” dimension are mixed across the firms. There was convergence on the “actions emerged from means and imagination” across all the cases. However, divergent evidence is seen in the case of “the stakeholder commitment and actions led to sub-goals”. Convergence in the case of HOMES and FURNITURE can be attributed to the support by the Venture Capitalist and the client who placed the first order for filing cabinets respectively. There is, nonetheless, no clear supporting evidence in the case of the remaining four firms. The evidence is inconclusive on the feedback from achievement or non-achievement of sub-goals led to design of major goals.

The evidence on the affordable loss may be due to the funding options used by the case firms that include families, relatives, friends, credit suppliers, business portfolios and strategic business relationships, in addition to personal resources (Ebben & Johnson, 2006; Fierro & Noble, 2013). SECURITY, TECHNOLOGY and FURNITURE invested negligible amounts while CROP relied on the tripartite arrangement with a bank and a tobacco merchant. HOMES was financed by a Venture Capitalist (Drover et al., 2014; Fairchild, 2009; Gerasymenko & Arthurs, 2014) and CONSTRUCTION had the support of the family.

There were more sources of finance accessed by the participating firms compared to personal resources only (Chandler et al., 2011) assumed by the effectuation logic because of its bias towards expert entrepreneurs (Sarasvathy, 2001, 2008; Sarasvathy et al., 2014). The experiences of all the participating firms highlight that entrepreneurial models in a developing economy should recognise the multiple sources of resources that extend beyond personal ones (Fierro & Noble, 2013; Grichnik et al., 2014; Stam et al., 2014; Welter, 2012;

Winborg & Landstrom, 2001). The founders overcame start-up challenges through bootstrapping and reliance on support networks (Ebben & Johnson, 2006; Fitzsimmons, 2007; Grichnik & Singh, 2010).

Further, all cases showed similar behaviours in the areas of experimentation and flexibility, and this may strongly suggest that these dimensions are identical (Sarasvathy, 2001, 2008) although Chandler et al. (2011) separate them. In view of the evidence, the study adopts experimentation as the main dimension that incorporates flexibility.

The additional dimensions from the study evidence as demonstrated in Chapters 4 to 9 include portfolio diversification, incremental innovation, social innovation, business systems and trust. These theoretical dimensions are common across all the 6 cases.

The key implication of this evidence is that the effectuation logic in its original formulation (Sarasvathy, 2001, 2008) may not completely fit in a resource-constrained developing economy because it does not explicitly deal with contextual issues underlying entrepreneurial behaviour as suggested by the evidence. There is, therefore, need to incorporate these emerging dimensions given their importance in the behaviours of all the six cases in the cross-case analysis.

10.2 Cross-case reflection of themes

From the analysis in the preceding section, the evidence clearly shows that the causation logic does not apply. Thus, the themes summarised in Table 10.5 that emerged from the individual cases reflect effectuation behaviour. However, “objectives for starting a business”, and “sustaining business growth” seem to suggest causation behaviour. On the contrary, evidence shows that these behaviours are effectual. First, the objectives are both informal and short-term rather than being formal, documented and long-term (Chandler et al., 2011; Read & Sarasvathy, 2005). Second, the controls are about having the capacity to

exploit opportunities and comply with regulatory and statutory requirements. The founders seem to rely on the informal control systems.

Table 10.5: Cross-case reflection of themes

Theme indicator	SEC	CRO	TEC	CON	FUR	HOM
Objectives for starting a business	√	√	√	√	√	√
Resource constraints are illusionary	√	√	√	√	√	√
Converting social networks into sources of business and capital	√	√	√	√	√	√
Prioritisation of execution over formal planning	√	√	√	√	√	√
Building a portfolio to sustain business growth	√	√	√	√	√	√
Intelligent copying and adaptation	√	√	√	√	√	√
Alertness to unnoticed opportunities	√	√	√	√	√	√
Trust is the basis of sustainable business relationships	√	√	√	√	√	√
Sustaining business growth	√	√	√	√	√	√
Influence of previous employment	√	√	√	√	x	√
Influence of family	√	x	x	√	√	x

Table 10.5 shows nine common themes across the six cases. These are;

1. Objectives for starting a business
2. Resource constraints are illusionary
3. Converting social networks into sources of business and capital
4. Prioritisation of execution over formal planning
5. Building a portfolio to sustain business growth
6. Intelligent copying and adaptation
7. Alertness to unnoticed opportunities
8. Trust is the basis of sustainable business relationships, and

9. Sustaining business growth.

The diversity of the views of the participating cases is essential to a better understanding of the entrepreneurial processes in a resource-constrained environment. Divergent views help strengthen the emerging theory (Miles & Huberman, 1994), and are, therefore, an important part of the cross-case analysis. The “influence of previous employment” is common across 5 cases. All the founders except those of FURNITURE had relevant industry experience. However, the latter founders relied on their sister who had the relevant industry knowledge and experience.

The influence of family was evident in SECURITY, CONSTRUCTION and FURNITURE. The founder of SECURITY got support from his spouse, while CONSTRUCTION’s founder was assisted by his brother. For FURNITURE, the sister played a vital role in pointing to the opportunity, providing resources and facilitating access to industry networks.

Therefore, the additional themes that are discussed in this section are:

10. Influence of previous employment, and
11. Influence of family.

The next section provides a detailed analysis of all the eleven themes.

10.3 Analysis of the themes

The analysis is systematically done in five steps that include; brief explanation of the theme, manifestation of the theme in the evidence, bringing in the extant literature, identifying areas of convergence and divergence between evidence and literature (Eisenhardt, 1989; Knopf, 2006), and concluding with some implications for the new theory development (Eisenhardt & Graebner, 2007). The themes are analysed in the same sequence as they appear in Table 10.5.

10.3.1 Objectives for starting a business

The study evidence shows that entrepreneurs had an intuitive understanding of their goals for starting a business. This theme reflects the short-term informal goals highlighted by the founders (Chandler et al., 2011; Laaksonen et al., 2010; Sarasvathy, 2001). Broadly, the objectives involved making money and contributing to the country's economic development as shown in Table 10.6 which are contrary to the affordable loss assumed by the effectuation logic (Dew et al., 2011; Duening et al., 2012; Sarasvathy, 2008).

Table 10.6: Objectives for starting a business

1st Order Concept	Thematic Indicator
• We just wanted to start a business • Like any other business, to make money • Assist farmers to grow quality tobacco • Contribute to country's development	Objectives for starting a business
• Loss of gainful employment • Did not want to struggle like other government employees	

Evidence from the study also shows that the founders were not only motivated by the financial objective but by socio-economic objectives that involved contributing to the country`s development. This reflects the founders' realisation that building a high growth business should also consider social and environmental factors. Further, the founders of CONSTRUCTION, CROP, FURNITURE and TECHNOLOGY sought to protect themselves from financial challenges and hence they also indicated the need to make money. Economic difficulties pushed the founders into business.

Businesses are built to achieve various objectives for their founders and investors. Microeconomic theory maintains that firms seek to maximise profits (Koutsoyiannis, 1988; Shane, 2005; Varian, 2010) while

shareholder wealth maximisation is the overarching objective in finance (Madura, 2008; Sharan, 2009) that resonates with the causation logic (Shane & Venkataraman, 2000). In contrast, study evidence contradicts the effectuation logic whose underlying objective is to minimise affordable loss (Sarasvathy, 2001, 2008) by managing the downside risks. Effectuators are guided by what they are prepared to lose instead of uncertain returns in the future (Duening et al., 2012; Wiltbank, Sudek, et al., 2009). However, the participating firms have been pursuing much broader objectives than the affordable loss.

Further, the evidence supports the view that new ventures almost always start with a goal or vision (Arend et al., 2014; Shane & Venkataraman, 2000). The informal nature of the goals, however, seems to point to effectuation behaviour (Sarasvathy, 2001, 2008). Entrepreneurs are intuitive and therefore do not formally document their goals (Robinson, 2006). It is, therefore, instructive for an emergent theory of high growth firms to recognise the importance of short-term goals, even though they are informal (Chandler et al., 2011; Read & Sarasvathy, 2005).

10.3.2 Resource constraints are illusionary

This theme is related to a set of given means under the effectuation logic. It highlights how entrepreneurs overcame resource challenges at start-up. Entrepreneurs require resources that include skills and finance in order to support their business ideas (Grichnik et al., 2014; Nichter & Goldmark, 2009). Resource constraints have received wide coverage in the literature (Black & Strahan, 2002; Croce et al., 2013; Lingelbach et al., 2005; Wright & Stigliani, 2012) as barriers to productive entrepreneurship. Limited access to external finance is due to the liability of newness (Ebben & Johnson, 2006; Smith & Lohrke, 2008), shallow financial markets, lack of collateral and expensive debt (Grichnik & Singh, 2010; Winborg & Landstrom, 2001). Table 10.7 illustrates the experiences across the participating firms.

Table 10.7: Resource constraints are illusionary

1st Order Concepts	Thematic Indicators
• I did not have a lot of money • It [capital injection] was absolutely zero • No money to inject into the project	Lack of investment capital
• I gave the guard my clothes as the uniform • When I started, we didn't have to borrow • The initial capital was plus or minus US$100 which was out of my salary	Reliance on personal resources
• First point of call was friends and relatives	Reliance on friends and relatives
• Engage contract workers when we get orders • Outsource temporary technical staff at the start	Skills outsourcing reduces pressure on funding requirements
• We get some huge tenders and we use the proceeds to finance growth • What I get is going back into business • Delay own gratification for future years	Financing business growth from profit retentions

The participating firms did not invest significant amounts of capital into their projects. SECURITY used the resources and materials that it had without looking for substantial cash resources. CROP leveraged the tripartite arrangement with the bank and merchant while CONSTRUCTION relied on the brother and a credit supplier. HOMES was funded by a venture capitalist. TECHNOLOGY and FURNITURE invested US$100 and US$300 respectively as start-up capital.

The evidence seems to suggest that the entrepreneurs' behaviours resonated with the effectuation logic where they embarked on ventures without resorting to external capital (Baker & Nelson, 2005; Mauer & Sarasvathy, 2010; Sarasvathy, 2001, 2008) as advanced by the prediction-based causation models. However, the effectuation logic seems to limit the sources of capital to personal resources (Chandler et al., 2011;

Lingelbach et al., 2005) while the study evidence indicates multiple sources of non-bank funding options that involved family, friends, relatives, employees, customers, competitors and credit suppliers (Ebben & Johnson, 2006; Grichnik et al., 2014; Winborg & Landstrom, 2001). Innovative non-bank funded structures minimised their requirements for working capital. A more detailed discussion on converting the social networks into sources of business and capital is given in Section 10.3.3.

The participating firms primarily financed their growth through a combination of internal sources of finance and resources from a portfolio of businesses and products (Baker & Nelson, 2005; Fierro & Noble, 2013). This demonstrates the importance of profit retentions and portfolio diversification in an environment where bank credit is both scarce and expensive (Fierro & Noble, 2013; Gouillart, 2009; Grichnik et al., 2014). The ability to accumulate retained earnings can be attributed to financial discipline and tight controls on cash flows by the firms. The founders were disciplined as demonstrated by their prioritisation of investment ahead of immediate gratification as shown by the firms' conservative business offices and founders' lifestyles. This confirms the argument by Harper (1987) that discipline is vital to entrepreneurial success, and conversely lack of it could cause failure (Singh, 2011). The effectuation model does not explicitly cover growth financing due to its emphasis on start-ups.

Entrepreneurs should not be constrained by resource limitations dictated by the environment (Baker & Nelson, 2005). In light of the experiences of the participating firms, it can be concluded that resource constraints are illusionary because entrepreneurs rely on available resources (Baker & Nelson, 2005; Fisher, 2012; Sarasvathy, 2001). Further, the evidence provides insights into how entrepreneurs can leverage social networks as sources of capital. Thus, in the emerging theoretical framework in Chapter 11, this theme [resource constraints are illusionary] is combined with "converting social networks into sources of business and capital" since the focus is on how to circumvent the challenges of mobilising resources in a resource-constrained economy.

10.3.3 Converting social networks into sources of business and capital

This theme is closely related to the pre-commitments dimension under effectuation (Read & Sarasvathy, 2005) that entails the entrepreneur's ability to co-create a business by forging relationships with effectual partners (Chandler et al., 2011; Dew & Sarasvathy, 2007; Sarasvathy et al., 2014). However, pre-commitments within the effectuation context are tied to the effectual partners (Sarasvathy, 2008). The study evidence, nonetheless, does not restrict pre-commitments to effectual partners, but to a broader base of social and collaborative networks. Therefore, a broader dimension, social networks, was adopted in the current study.

Table 10.8 highlights the underlying theme indicators.

Table 10.8: Social innovation

1st Order Concepts	Theme Indicators
• We got a lot of support from friends • Benefited from the founder's old friends • I provided everything including equipment • Shared the office with my brother	Support from family, relatives and friends
• There are certain sites we actually share • It is actually the competitor that in a way assisted TECHNOLOGY to be where it is today	Support from competitors
• Suppliers will give us goods that we would sell and make payments after an agreed credit period • He [the Sales Officer] is the one who accepted us and took our idea	Support from credit suppliers
• A tripartite relationship between the bank, ourselves and the Merchant • Managed to get employees' support • Client deposits	Collaborative networks

SECURITY and CONSTRUCTION relied on family and friends' support as a way of entering the market. For instance, CONSTRUCTION was contracted by the founder's brother to construct his Head Office complex in a strategic location to allow the new company to showcase its potential. The founder of SECURITY recounted that friends and relatives gave him contracts to guard their homes as a way of supporting the new venture. The analysis shows the importance of social networks as sources of business opportunities and capital (Drover et al., 2014; Fukuyama, 1996; Mason & Brown, 2010; Sarasvathy, 2008; Welter, 2012).

CROP and SECURITY leveraged collaborative networks. The former had a tripartite arrangement with a bank and a merchant that facilitated access to finance and markets respectively. The latter has barter trading arrangements with strategic sports clubs where it erected its billboards in exchange for free security services in order to enhance its market visibility (Ebben & Johnson, 2006; Grichnik et al., 2014; Winborg & Landstrom, 2001).

Employees are an important source of working capital for the firm as shown by the experience of CONSTRUCTION, although this phenomenon has not been fully explored as a funding model in the literature. Suspending salaries and bonuses as well as linking salary payments to the project performance frees vital resources. In addition, CONSTRUCTION and FURNITURE outsourced skills and still do this to minimise the demands on working capital. Further, contract and temporary employees have been engaged at SECURITY and CONSTRUCTION as a way of managing fixed costs.

Supplier credit affords the founder an opportunity to secure goods, trade and pay for the goods after an agreed period of time (Fitzsimmons, 2007; Winborg & Landstrom, 2001). Credit facilities were, nonetheless, not available to new firms due to lack of credit or trading history that could give the counterparty some confidence in the firm's ability to run the business and also honour its obligations (Ebben & Johnson, 2006; Smith & Lohrke,

2008; Welter, 2012). TECHNOLOGY and FURNITURE were denied support during the formative stages as suppliers insisted on cash. CONSTRUCTION, however, got credit support from the founder's former employer because of their previous long-standing relationship. The evidence shows that trustworthy relationships should be built at every stage of the development cycle because this may be required in the future (Fukuyama, 1996; Smith & Lohrke, 2008; Welter, 2012).

The association of the participating firms with reputable customers enhanced their standing in the market and also opened business opportunities. The case firms dealt with reputable organisations that helped to instil confidence in the future customers. HOMES had a franchise, while CONSTRUCTION's participation in the building of the founder's brother Head Office and high profile government and private-sector projects raised its profile. SECURITY, TECHNOLOGY and CROP have relationships with reputable sports clubs, an international supplier and a tobacco merchant respectively. FURNITURE has also been involved in relatively big projects with public clients and ministries in Zimbabwe, Zambia and Tanzania.

Competitors also assisted new players to establish themselves through resource sharing, advice and access to supplier credit. SECURITY, TECHNOLOGY and CROP got support from their competitors. Collaboration gave the new entrant an opportunity to learn from, and cooperate with, incumbents instead of competing with each other (Brandenburger & Nalebuff, 1995; Camerer, 2003; Kim & Mauborgne, 2005; Moore, 1996).

The extant literature acknowledges the importance of pre-commitments from suppliers and customers (Brandenburger & Nalebuff, 1995; Fisher, 2012; Sarasvathy, 2001, 2008). However, the emphasis of the effectuation literature appears to be narrower than what the current study evidence seems to suggest where the focus is on collaborative and support networks that go beyond pre-commitments. Collaboration with competitors

(Camerer, 2003; Gintis, 2009; Moore, 1996) is not specifically dealt with in the effectuation literature although the study evidence points to the role of competitors in the development of SECURITY, TECHNOLOGY and CROP. It is, therefore, instructive for the emerging theoretical model to embrace collaboration with competitors and also extend support networks to the growth stages.

10.3.4 Prioritisation of execution over formal planning

The analysis focuses on the views about execution and experimentation by the participating firms as summarised in Table 10.9.

Table 10.9: Founders' views about execution

1st Order Concepts	Theme Indicators
• I didn't have to do all that [feasibility analysis] • Those kinds of things [investment appraisal], we have never done them • We didn't do the market survey per se and appraisals	Reliance on informal and intuitive processes
• We measured the opportunity by saying that if they are owning these cars, these properties, so if we can do the same we were going to earn more	Observing the behaviour of the incumbents
• Don't concentrate too much on business plans then neglect execution • Some things are worth doing because you can analyse something today and 10 years by which somebody else like me who hasn't really analysed it bit by bit has made 10 years of strides	Execution produces results
• I started tendering for small projects • It all started through tenders • I started buying and selling on a small scale	Engaging in small projects raises market confidence

The participating firms did not have a formal way of identifying and evaluating business opportunities. They relied on informal and intuitive processes largely influenced by their previous working and entrepreneurial experiences. In particular, evidence from the five cases strongly suggests that the firms ventured into familiar businesses because of their experience.

The founders also observed what incumbents were doing and used that information to make investment decisions. The evidence supports the views by Sarasvathy (2001), Mauer and Sarasvathy (2010) Mintzberg and Waters (1985) and Simon (1955) that execution is more relevant in an uncertain environment. This is evident in SECURITY and FURNITURE who observed and imitated the incumbents' business models. The case firms prioritised execution over formal planning which contradicts the causation logic (Chandler et al., 2011; Eckhardt & Shane, 2003).

The evidence supports Alder (2006) who argues that complicated investment appraisal methods were becoming increasingly irrelevant to contemporary business practice, while refuting the need for formal investment appraisal approach underlying the causation logic (Shane & Venkataraman, 2000). It can, therefore, be concluded that informal processes and execution are more relevant to the participating case firms.

Although business plans are cited as essentials (Delmar & Shane, 2003), none of the participating cases had a formal business plan. The absence of formal business plans can be attributed to the founders` previous working experience (Myres, 2009; Shane, 2008) and environmental uncertainty. While literature seems to support formal planning during growth (Brinckmann et al., 2010; Gruber, 2007; Perry et al., 2012), this study suggests that effectuation dominated the behavioural processes of the participating firms. Thus, unlike the traditional manager and banker who look for unshakeable truth before taking action, the founders made decisions with incomplete information and emphasised execution (Bruch & Ghoshal, 2004; Mbigi, 2007; Sarasvathy, 2001, 2008).

The businesses were established through trial and error as demonstrated by the study evidence in Table 10.10.

Table 10.10: Trial and error

1st Order Concepts	Thematic Indicators
• Started businesses, some failed and some have made it • I have done so many other things through trial and error • Experiment and take risk. If you fail, try another project • We have been to Malawi, it did not quite work out in Malawi and South Africa	Experimentation through trial and error
• Making mistakes is part of the journey • We started to test the market and see how we can go about it • I always say to the team do something and see how it happens	Mistakes provide an opportunity for adaptive learning

The founders had been involved in other businesses with some mixed results. Reflecting on their experiences, the founders maintain that they started their businesses through experimentation, and they tried different products, business models and sectors.

The firms started with small and less capital-intensive projects to test the market and gradually expanding the scale of operations in response to market signals. SECURITY, TECHNOLOGY, CONSTRUCTION and FURNITURE initially pursued small projects up until they were ready to undertake larger projects. This approach resonates with the effectuation logic where growth is organic. Starting with small projects limits potential loss that could be incurred in the event of the project failure (Sarasvathy, 2001, 2008; Wiltbank, Read, et al., 2009).

Previous entrepreneurial experience equipped founders with relevant information and skills that enabled them to exploit new opportunities through incremental experimentation (Katz, 2009; Shane, 2008).

Experimentation gave the founders and their firms an opportunity to learn before taking huge strategic exposures and to refine their business models as they went along. This analysis generally confirms the effectuation logic where an entrepreneur goes through a process of adaptive learning and experimentation (Sarasvathy, 2001; Wiltbank, Read, et al., 2009). Further, the evidence confirms that seriality of entrepreneurship provides a viable strategy for the entrepreneur to enhance the chances of success (Sarasvathy et al., 2013).

The case firms have concentrated on the domestic market. The experiments in the foreign markets have not been as successful as on the domestic market. This is supported by the experiences of TECHNOLOGY, CONSTRUCTION, HOMES and FURNITURE. Limited success in foreign markets has been attributed to different business cultures, competition and unethical business practices in some of the destination countries. The evidence contradicts findings by Blackburn and Brush (2009) and Storey (2011) that high growth firms leverage their growth on exports. The major implication of this evidence is that the participating firms have failed outside of Zimbabwe suggesting that context may have played a major role in their success.

10.3.5 Building a portfolio to sustain business growth

The effectuation logic does not explicitly recognise portfolio diversification probably due to its emphasis on the affordable loss and reliance on expert entrepreneurs (Sarasvathy, 2001, 2008). The current study, however, found no supporting evidence for the affordable loss. Further, the attributes of the experts in Sarasvathy (2001)'s study are diametrically different from the participants in the current study in terms of the experience and the sizes of business portfolios held. In the case of Sarasvathy's study, each of the participating expert entrepreneurs had built ventures ranging in size from $200 million to $6.5 billion (Sarasvathy, 2001) while those in the current study held not more than $10 million worth

of business portfolios. Therefore, building a portfolio to sustain business growth emerged as an appropriate theme in this study.

The case evidence shows that the participating firms have been focusing on local business. TECHNOLOGY, CONSTRUCTION and FURNITURE abandoned some of their foreign operations. Thus, there is a local focus although with a diversification strategy revolving around the product range, customer mix and sectors among the case firms (Fierro & Noble, 2013; Mahajan & Gunther, 2009).

The founder of SECURITY has invested in farming, real estate and hospitality sectors, while TECHNOLOGY invested in a related business that provides back-up support services and repairs of ICT products. Further, the wide range of products and customer base enjoyed by TECHNOLOGY generates cash required to sustain the core business. CONSTRUCTION, TECHNOLOGY, SECURITY and FURNITURE provide mass market products. In addition, CROP has expanded the number of farmers on its scheme in order to expand its scale of operations. Table 10.11 summarises the cross-case evidence.

Table 10.11: Portfolio diversification

1st Order Concepts	Theme Indicator
• My husband is also into real estate, farming and lodges • Had an agricultural project and making durawalls • Diversified client base	Reliance on portfolio diversification as a source of finance

Portfolio diversification helps stabilise the case firms' financial and business positions and at the same time serve as an important source of capital that alleviates pressure on working capital requirements. The study evidence shows that single-focus element is non-existent, and the firms started diversifying at an early stage. In the literature, there is a strong element of diversification in firms operating in resource constrained

environments (Fierro & Noble, 2013; Gouillart, 2009; Mahajan & Gunther, 2009). This evidence reinforces the view that portfolio entrepreneurship is the solution to resource-constrained developing countries' business growth challenges (Fierro & Noble, 2013; Lingelbach et al., 2005; Myres, 2009).

The effectuation literature recognises the importance of managing downside risk in uncertain environments through the emphasis on affordable loss (Sarasvathy, 2008; Wiltbank, Read, et al., 2009). The study evidence confirms the need to both manage downside risk, and leverage the upside volatility to create wealth. However, the aspect of leveraging upside volatility is not explicitly discussed in the effectuation literature (Arend et al., 2014). The study shows that portfolio diversification has been vital to the development of the participating firms because it generates resources required to finance core business operations. Thus, portfolio entrepreneurship is an important driver of wealth creation and growth (Fierro & Noble, 2013; Gouillart, 2009; Mahajan & Gunther, 2009) and an important feature of the effectuation logic in a resource-constrained developing economies.

10.3.6 Intelligent copying and adaptation

As shown in Table 10.12, there has been limited investment in novel innovation by the participating firms.

Table 10.12: Intelligent copying and adaptation

1st Order Concepts	Thematic Indicator
• I did not reinvent the wheel, I liked it and I just improved on it • We copied, it's only the printing that we have changed • We started marketing using the unprinted boxes	Imitation as a source of business idea

The participants imitated the existing products, services and business models with some modifications to suit their circumstances (Bragg &

Bragg, 2005; deBeer et al., 2014; Hargadon, 2003). The firms ventured into established markets through creative imitation of the existing business models, services and products. The business models for SECURITY, CONSTRUCTION and CROP were influenced by their founders' previous jobs (Myres, 2009; Shane, 2008). TECHNOLOGY and HOMES ventured into established industries while FURNITURE imitated an existing product (Gouillart, 2009; Grulke & Silber, 2001; Kim & Mauborgne, 2005).

Imitation limits the risk of investing in a novel idea whose market uptake is not guaranteed (deBeer et al., 2014; Dew & Sarasvathy, 2007; Katz, 2009). Thus, imitating a proven product or process reduces the risk of failure especially in an uncertain and resource-constrained environment. Furthermore, radical innovation is not necessary in a dynamic economy (Hargadon, 2003). It is cheaper and easier to use versions of the existing products and technologies (Christensen, 2003; Deakins & Freel, 2009; Hargadon, 2003; Katz, 2009).

The evidence confirms the empirical conclusion that what growth firms claimed to be innovation was instead an alternative marketing or distribution strategy or changing the existing service value proposition (Hargadon, 2003; Hinton & Hamilton, 2013; Tushman & O'Reilly, 2002). In contrast, the evidence contradicts Segarra and Teruel (2011) and Holzil (2011) who maintain that technological innovation increases the probability of becoming a high growth firm. Innovation does not necessarily result from research alone but also from the creative use of existing technology and expanding the existing industry boundaries (deBeer et al., 2014; Kim & Mauborgne, 2005). Therefore, intelligent copying and the ability to adapt to the changing environmental conditions are fundamental to the entrepreneurial processes of high growth firms in a resource-constrained developing economy.

10.3.7 Alertness to unnoticed opportunities

Businesses should constantly monitor and quickly respond to the market needs. A business model is, therefore, continuously enhanced in response to the evolving environment. Environmental changes require that the firms adapt and make swift decisions to remain sustainable as shown in Table 10.13.

Table 10.13: Alertness to unnoticed opportunities

1st Order Concepts	Thematic Indicators
• Technology we did not dream of doing • You can't be stuck to one idea or view • Market forced us to adapt • Understand customer needs and problems	Adapting to market needs
• No major indigenous companies involved in tobacco growing, processing and exporting • Industry was transforming, production was moving from the hands of the whites to the indigenous • We exploited the opportunities of the moment then	Seizing opportunities arising from environmental changes
• Taking customers in strategic locations at lower prices because of the potential knock-on effect	Focus on strategic business for future gains

The evidence shows that the participating firms have been adjusting to the changing business conditions and also responding to the evolving market needs. SECURITY has moved from just providing security products to technology-based products, while TECHNOLOGY has been introducing modern products with the support of an international supplier. Evolving business models for FURNITURE and HOMES where they have both moved from being middlemen to manufacturers reflect the need to respond to environmental changes. CONSTRUCTION has refocused its

business model by moving into residential development and physical infrastructure. Thus, adapting the business model to remain relevant to the prevailing business conditions is essential for sustaining business operations (Knight, 2015; Mahajan & Gunther, 2009).

Creating new markets for the products has been a key strategic imperative for the participating firms. This involved venturing into areas where existing firms were absent, for example FURNITURE supplied unprinted boxes and used a public bus to transport its exports to Zambia. The country's Land Reform Programme of 2000 that redistributed the commercial farming land from 4,500 white farmers to black Zimbabweans created an opportunity for CROP. The resettled farmers lacked resources and access to the markets because banks and established merchants were not comfortable dealing with them largely due to the uncertainty surrounding the land issue in Zimbabwe and lack of title deeds. CROP took advantage of this opportunity and launched a business model in partnership with an established bank and merchant (Ebben & Johnson, 2006; Winborg & Landstrom, 2001).

The experience shows that the entrepreneurs had to do what was feasible given their limited resources to start a business targeting the small-scale agricultural sector (Baker & Nelson, 2005; Sarasvathy, 2008).

The need to swiftly adapt to market conditions may be responsible for the founders' reluctance to have formal hierarchical structures that tend to characterise big institutions and public sector. Drawing parallels to the performance of big and public institutions, the participating firms survived the economic problems because of their versatility and rapid response to the evolving business conditions (Charan, 2009; Mintzberg et al., 2009).

On the contrary, big and public institutions have been struggling because of bureaucratic and formal structures that make them less responsive to the dynamic environment. The entrepreneurs were able to exploit the opportunities with both speed and incomplete information (Wright &

Stigliani, 2012). Thus, the ability to adjust overnight to the changes in the environment is critical to the development of the case firms.

10.3.8 Trust is the basis of sustainable business relationships

Trust and integrity are critical to sustainable business relationships. However, the effectuation literature does not explicitly recognise trust (Goel & Karri, 2006; Karri & Goel, 2008; Sarasvathy & Dew, 2008). There is clearly an unresolved debate on the role of trust within the effectuation domain. However, the study evidence overwhelmingly supports the importance of trust and dominance of the effectuation behaviour in the participating cases (See Section 10.1.2). It is, therefore, logical to conclude that trust is a key dimension of the extended effectuation logic in a resource-constrained developing economy. The analysis in this section explores the evolution of trust in the participating firms as shown in Table 10.14.

Table 10.14: Trust underpins business relationships

1st Order Concepts	Thematic Indicators
• Focused, trustworthy, disciplined and hardworking • Let there be integrity, transparency, teamwork and consistency • Through lack of greed, I was able to get a lot of support	Founder attributes key to promoting a sustainable growth business
• Don't lie when you are doing business • Trust and networks are everything in security • We have had these banks for a long time, we have a history with them • Honesty is another factor which made my company favourable to my suppliers and customers	Trust and support networks
• People continue to come back and enquire about our services because of our reputation • Because of brand loyalty that has been created we can sell to anyone in Zimbabwe	Reputation creates the potential for repeat business

The firm's ability to establish a trustworthy relationship with suppliers, customers and value chain players enhances its growth potential (Drover et al., 2014; Fukuyama, 1996; Partanen et al., 2014). Evidence from the study indicates that collaborative relationships were influenced by the degree of integrity, trust and reputation of the founders. Trust is the expectation that other parties or institutions will act in ways conducive to the wellbeing of the others (Stam et al., 2014; Welter, 2012). The evidence shows that single interactions do not provide enough time and opportunity to develop trust. Trust was more pronounced in the founders' interaction with family, friends and relatives due to the long-standing history between the parties during the formative stages (Gintis, 2009; McAllister, 1995; Smith & Lohrke, 2008).

Individuals use institutional trust derived from the organisations' reputation and founders' integrity (McAllister, 1995; Tarrant et al., 2010; Welter, 2012) developed over time. Repeated interactions with the network partners gives partners confidence based on the history of other interactions. The founders of FURNITURE and CONSTRUCTION struggled to get support from the banks during the formative stages because of lack of history, institutional trust or reputation and credible proof of their ability to run successful businesses (Ebben & Johnson, 2006; Fukuyama, 1996; Smith & Lohrke, 2008; Welter, 2012). According to the participating banks, traceable history developed over a longer period of business interaction influences their credit decision-making process.

Repeated interactions create an opportunity to learn more about a counterparty, gain experiences of trustworthy behaviour as well as establish norms of cooperation and reciprocity (Mehta et al., 2011; Tarrant et al., 2010). The participating firms interacted with suppliers, customers, employees and resource providers that created an opportunity for partners to fully appraise their integrity and trustworthy behaviour. The effectuation model does not, however, explicitly discuss the role of trust in creating as well as leveraging collaborative and support networks. Notwithstanding, the restrictive assumption underlying the effectuation logic (Karri & Goel, 2008) the study evidence demonstrates the importance of trust. Therefore, the emerging theoretical framework recognises trust as an essential dimension of entrepreneurship in a resource-constrained developing economy.

10.3.9 Sustaining business growth

The businesses were established as family-owned entities with the founders overseeing almost all the organisational activities. However, as the businesses grew, formal structures and systems were introduced although the founders remained actively involved in management in order to sustain growth. The formal structures afforded employees partial decision-making powers as they needed to consult with founders before

making important decisions (Chandler et al., 2011; Read & Sarasvathy, 2005). Table 10.15 gives a summary of the theme indicators of the internal control environment.

Table 10.15: Organises and implements control processes

1st Order Concepts	Theoretical Indicators
• I always encourage them to sit and look at an idea before they make a decision, then they rope me in • We also give responsibilities to our departments • We also have a competent team, a well-resourced team in terms of experience	Promoting effective decision-making through delegation
• But, the final decision has to be approved by the senior management • He makes the overall decision	Centralisation of the approval process
• We started putting systems in place • You have got systems that shape the culture of the organisation • You don't end up managing people, it makes your life much easier • We also carry extensive grower vetting	Business systems enhance competitive advantage
• He remains the sole signatory to all bank accounts • Founders are still holding on to a lot of things • Don't close your eyes as you are delegating • What I would not let go is recruitment	Founder involvement due to uncertain environment

The study evidence indicates that the entrepreneurs represent their businesses during the formative stages as demonstrated by the business models that revolve around them. There is more focus on opportunistic and risk-taking behaviour, marketing and incremental innovation (Drucker, 1998; Ely & Bell, 2009; Katz, 2009). However, as their firms grew, businesses became institutionalised. Thus, managing the business in a professional manner by introducing business systems has been one of the main initiatives adopted by the firms.

Building the organisational skills and capacity has also contributed to the firms' sustained growth through enhancing productivity (Collins, 2001; Kaplan & Norton, 2008). Focusing on the company's sources of competitive advantage such as skills, providing customer-led business solutions, innovation and promoting collaborative business models has had a positive influence on the growth.

The segregation of duties is difficult in small organisations, but is compensated for by the founders' involvement in business operations. All components of an effective control system might not exist but the system can still be effective because of informal controls. There is, therefore, a delicate balance between formal and informal controls in the participating firms.

Professionalism, skills development and endowments, business systems and active involvement of the founders have been partly responsible for the growth achieved by the case firms. Collaborative support networks (Partanen et al., 2014; Welter, 2012), reliance on internal sources of finance, portfolio diversification (Fierro & Noble, 2013) and engendering high levels of integrity throughout the business dealings immensely contributed to growth. The participating firms noted high levels of teamwork and participatory decision-making. This has been necessitated by the founders who valued the capabilities of their staff.

The founders retained overall control on critical decisions. They controlled the recruitment processes so that they could hire people who shared their attributes, beliefs and values. They argued that failure to detect the desired attributes at the recruitment stage negatively affects the organisational culture. The promoters sought to promote stability in their organisations by engaging employees who were almost their surrogates.

The founders maintained control over their businesses by retaining shareholder-based boards of directors, except SECURITY that had

appointed an independent board of directors. However, the founders, including that of SECURITY, were sceptical of independent boards in an uncertain environment that required swift decision-making. There was a general consensus among the participating firms that the boards were cautious, methodical and slow, and therefore, less helpful. Literature and experiences elsewhere, however, maintain that boards contribute positively to the organisations` welfare by bringing in the diversity, skills, discipline, experience and professionalism that are vital for high growth. Instead, the founders employed experienced and qualified professionals in order to enhance their capacity. Mentoring and continuous skills development initiatives had been introduced in order to enhance the companies' capacities to sustain growth.

Financial controls and approvals of critical decisions were among some of the systems introduced by the participating firms in order to minimise leakages (Kaplan & Norton, 2008; Merson, 2011). This was facilitated through authorisation of expenditures by the founders, signing of the company`s cheques and financial reconciliations.

The study seems to suggest that the individual founders had remained effectual while their firms were at various stages of formalising their systems and processes which are the pillars of causation logic (Chandler et al., 2011). The study shows that there was no complete transition to formality as the founders and their teams continued to effectuate. This is contrary to the view that causation and effectuation are sequential (Perry et al., 2012; Read & Sarasvathy, 2005; Sarasvathy, 2003). It is, therefore, not the level of the firm development that determines the dominant entrepreneurial process, but the operating business environment. This conclusion may demonstrate the significance of the effectuation logic in resource-constrained economies (Baker & Nelson, 2005; Sarasvathy, 2001).

10.3.10 Influence of previous employment

The study evidence indicates that entrepreneurs established businesses in familiar industries because of their previous work experience. All but one of the participating cases were founded by individuals with relevant working experience. The founders of FURNITURE who did not have relevant work experience relied on their sister who had the industry experience.

Table 10.16: Influence of previous employment

1st Order Concepts	Theme Indicator
• The company that I had worked with for 13 years decided to sell their business • Our MD worked in SA • Working for a building supplies companies	Influence of previous employment

Unlike in the case of South African entrepreneurs who deliberately prepared for entrepreneurship through training and choosing particular employment (Myres, 2009), the participating entrepreneurs did not or perhaps could not take such deliberate initiatives. It would appear that it was logical for the founders to invest in the areas they had been exposed to through formal employment (Gouillart, 2009; Shane, 2008). Work experience exposed the founders to technical and business skills development as well as providing them with an opportunity to develop a network of potential partners in the future business.

As is evident in the cases of CONSTRUCTION, SECURITY, CROP and HOMES, employment exposed the founders to important networks that they leveraged as they developed their own businesses. The founder of CONSTRUCTION argued that he interacted with local authorities, financiers and material suppliers during the time of his employment, while SECURITY was exposed to a network of international partners in security business. CROP had an opportunity to interact with farmers, financiers

and merchants. The founder of HOMES got an offer to buy the company that he was working for, and was also introduced to the venture capitalist by one of the former company directors.

The evidence also reveals that none of the founders had been involved in formal feasibilities, but relied on industry knowledge gained as employees or through a family member. Figure 10.1 shows that entrepreneurs can either rely on previous experience or feasibility analysis to inform their investment decisions.

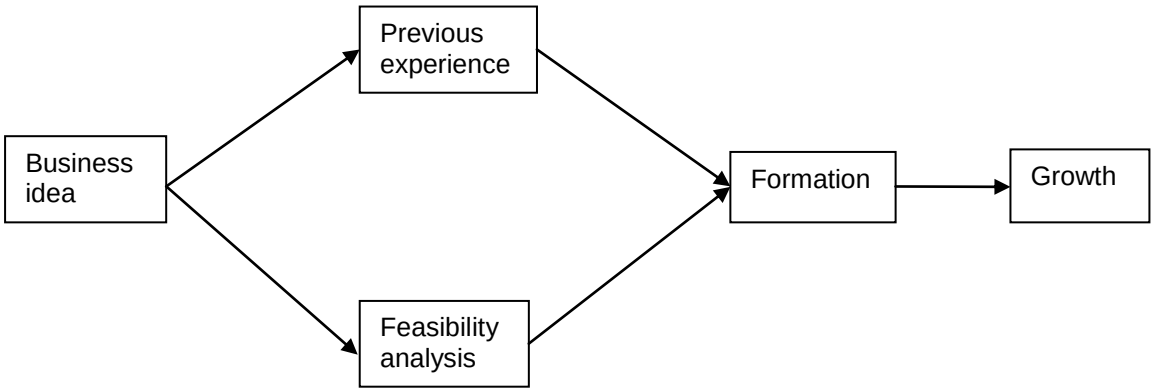


Figure 10.1: Influence of previous experience on decision-making

It would seem that previous experience possibly substituted the need for feasibility studies and formal appraisal as founders adapted products, business models, systems, processes and practices from their previous jobs (Bragg & Bragg, 2005; Hargadon, 2003). This reinforces the argument that entrepreneurs use previous work experience as a preparatory step and the workplace as an incubator (Gouillart, 2009; Myres, 2009; Shane, 2008) for their entrepreneurial ideas. Previous work experience effectively reduces the need for experiments that typify the effectuation model (Sarasvathy, 2001, 2008), while at the same time eliminating the need for formal opportunity identification, evaluation and planning underlying the causation logic (Eckhardt & Shane, 2010; Shane & Venkataraman, 2000). Therefore, an entrepreneurship theory in a resource-constrained economy should recognise the influence of previous working experience in shaping the business models, product offering and

processes. The influence of previous employment is part of the question, who am I? (Sarasvathy, 2001) and is, therefore, an element of a set of given means in the extended framework.

10.3.11 Influence of family

The influence of family is reflected through a set of given means available to the effectual entrepreneur, especially whom do I know (Read & Sarasvathy, 2005; Sarasvathy, 2001, 2008). The family influence in the context of entrepreneurship is summarised in Table 10.17

Table 10.17: Influence of family

1st Order Concepts	Theme Indicators
• I said to my husband, why don't you start a security company? • I motivated my brother to start the business • The idea actually came from our sister who was working for a filing company	Source of business ideas
• We took our sister's advice	Family member providing advice
• We borrowed the balance from my brother	Source of start-up capital

The family is a source of business ideas, capital, advice and labour. Family support helps to reduce pressure on the resource requirements for the start-ups because their conditions are not as burdensome as those from the externals (Ebben & Johnson, 2006; Sharma, 2004; Winborg & Landstrom, 2001). SECURITY, CONSTRUCTION and FURNITURE developed their businesses from the ideas suggested by family members. Further, TECHNOLOGY, CONSTRUCTION and FURNITURE got financial support from the family members. In addition, SECURITY and CONSTRUCTION got some of their initial job contracts from the family members and relatives (Grichnik et al., 2014; Winborg & Landstrom, 2001).

The influence of the family in making entrepreneurial decisions is also evident in CONSTRUCTION and FURNITURE where successful entrepreneurial experiences of family members and advice of family members who are knowledgeable about the industry (Davari, Yadollahi, & Vaghari, 2013; Deakins & Freel, 2009) influenced the entrepreneurial processes (Auken, Stephens, Fry, & Silva, 2005; Sharma, 2004; Silbiger, 2000). The success and advice of family members replaced the need for formal business appraisals. The influence of the family in directing and shaping the entrepreneurial processes in the participating cases is significant particularly in the initial stages (Carr & Sequeira, 2007; Carter & Wilton, 2006b).

The influence of the family can be traced to the culture where it is evident in most social and economic activities (Cardon & Glauser, 2011; Cardon, Gregoire, Stevens, & Patel, 2012; Mbigi, 2007; Sharma, 2004). The influence of the family from a cultural perspective is not clearly discussed in the effectuation literature. This demonstrates the possible limitations of the effectuation model in the Zimbabwean context where culture plays an important role in shaping individual behaviours (Aldrich & Cliff, 2003; Mboko & Smith-Hunter, 2009). The current study concludes that while the behaviour of the participating firms resonates with the effectuation logic, it will be more instructive for the effectuation model to recognise the importance of family as part of a set of given means (Aldrich & Cliff, 2003; Winborg & Landstrom, 2001).

10.4 Contextual factors affecting entrepreneurial processes

The study evidence shows that the participants commented more on the economic, technological and social factors as shown in Table 10.18.

Table 10.18 Contextual factors

1st Order Concepts	Theme indicators
• Current environment does not allow for that • A financial institution is designed to bleed your savings politely • Challenging environment because government is not paying • Technological developments	Constraints, obstacles and opportunities
• There are certain sites we actually share • Competitors have been extremely helpful • Got a lot of support from the competitor	Industry competition

An appreciation of the contextual factors is critical to a better understanding of the entrepreneurial processes. The case cannot be clearly understood without reference to the wider context (Rule & John, 2011; Whetten, 1989). Context is defined as a particular set of circumstances surrounding an event or a situation (Carter & Wilton, 2006a; Rule & John, 2011) and these include the cultural, social, economic, political, legal and technological factors. An attempt is made to draw some evidence from the participants' views about the contextual issues relating to their circumstances. It is, therefore, important to understand how the contextual issues affected the experiences of the case firms.

Zimbabwe has consistently been ranked lowly on the World Bank`s Cost of Doing Business Indicators (AfDB, 2013; Carter & Wilton, 2006a; IFC, 2014; UNCTAD, 2005). Business closures have forced some players to go into the informal sector and self-employment (Bullough & Renko, 2013; Zimbabwe, 2014b). Further, the country's economic problems curtailed the banking sector's intermediary role resulting in funding challenges for businesses. Consequently, access to bank credit has been a major challenge for new businesses, and in the event that bank finance is available, it is both short-term and expensive. The experiences of the

case firms show scepticism about bank credit and hence the heavy reliance on internal resources and revenues from business portfolios (Fitzsimmons, 2007; George, 2005; Mishina et al., 2004). However, limited access to long-term affordable finance makes the business uncompetitive especially if they are to compete with foreign companies (Gouillart, 2009; Swanepoel, Strydom, & Nieuwenhuizen, 2010).

Technological factors represent major opportunities and threats to businesses (Merson, 2011; Shane, 2005) by influencing an organisation's products, services, markets, competitors, suppliers, customers, processes, marketing practices and competitive position. SECURITY, TECHNOLOGY, HOMES and FURNITURE have been able to transform their product offerings in line with technological developments. The discussion on the response to market needs and technology has been covered in Sections 10.3.6 and 10.3.7.

Competition is a contextual factor that constitutes an important part of an organisation's value chain networks (Brandenburger & Nalebuff, 1995; Moore, 1996). Competition has played an important role in supporting some of the participating firms especially SECURITY, TECHNOLOGY, CONSTRUCTION and CROP. The effectuation logic does not, however, explicitly discuss possible collaboration between competitors. The evidence clearly shows that cooperation with competitors can be helpful to the entire industry as it eliminates unnecessary battles that may negatively affect the industry (Brandenburger & Nalebuff, 1995; Calvo & Garcia, 2010; Camerer, 2003).

10.5 High growth business indicators

As Table 10.19 shows, the criteria for assessing business growth that include financials, output, growth in employment and the size of the business portfolio. In addition, the evolution of the business model in response to the market conditions can also be used to indicate firm growth.

Table 10.19: High growth business indicators

1st Order Concepts	Theme Indicators
• We now have more than 800 guards • Staff compliment has risen from 5 to 40 • Growing as a one man band until now we have a staff complement of plus or minus 90 • employees and more than 400 contract workers	Staff complement as a measure of growth
• A CIT fleet of more than 10 • Investment in capital equipment	Asset base as a measure of growth
• Farmers rose from less than 100 in 2007 to more than 600 in 2013	Portfolio size as a measure of growth
• No longer just serving as a middleman • Turning this company into a fully-fledged manufacturing company	Evolving business model in response to business conditions

Growth in employment is significant as demonstrated by the evidence. However, there is need to consider both permanent and contract workers in the definition of a high growth firm. While the permanent staff complement has been rising, the level of contract workers has equally shown phenomenal rise in the case of SECURITY and CONSTRUCTION. This is probably a reflection of the rigid Labour Laws in Zimbabwe that make it difficult to engage permanent employees (UNDP, 2009; Zimbabwe, 2014a). Therefore, the contract employees should be recognised in the definition of a high growth firm.

Further, growth in the asset base in terms of the plant and equipment, vehicles and capital equipment is an important measure of growth in the participating firms. They measured growth in terms of the various investments made in capital items that would enable them to do more business. The participating firms invested in productive assets instead of non-productive capital expenditure. Related to this, is the size of the business portfolio that the firms had, particularly the products, client diversity and the number of complementary businesses.

Growth is also measured using value addition. FURNITURE and HOMES moved into production instead of continuously serving as middlemen. The evolution of

the business model from the entry level such as being a middleman to a higher level [manufacturing] is a critical indicator of growth given its multiplier effect. This is reflected in the literature as the impact of high growth firms (Mason & Brown, 2010; Storey, 2011) but not specifically dealt with as part of the definition.

Classical definitions such as the one used by the OECD focus on labour and turnover. In the light of all these considerations, the definition of a high growth firm may be subjective. Firm growth is influenced by macro conditions outside the firm's control, policy issues, industry-specific conditions as well as management's goals and priorities. Multiple measures of performance are recommended due to the heterogeneity nature of entrepreneurship (Davidsson et al., 2003).

10.6 Summary

The study has demonstrated that the causation model has limited application in a resource-constrained developing economy. The systematic way of doing business as proposed by the causation logic disintegrates in a turbulent environment. The study shows that there was no complete transition to formality as the founders and their teams continued to effectuate. Transition seems to be context-specific. This is contrary to the view that causation and effectuation are sequential (Perry et al., 2012; Read & Sarasvathy, 2005; Sarasvathy, 2003).

Table 10.5 shows that there is convergence of nine themes namely; objectives for starting a business, resource constraints are illusionary, converting social networks into sources of business and capital, prioritisation of execution over formal planning, building a portfolio to sustain business growth, intelligent copying and adaptation, alertness to unnoticed opportunities, trust is the basis for sustainable business relationships and organises and sustaining business growth. The influence of previous employment is common across the 5 cases except FURNITURE. In addition, the influence of family was common across three cases, while the other half had no such influence. The study evidence is rearranged in Table 10.20 in a manner that helped in the development of a theoretical framework.

The study evidence demonstrates the significance of the effectuation logic in resource-constrained economies (Sarasvathy, 2001). The participating firms relied on internal resources, family, friends, business portfolios, retained earnings and support networks that are more consistent with effectuation. There is no major transition to causation in the participating firms. Thus, the effectuation logic can be sustained in a particular context, especially a resource-constrained developing economy. Contextual factors characterising the operating environment presented in Section 10.5 have an influence on entrepreneurial processes, while the high growth business indicators are measures of business growth that the participating firms have highlighted.

The major conclusion from this chapter is that there are additions to the effectuation logic as demonstrated throughout this chapter. The next chapter presents the emerging theoretical framework based on the themes analysed in this chapter.

Table 10.20: Summary of the study evidence

1st Order Concepts	Theme indicators	Theoretical dimension
• Wanted to do something for the family • To make money • Contribute to country's development	Objectives for starting a business	Defined goals
• Lack of capital should not deter entrepreneurship • Exploit idle means within your control • Reinvest profits into the business	Resource constraints are illusionary	A set of given means
• Investment in a familiar industry • How to identify opportunities? • Reliance on indirect experience	Influence of previous employment	
• Family as a source of advice • Raising capital from the family • Business ideas coming from the family	Influence of family	
• Support from family, friends and relatives • Outsourcing reduces pressure on funding requirements • Collaborating with competitors	Converting social networks into sources of business and capital	Social innovation
• Making mistakes is part of the journey • Execution produces results • Trial and error	Prioritisation of execution over formal planning	Experimentation
• Diversifying into unrelated businesses • Reducing exposure to a single product • Diversifying markets	Building a portfolio to sustain business growth	Portfolio diversification
• Imitating existing products • Implementing adopted technologies • Continuous product improvement	Intelligent copying and adaptation	Incremental innovation
• Leverage loss leader strategic clients • Avoid direct attack on incumbents • Responding to environmental changes	Alertness to unnoticed opportunities	
• Building trustworthy relationships? • Repeated interaction builds reputation • Integrity influences networks	Trust is the basis of sustainable business relationships	Trust
• Formal business systems • Informal controls • Centralisation of critical decisions	Sustaining business growth	Business systems

CHAPTER 11

EMERGING THEORETICAL FRAMEWORK

11.0 Introduction

As outlined in the first chapter, in the section of the significance of the study, the researcher is expected to make a distinct contribution to theory development (Bergh, 2003; Mouton, 2011; Rynes, 2002; Whetten, 1989). The discussion that follows is in respect of the emerging theoretical framework that represents this study's major contribution. The chapter is arranged in four sections as follows: the first section recaps the factors contributing to high business growth. The emerging theoretical framework is presented in the second section while the emerging theories are analysed in the third section. The final section concludes with a summary.

11.1 Factors contributing to high business growth

Figure 11.1 represents the factors contributing to business growth using a static framework of the dimensions summarised in Table 10.20 in the preceding chapter. The framework is a powerful tool for illuminating the study evidence, stepping-up in abstractness and showing theoretical insights (Gioia et al., 2012) that are vital for new theory development. The framework shows that a set of given means, social innovation, experimentation, portfolio diversification, incremental innovation, trust and contextual factors have linkages with many theme indicators.

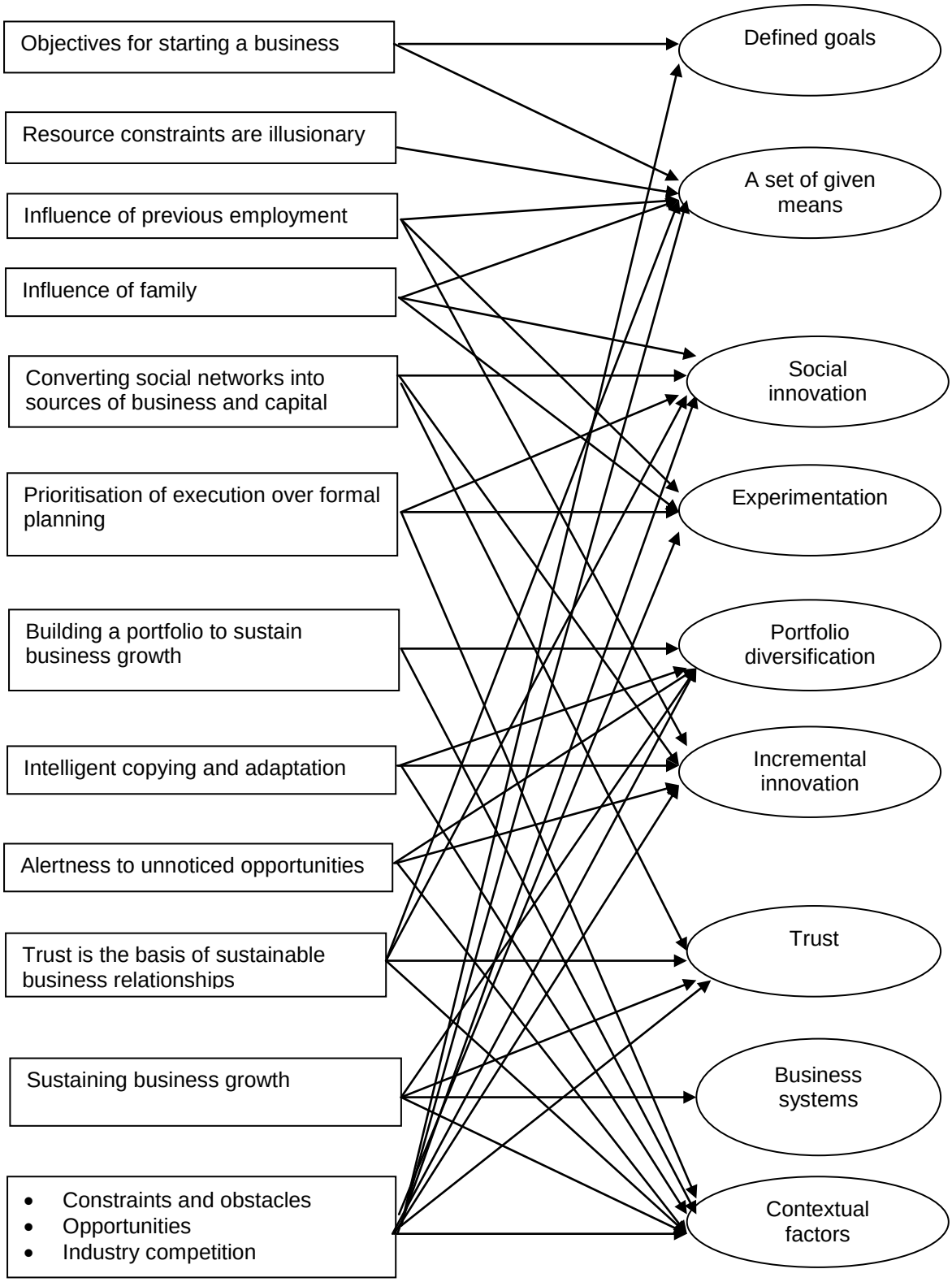


Figure 11.1: Factors contributing to high business growth

Figure 11.1 embraces all the theme indicators analysed in Chapter 10 and the associated theoretical dimensions drawn from the effectuation theory (Read & Sarasvathy, 2005; Sarasvathy, 2001) and study evidence to achieve a coherent,

comprehensive and parsimonious (Arend et al., 2014; Dubin, 1969; Langley, 1999; Sudday, 2010; Whetten, 1989) framework depicting the entrepreneurial processes of high growth firms in a resource-constrained developing economy. Comprehensiveness is the extent to which the framework captures all the relevant dimensions, while parsimony measures the extent to which the model eliminates redundancy and irrelevant dimensions (Arend et al., 2014; Dubin, 1969; Langley, 1999).

Social innovation is preferred to the effectual stakeholder commitments (Sarasvathy, 2001, 2008) because the latter emphasises effectual partners alone. This may not be practical in all settings given that not all entrepreneurs are effectual (Brinckmann et al., 2010; Eckhardt & Shane, 2010; Read et al., 2009). The pilot-in-the-plane dimension is inferred from the evidence due to the founders' participation in their businesses. The effectual stakeholder commitments and the pilot-in-the-plane dimensions (Sarasvathy, 2008; Sarasvathy et al., 2014) are, therefore, classified under social innovation.

The current study extends the effectuation logic (Sarasvathy, 2001, 2008) by explicitly recognising the following theoretical dimensions; defined goals, social innovation, portfolio diversification, incremental innovation, trust, business systems and contextual factors. The Extended Effectuation framework is presented in the next section.

11.2 Extended Effectuation framework

The emerging theoretical framework serves two purposes. First, it accounts for the dynamic relationships among the themes (Gioia et al., 2012; Whetten, 1989). Second, it provides some theoretical insights into the entrepreneurial processes (Dubin, 1969) of high growth firms in a resource-constrained economy. The emerging theoretical framework integrates both the emerging and effectuation dimensions summarised in Figure 11.1.

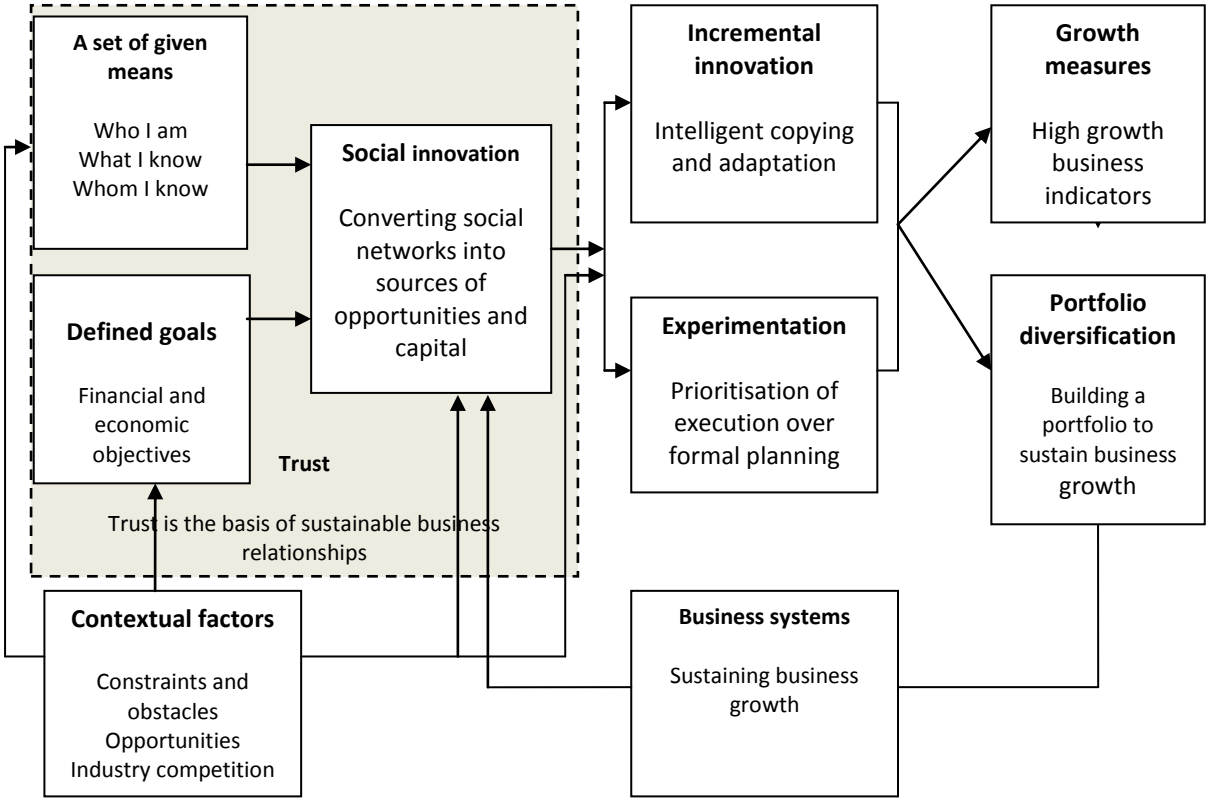


Figure 11.2: Extended Effectuation framework

The Extended Effectuation framework shows that the ability to convert social networks into sources of business opportunities and capital is central to entrepreneurial processes of the case firms. It is not technological innovation, but social innovation that generates high growth firms in a resource-constrained economy.

The theoretical framework recognises the significance of a set of given means, particularly collaborative and support networks that include friends, relatives, suppliers, employees and competitors (Grichnik et al., 2014; Winborg & Landstrom, 2001). The influence of family and previous employment (Myres, 2009; Sarasvathy, 2001, 2008; Shane, 2008) are important indicators of whom I know and what I know respectively. In light of the similarities of the underlying behaviours in the theoretical dimensions with Sarasvathy (2008), the study built on the dimensions by Sarasvathy (2001) by adding emergent behaviours such as competitors and family relationships in the definition of a set of given means.

The study also shows that entrepreneurs have initial goals. The founders highlighted their goals as both financial and economic where they seek to make money and also contribute to the country's development. This confirms the available empirical evidence that new ventures begin with a goal or vision (Kaplan & Norton, 2008) which implies an initial causal outlook (Arend et al., 2014; Shane & Venkataraman, 2000). The evidence, however, contradicts the effectuation logic that is underpinned by the affordable loss (Sarasvathy, 2001, 2008). The causation logic upholds wealth maximisation as the overarching objective (Shane & Venkataraman, 2000). Similarly the evidence does not support the wealth maximisation objective.

The Extended Effectuation framework shows that entrepreneurs are guided by both a set of given means and defined goals. The dimensions cannot be easily dichotomised contrary to what the existing literature seems to suggest (Sarasvathy, 2001, 2008; Shane & Venkataraman, 2000). The initial goals are, nevertheless, informal and short-term (Chandler et al., 2011; Read & Sarasvathy, 2005) which seems to suggest that the behaviours are effectual.

A set of given means and defined goals are influenced by the contextual factors that include the constraints and obstacles faced by entrepreneurs, sources of opportunities and industry competition. Careful strategic thinking and timely selective strategic action are crucial for dealing with constraints and obstacles to productive entrepreneurship. Entrepreneurs are responsive to environmental changes and alert to unnoticed opportunities. Further, contextual factors include competition that can either be a threat or source of opportunities for collaboration. Contextual factors also affect the founders' integrity, experimentation and intelligent copying and adaptation.

Trust is the foundation of sustainable business relationships, and it determines the founder's ability to leverage collaborative and support networks underlying social innovation. However, the effectuation theory does not explicitly recognise trust in its formulation (Karri & Goel, 2008; Sarasvathy, 2001, 2008). In contrast, the role of trust in entrepreneurship is widely acknowledged in the extant literature (Fukuyama, 1996; Goel & Karri, 2006; Smith & Lohrke, 2008; Stam et

al., 2014; Welter, 2012). Trust is an essential pillar of the Extended Effectuation Theory of high growth firms in a resource-constrained developing economy.

Therefore, a set of given means, defined goals and social innovation underpinned by trust are the foundation of the entrepreneurial processes in a resource-constrained developing economy. The foundational dimensions and contextual factors influence the approaches to new business development, namely incremental innovation and experimentation.

Entrepreneurs intelligently copy and adapt existing business models, products and processes (deBeer et al., 2014; Gouillart, 2009; Hargadon, 2003). Entrepreneurs make incremental instead of radical innovations given the constraints and obstacles they face. In addition, execution is prioritised over formal planning, and entrepreneurs are quick to make decisions with incomplete information. They experiment with various business ideas, products and markets (Fisher, 2012; Sarasvathy, 2001).

Entrepreneurs diversify their business portfolios to sustain business growth by generating resources that can be used to finance other operations. This helps entrepreneurs to circumvent the environmental constraints and obstacles. The single focus element is non-existent in the participating high growth firms. Portfolio entrepreneurship (Fierro & Noble, 2013) is an essential aspect of the Extended Effectuation framework. This dimension is closely related to growth measures given that it also represents growth.

The feedback loop to social innovation from portfolio diversification is achieved through implementing business systems that are best captured using existing frameworks (Hargadon, 2003; Kim & Mauborgne, 2005; Moore, 1996) where firms collaborate with competitors, introduce formal systems although the founders rely largely on informal processes to sustain business growth. The founders are contrarians, and they operate against the prescriptions of the exotic neoclassical models. The discussion of the Extended Effectuation theory is given in the next section.

11.2 Discussion of the Extended Effectuation theory

The preceding section outlined the theoretical framework, and this section explores the theoretical relationships. A theory is a statement of concepts and their relationships that show how and/or why a phenomenon occurs (Birks & Mills, 2011; Corley & Gioia, 2011; Rule & John, 2011; Whetten, 1989). Clear definitions (Arend et al., 2014; Dubin, 1969), logic of the model (Arend et al., 2014; Dubin, 1969), coherence (Sudday, 2010), interrelationships, explicit directionality (Bergh, 2003; Corley & Gioia, 2011; Mintzberg, 2005) among the dimensions and propositions (Dubin, 1969; Eisenhardt, 1989) are the ingredients of a robust theory. Propositions represent statements about the model operation and relationships among dimensions (Eisenhardt, 1989; Eisenhardt & Graebner, 2007) while logic explicitly demonstrates the causal nature of the relationships (Whetten, 1989). A comparison with similar and conflicting literature enhanced the emerging theory (Eisenhardt, 1989; Madzivire, 2011).

The analysis is arranged as follows:

1. Contextual factors
2. A set of given means
3. Defined goals
4. Social innovation
5. Trust
6. Experimentation
7. Incremental innovation
8. Portfolio diversification
9. Business systems, and
10. Growth measures.

11.2.1 Contextual factors

Adapting to the evolving environmental conditions is critical to business success. The ability to adapt requires an awareness of the contextual factors, a set of given means and rapid response to evolving situations. Failure to quickly adapt to a dynamic business environment may create challenges for businesses. An appreciation of the contextual factors is, therefore, critical given that they can either constrain entrepreneurship, or create opportunities (Carter & Wilton, 2006a; Merson, 2011; Sala-I-Martin et al., 2012; Zimbabwe, 2008, 2013). Entrepreneurs should, therefore, remain alert to changes in the environment without expending resources on formal planning (Charan, 2009; Sarasvathy, 2001).

Speed of execution with incomplete and without any detailed information generated by formal planning is crucial. Formal planning creates flexibility problems that may negatively affect performance in a fast-changing environment. Thus, the emergent and non-predictive models (Mintzberg, 1994; Mintzberg & Waters, 1985; Sarasvathy, 2008) are more relevant in a resource-constrained developing economy. Based on the study evidence and extant literature, it is proposed that:

> **Proposition 1**: The higher the level of environmental uncertainty the greater the dependence on effectuation based models

Further the effectuation logic was based on the think aloud experiments in a developed country where government institutions are efficient, financial markets are developed and there is generally macroeconomic stability. However, in a developing economy the conditions are different, and the entrepreneur should remain alert to environmental changes, unnoticed opportunities, and respond with practical actions (Zimbabwe, 2013). Entrepreneurs convert obstacles into opportunities and for those who cannot, explore initiatives to circumvent them. The study maintains that:

Proposition 2: The greater the environmental obstacles the greater the rate of adaptation to environmental changes

An awareness of the industry players that include suppliers, customers and competitors is crucial in a resource-constrained developing economy. They form an important part of the collaborative support networks. Understanding the level of competition is important for the firms so that they can strategise around them without having direct confrontation with incumbents (Kim & Mauborgne, 2005; Moore, 1996). Further, the reaction of competitors to new entrants and how the new entrant responds is critical. The ability to effectively manage the value chain networks is essential for sustainable business growth. It is, therefore, proposed that:

Proposition 3: The greater the ability to manage industry networks the greater the chances of developing high growth firms

11.2.2 A set of given means

A set of given means incorporates dimensions underlying the Who I am, What do I know? Whom do I know? questions that have been adapted from the effectuation logic (Sarasvathy, 2001, 2008). Who am I refers to the founder in terms of the traits, attributes and dispositions. Who do I know is closely linked to the previous working experience while whom do I know? is concerned with the support networks that include families, suppliers, customers and investors among others.

The Extended Effectuation theory recognises the importance of competitors and employees as key networks. The effectuation literature, however, seems to overlook the critical roles of competitors and employees in the development of high growth firms. Competitors as already discussed under the contextual factors cannot be ignored by new firms because they are potential sources of collaborative opportunities and threats. Further, employees can be important sources of capital.

Competitors and employees are critical elements of a high growth firm's networks (Hamel, 2000).

The influence of the family is significant in the initial stages and can be traced to the culture where it is evident in most social and economic activities. However, the influence of the family from a cultural perspective and family relationships as part of personal characteristics are not explicitly discussed in the effectuation literature. Culture plays an important role in shaping individual behaviours. The current study, therefore, concludes that while the behaviour of the participating firms resonates with the effectuation logic, it will be more instructive for the emerging theory to recognise the importance of family from a cultural perspective.

Previous experience replaces the need for feasibility studies and formal appraisal as founders adapt business models, systems, processes and practices from their previous jobs. This confirms the argument that entrepreneurs use previous work experience as a preparatory step and the workplace as an incubator (Gouillart, 2009; Myres, 2009; Shane, 2008). Previous work experience effectively reduces the need for experiments that typify the effectuation logic (Sarasvathy, 2001), while at the same time eliminating the need for formal opportunity identification, evaluation and planning underlying the causation logic (Shane & Venkataraman, 2000). It is, therefore, proposed that:

> **Proposition 4**: The more experienced the entrepreneur, the greater the reliance on incremental innovation.

11.2.3 Defined goals

Clearly articulating the goals of starting a business has been supported by the study evidence. The founders had initial goals even though they were not formally articulated in the form of a business plan or any other formal documentation. It emerged that the founders wanted to do something for their families, make money and also contribute to the country's

development. None of the founders referred to technical objectives as is the case with both the causation and effectuation logics.

Effectuation logic argues that entrepreneurs are guided by the affordable loss which represents the minimum possible loss that the entrepreneur is prepared to incur in the event of a project failure (Read & Sarasvathy, 2005). The extended framework, however, recognises the importance of balancing financial and economic sustainability objectives. Founders realise that making money should be balanced against social and environmental sustainability. Thus, the emergent theory acknowledges the importance of business sustainability that is not explicitly dealt with by the effectuation logic.

11.2.4 Social innovation

Social innovation is the ability to convert collaborative and support networks into sources of business opportunities and resources that include financial, physical, managerial and technical skills. Access to resources is generally viewed as the major constraint to productive entrepreneurship in developing economies (Gouillart, 2009; Lingelbach et al., 2005). The extended theory posits that resource constraints are illusionary, and entrepreneurs can get around resource challenges by leveraging own resources, collaborative and support networks. There is, therefore, a need to develop the capacity to leverage resources through creating trustworthy relationships that depend on the founder's integrity (Fukuyama, 1996; Welter, 2012). The study proposes that:

> **Proposition 5**: The greater the level of trust, the greater the ability to develop and sustain social networks

Social innovation lowers the cost of capital and business development by leveraging collaborative and support networks (Gouillart, 2009; Zuwarimwe & Kirsten, 2010). Entrepreneurs in the developed world have access to venture capital, private equity, angel investors and bank loans

(Lingelbach et al., 2005), while the relatives, families, friends, employees, customers and credit suppliers are the main sources of capital for the developing economies. Further, competitors and families have also been relied on as sources of industry information and advice. While the networks in the effectuation model are viewed as pre-commitments and partnerships (Sarasvathy, 2001, 2008), the current framework extends the concept of a network beyond effectual pre-commitments.

11.2.5 Trust

The founder's trustworthy behaviour and integrity influence his or her ability to harness the benefits of social innovation. Personal trust tends to overshadow institutional reputation in situations where the founder is central to the business operations. Trust is developed through repeated interaction with key stakeholders that leads to strong collaborative and support networks.

Trust among family members is likely to be high because of the history of previous interactions within the family. Family members judge someone's integrity from previous engagements since childhood, and therefore the past behaviours have a direct influence on the ability of the would-be entrepreneur to leverage family support. Past questionable behaviours undermine trust and integrity. Thus, developing trustworthy behaviour from the childhood raises the entrepreneur's chances of getting support as the behaviour is unlikely to have been contaminated by the sins of the past experiences (Fukuyama, 1996; Welter, 2012).

The extended theory reaffirms the importance of trust as a social asset in entrepreneurial processes (Karri & Goel, 2008; Smith & Lohrke, 2008; Stam et al., 2014; Welter, 2012). However, the effectuation logic assumes away trust (Karri & Goel, 2008; Sarasvathy & Dew, 2008), an assumption that is viewed as being restrictive and unrealistic (Karri & Goel, 2008). The study evidence shows that trust is fundamental to the behaviours of the participating firms. Therefore, the study posits that:

Proposition 6: The higher the level of trust with stakeholders the greater the potential for building sustainable business relationships

11.2.6 Experimentation

Experimentation is a process through which entrepreneurs engage in trial and error activities in the areas of products, markets and business models (Sarasvathy, 2008). Experimentation is characteristic of the effectuation processes (Chandler et al., 2011; Read & Sarasvathy, 2005). The study maintains that experimentation is explained by the ability of the entrepreneur to exploit a set of given means and opportunities while effectively managing the constraints associated with the operating environment. It is thus proposed that:

Proposition 7: The more volatile the environment, the more the entrepreneurs experiment

Given their resource endowments, lack of track record with external financiers and high odds against their success, entrepreneurs are more incentivised to start from where they are and use resources at their disposal (Baker & Nelson, 2005; Lingelbach et al., 2005; Sarasvathy, 2001). The speed of execution with incomplete information is crucial for the entrepreneurs in a dynamic environment. The study evidence reaffirms the critical role that emergent strategies (Mintzberg, 2013; Mintzberg & Waters, 1985) play in a resource-constrained developing economy. The evidence, however, disconfirms the need for deliberate strategies as propounded by the causation logic (Andrews, 1965; Ansoff, 1965, 1991; Shane & Venkataraman, 2000) in an uncertain business environment.

11.2.7 Incremental innovation

The participating firms did not rely on formal and complicated models to identify and evaluate business opportunities. Investment decisions are guided by direct and indirect knowledge of the industry that allows founders to imitate existing products, services and business models (Gouillart, 2009; Hargadon, 2003).

Intelligently copying and adapting the existing products and models reduces the cost and timing of launching the business. Imitation is likely to prevail in an environment where patent and copyright laws as well as restraint of trade conditions are less stringent. Skills movement in an industry leads to disclosures of trade secrets to new firms unless there are effective trade restraints. The study evidence seems to suggest that neither the patents and copyrights law nor the restraint of trade conditions has been effective in protecting the incumbents. Also, it may be difficult to enforce such laws where various innovation frameworks exist (deBeer et al., 2014; Gouillart, 2009; Hargadon, 2003). It is thus proposed that:

> **Proposition 8**: The greater the incremental innovation the greater the chances of building a high growth firm

11.2.8 Portfolio diversification

There is a strong element of diversification in high growth firms. No matter how small the business may be, participating entrepreneurs invest in a portfolio of businesses and products that serve as a source of funding to support the core business. Limited markets demand product, market and sectoral diversification. The case evidence shows that the participating firms have localised business given their limited success in foreign markets. The diversification strategy allows entrepreneurs to generate resources from various investments and use such resources to finance other businesses within the portfolio.

The effectuation logic is based on the principle of affordable loss which indicates the maximum loss that the founder is willing to incur in the event of a project failure (Sarasvathy, 2001, 2008). The extended theory embraces the importance of building a portfolio as a way of creating opportunities from which additional cash resources are generated and deployed to other uses. The effectuation logic also views risk as a downside event despite being an equally important source of potential upside that businesses should exploit (Arend et al., 2014; Fierro & Noble, 2013). Building a portfolio of businesses appears to have been responsible for the growth achieved by the participating firms. Portfolio diversification also creates opportunities for the business. Thus, the study maintains that:

> **Proposition 9**: The more turbulent the environment, the greater the reliance on complementary portfolio diversification

11.2.9 Business systems

The introduction of business systems is associated with business growth. As the business grows entrepreneurs explore ways of organising and implementing control processes that can be both formal and informal. Formal controls appear to be adopted to promote accountability by the teams and compliance with the statutory and regulatory requirements.

The costs of non-compliance with regulatory and statutory requirements include garnishing of bank accounts, non-issuance of tax certificates, operating licences and outright penalties. The company's operations may be crippled by the costs of non-compliance.

Alongside formal systems, founders have informal controls on recruitment, financial matters and business development. This may suggest that founders use informal controls to protect their business interests. Interest in recruitment is aimed at promoting the desired organisational culture, while financial controls are meant to minimise leakages that may arise due

to over-delegation. Further, control on business development may suggest that entrepreneurs are intuitive, secretive and very strategic.

Business systems create opportunities for adaptive learning throughout the organisation. As the business grows there is pressure to formalise business systems and processes that include information communication systems, accounting, and human skills development among others. While some case evidence has shown that firms are at various stages of formalising their systems, the critical processes have remained mostly informal. It is, therefore, proposed that:

> **Proposition 10**: The higher the level of environmental uncertainty, the greater the reliance on informal processes

11.2.10 Growth measures

Growth in employment, sales, asset base in terms of the plant and equipment, vehicles and capital equipment is an important measure of growth in the case of the participating firms (Hinton & Hamilton, 2013; OECD, 2007; Storey, 2011). Related to this, is the size of the business portfolio that the firms had, particularly the product offering, client diversity and number of complementary businesses being managed. Growth is also measured using value addition, particularly the evolving business model that is moving to a relatively higher stage along the value chain of activities.

The term high growth firm is, therefore, relative rather than absolute. One way of tackling the definition would be to calculate the average and/or median growth rate of an industry or sector. This must be done on an industry or sector basis since it would be inappropriate to compare firms from different industries on the same basis. Growth rates of the firms are influenced by macro conditions outside the firm's control, policy issues, industry-specific conditions as well as management's goals and priorities. Classical definitions such as the one used by the OECD focus on labour

and turnover. Therefore, the metric used to assess growth depends on the industry. A high growth firm is defined as one with an above average growth rate over some selected, specified period of time.

11.3 Summary

The chapter demonstrates how the entrepreneurial processes of high growth firms in a resource-constrained developing economy are guided by the effectuation logic and case evidence. It extended the effectuation logic by incorporating pertinent issues facing the participating firms, particularly the importance of converting social networks into sources of business and capital, the importance of trust and realising that resource constraints are illusionary. The model prioritises execution over formal planning that manifests through intelligent copying and adaptation, alertness to unnoticed opportunities and building a portfolio to sustain business growth. The next chapter concludes the study with an evaluation of the extent to which the study has answered the research questions, contributions as well as limitations and suggestions for further research.

CHAPTER 12

CONCLUSIONS, CONTRIBUTIONS AND RECOMMENDATIONS

12.0 Introduction

This study sought to develop a theory of entrepreneurial behaviours of high growth firms operating in a resource-constrained developing economy anchored on the effectuation and causation logics as discussed in Chapter 1. The study evidence in Chapter 10 shows that the causation logic was less relevant, and the effectuation logic dominated the behaviours of the participating firms. Chapter 11 presented the Extended Effectuation theory that embraced the effectuation logic and study evidence from Zimbabwe's participating firms. This chapter concludes the study by focusing on the extent to which the study has managed to answer the key and secondary research questions, as well as highlighting the study's distinct contributions to the existing body of knowledge (Bergh, 2003; Corley & Gioia, 2011; Rynes, 2002; Whetten, 1989), limitations and suggestions for further research.

The chapter is arranged as follows: Section 12.1 gives a summary of the main conclusions in relation to the key and subsidiary research questions. The study's theoretical, methodological, empirical and practical contributions are discussed in Section 12.2. The chapter concludes with limitations and suggestions for further research in Section 12.3.

12.1 Summary of the main conclusions

The main conclusions drawn from this study are given in this section, and these are aimed at answering the key and subsidiary questions. The analysis will not repeat issues covered in the previous chapters, but will summarise the main issues and refer to the relevant sections for more details.

12.1.1 Answering the key research question

In what ways do individuals develop high growth firms in a resource-constrained developing economy?

The Extended Effectuation Framework presented in Chapter 11 provides answers to the key research question.

The study shows that the ability to leverage social networks into sources of business opportunities and capital is central to the development of high growth firms in a resource-constrained developing economy. Businesses are developed on the basis of social innovation instead of technological innovation. They do so in four ways. First, they convert social and collaborative networks into sources of business and capital. Second, they prioritise execution over formal planning. Third, they imitate existing products and business models, exploit unnoticed business opportunities and diversify their business portfolios. Finally, the entrepreneurs invest in building trustworthy business relationships because of its importance in unlocking economic values from the social networks. The process through which individuals develop sustainable growth businesses is, however, non-linear.

12.1.2 Answering the first subsidiary question

How are the behaviours of individuals that establish high growth firms reflected in the causation and effectuation logics?

This question sought to establish the behavioural attributes of the founders as they are reflected by the causation and effectuation logics. The matching of behaviours underpinning the theoretical processes and evidence presented in Section 10.1 of Chapter 10 provides answers to this question. Two important conclusions have emerged in this case.

First, the causation logic is less relevant to the participating firms. In contrast, the behavioural dimensions of the effectuation logic except the

affordable loss as well as stakeholder commitments and actions, and feedback from achievement or achievement of sub-goals (which are components of a set of given means). The effectuation logic has been the dominant logic underlying the behaviours of the participating firms. The study, therefore, concludes that there is no complete transition from effectuation to causation.

Second, the effectuation logic needs to be extended to fit the situation in a resource-constrained developing economy. The dimensions that are not explicitly covered by the effectuation logic include social innovation, portfolio diversification, incremental innovation, trust, business systems and contextual factors. Therefore, the Extended Effectuation explicitly recognises the role of these additional dimensions in a resource-constrained developing economy.

12.1.3 Answering the second subsidiary question

How do entrepreneurs discover opportunities in an uncertain business environment?

The entrepreneurs relied on informal ways of identifying and evaluating business opportunities. They relied on intuition, previous work experience and social networks. They imitated existing business models, products and services and made some incremental changes (Eurostat-OECD, 2005; Hargadon, 2003; Katz, 2009). Incremental innovation was both relatively cheaper and faster to implement particularly given the resource constraints and environmental uncertainty. Further, collaborative and support networks have been important sources of business. Another important factor that played a role in the opportunity discovery process was the alertness to unnoticed opportunities that arose from the political and legal changes in the country especially the land reform programme and; indigenisation and economic empowerment laws that saw traditional players scaling down business operations. As a result, this created opportunities for the participating firms.

12.1.4 Answering the third subsidiary question

How do entrepreneurs mobilise finance for their businesses?

The third question was important given the environment within which high growth firms have been operating, especially environmental uncertainty, persistent liquidity challenges, inefficient institutions, high cost of doing business, deindustrialisation of the economy and generally depressed economic conditions. The conclusions in respect of this question are summarised as follows:

Firstly, scarcity of resources is an illusion in the context of the participating firms (Baker & Nelson, 2005; Sarasvathy, 2001). The study evidence indicates that entrepreneurs started their ventures with minimal capital. They relied on personal savings, cash flows from business portfolios, and support from the suppliers, competitors, friends and relatives. The ability to convert social networks into business opportunities and sources of capital has been central to the resourcing of the participating firms (Ebben & Johnson, 2006; Grichnik et al., 2014; Winborg & Landstrom, 2001).

Secondly, the firms are sceptical of bank credit because of unfavourable business conditions. The cost of finance is too exorbitant for a firm to remain viable. The widely-held views about using external financing to enhance business operations may not be the best option in a resource-constrained developing economy because of the business uncertainty.

Thirdly, a strong element of diversification is evident in the case firms. The single focus element is non-existent in high growth. No matter how small the organisation is, it starts diversifying at a very early stage. Thus, portfolio diversification is an effective model (Fierro & Noble, 2013; Gouillart, 2009) for high growth firms in a resource-constrained developing economy.

12.1.5 Answering the fourth subsidiary question

In what ways do high growth firms sustain their growth?

Participating firms adopted various strategies to sustain growth. These include promoting professionalism, skills development, business systems and active involvement of the founders. The firms continue to leverage collaborative and support networks, rely on internal sources of finance, diversify their business portfolios and engendering high levels of integrity throughout the business dealings. The firms also collaborate with competitors, instead of engaging in unhealthy competition.

Building the organisational skills and capacity has also contributed to the firms' sustained growth through enhancing productivity (Collins, 2001; Kaplan & Norton, 2008).

The companies relied on value innovation where they continued to provide customer-led products at fair prices (Kim & Mauborgne, 2005). Thus, the alertness to unnoticed opportunities and ability to swiftly respond to customer demands have been critical during the growth stage. The founders' active involvement in their businesses partly accounted for the growth particularly in a market where quick decisions and adaptation are required. The founder is there to make quick decisions without consulting many people.

From the analysis presented in this section, it is clear that the study has answered the research questions. The next section outlines the study's contributions to new knowledge.

12.2 Contributions

Hountondji (2002) posits that Africa has always participated in the primary stages of knowledge production by gathering primary data. African scholars are, therefore, urged to contribute to new knowledge production by developing theories (Badenhorst, 2010; Bergh, 2003; Corley & Gioia, 2011; Mouton, 2011; Whetten, 1989) in the intermediate stages; and to participate in the final stages of knowledge by developing applications (Hountondji, 2002; Remenyi & Bannister, 2012). This study responds to the challenge by making contributions to knowledge production, starting with data collection, theory development and proffering practical recommendations. More specifically, the study;

1. Has extended the effectuation logic to make it relevant to high growth firms in a resource-constrained developing economy;
2. Makes empirical contributions by exploring the experiences of six cases that provided rich information (Mintzberg, 2005; Ponterotto, 2006) from which others can learn;
3. Makes methodological contributions; and
4. Provides practical guidelines for promoting the development of high growth firms in Zimbabwe.

The theoretical contributions are discussed next.

12.2.1 Theoretical contribution

Theoretical contributions should be valuable, imitable, interesting and unexpected (Bergh, 2003). The theoretical contribution should provide some insights into how the phenomenon under study is understood by the researchers and practitioners, revision or extension of the existing theory and the usefulness of the contributions to the practising manager (Bergh, 2003; Corley & Gioia, 2011; Mintzberg, 2005; Whetten, 1989). In light of these requirements, the study has made the following contributions.

The study's major contribution is the theoretical framework that extends the effectuation logic, the Extended Effectuation framework that explains the entrepreneurial processes of high growth firms in a resource-constrained developing economy. The theory is built on the notion of converting social networks into sources of business opportunities and capital.

The study has also established that there is no complete transition from effectuation to causation as suggested by literature (Perry et al., 2012; Read et al., 2009).

The theoretical framework makes important extensions to the effectuation logic. It should be noted that, the current study found ample evidence for the existence of the effectuation behaviour among the participating firms. However, some of the main limitations of the current effectuation logic is its bias towards expert entrepreneurs drawn from the developed world and restrictive assumptions (Arend et al., 2014; Karri & Goel, 2008). The extended theory recognises defined goals, social innovation, portfolio diversification, incremental innovation, trust, business systems and contextual factors as critical factors that account for high growth firms in a resource-constrained developing economy.

High growth firms diversify at an early age, and the single-focus mentality does not apply in a resource-constrained environment. Entrepreneurs in a resource-constrained developing economy build complementary business portfolios to support the core business and enhance business performance.

Trust is the basis of sustainable business relationships in this context, although it is not fully covered in the effectuation literature (Karri & Goel, 2008; Perry et al., 2012; Sarasvathy, 2001, 2008). Therefore, trustworthy behaviour should be inculcated in the value systems of individuals and businesses because of its implications for social innovation. Thus, the study has made a contribution towards the unresolved debate on trust

within the effectuation domain (Karri & Goel, 2008; Sarasvathy & Dew, 2008).

Effectuation research has long recognised the importance of informal planning. However, the effectuation literature has offered less insight into how informal planning is done. Founders discuss with their teams to gather what the teams think without the entrepreneur disclosing much to them. Furthermore, formal business systems are aimed at promoting regulatory and statutory compliance although the dominant business processes are informal and revolve around the founder.

12.2.2 Methodological contribution

This study applied the multiple case study design, and the results were inductively analysed. This was in response to the calls by Sarasvathy (2001) and Perry et al. (2012) to extend the methodologies in the effectuation domain. The study adopted a dynamic entrepreneurial model rather than a static one; that entailed studying the high growth firms over a relatively longer period. The methodology covered different economic sectors, respondents within and outside the case firms; a triangulation process that has not been widely used in previous effectuation studies. The study also adopted a multi-level analysis by exploring the experiences of the founders and their firms. The convergence of the views particularly given the maximum variation has enhanced the validity of the empirical findings. This is against the widely held practice where participants are drawn from the same sector (Fisher, 2012; Laaksonen et al., 2010).

12.2.3 Empirical contributions

Empirical studies in effectuation and causation have remained limited with only a handful starting to emerge (Brettel et al., 2012; Chandler et al., 2011; Fisher, 2012) as the domain moves to the intermediate stage (Perry et al., 2012). The current study has contributed to the body of empirical literature on effectuation by analysing the causation and effectuation

processes in a resource-constrained developing economy. This is particularly significant at a time where the domain is moving from the nascent to the intermediate stage (Perry et al., 2012).

Zimbabwe's environment has been difficult for businesses since 1998. However, existing studies were done in stable and developed economies. This study has explored the effectuation and causation logics in a dynamic environment. The case analysis and narratives present a rich set of empirical data (Ponterotto, 2006) that other entrepreneurs, scholars, investors, banks, policy makers and managers can learn from. In particular, the evidence shows how entrepreneurs identify and evaluate opportunities, mobilise finance and sustain their businesses in a dynamic environment.

The existing studies on effectuation, causation and high growth firms have remained disconnected as clearly demonstrated in Figure 1.2 in Chapter 1. This study has, therefore, made a contribution towards integrating the domains with a view to understanding how they interact in the context of a resource-constrained developing economy. The study evidence shows that the effectuation logic is dominant in the participating high growth firms.

Previous working experience minimises the need for experiments on the part of non-experts while expert entrepreneurs engage in experiments due to their resource endowments. Further, unlike the previous studies that drew their samples from the same industry (Fisher, 2012), the current study drew cases from different economic sectors, that is, agriculture, construction, manufacturing, services as well as ICT and stationery.

12.2.4 Practical implications

Theory must be useful to other researchers and practising managers (Bergh, 2003; Corley & Gioia, 2011; Remenyi & Bannister, 2012; Whetten, 1989). Social innovation is pivotal to the development of entrepreneurship at this stage of Zimbabwe's socio-economic development as evidenced by

the experiences of the participating cases. The current study makes valuable practical contributions to entrepreneurs, financiers and policymakers in Zimbabwe, particularly in view of the need to sustain entrepreneurship as a way of promoting the country's economic development aspirations (Zimbabwe, 2013).

12.2.4.1 Entrepreneurs

Leveraging collaborative and support networks is helpful as it reduces resource constraints. However, this is built on trust and integrity, without which the entrepreneur and the firm will struggle to develop such collaborative support networks. Therefore, entrepreneurs should invest in their personal integrity (Drover et al., 2014; Gouillart, 2009). Furthermore, the founders should remain alert and adapt to the dynamic business environment.

A strong element of diversification is evident in the high growth firms. No matter how small the organisation is, diversification is expected to start at a very early stage. Portfolio entrepreneurship is an effective model for high growth firms in Zimbabwe. The single focus element may not be ideal. Entrepreneurs should demonstrate a clear understanding of their business models and build complementary portfolios to support the core business in order to remain afloat in an uncertain business environment (Mahajan & Gunther, 2009).

Effectively managing start-up costs is essential to the development of high growth firms. Overcoming resource challenges is critical to survival and growth. Therefore, exposure to financial bootstrapping techniques and leveraging social networks are vital for entrepreneurs (Grichnik & Singh, 2010; Winborg & Landstrom, 2001).

Investment in education is critical to successful entrepreneurship in a dynamic environment. Contrary to what people think, the study has demonstrated that investing in education is critical otherwise it will be very

difficult to make quick and decisive decisions in a dynamic environment. Education, especially financial intelligence enables entrepreneurs to better manage their businesses.

Drawing from the study, it is clear that there are some key success factors that entrepreneurs should embrace, and these are:

- Start small with a clear objective and leverage social networks
- Invest in trust and integrity
- Avoid immediate gratification
- Knowledge is key to wealth creation
- Quick decision-making with incomplete information is crucial
- Successful people are professionals and entrepreneurs (Silbiger, 2000) and not managers, and
- Encourage continuous incremental innovation and creativity.

The study, however, found no evidence of duplication of the business models where firms replicate their products and services in foreign markets. The entrepreneurs are encouraged to build robust business models that they can leverage to attract strategic investors who will bring in technology and also facilitate access to foreign markets given the participating firms' unfavourable experience in foreign markets.

12.2.4.2 Bankers and investors

An understanding of the entrepreneurial processes achieved in this study is an important step towards interrogating the exotic models used by banks, businesses and policy makers in developing economies. Insisting on business plans and financial appraisals is contrary to the Intuitive Theory that seems to explain entrepreneurial decision-making processes. Banks and investors should, therefore, invest more resources towards understanding the behaviours of entrepreneurial founders and their firms. This is more important than just insisting on formal documentation that the founders will grudgingly produce in the event that they want to raise credit.

Evidence clearly shows that the participating firms did not rely on rational causal logics.

Failure by banks to adjust current practices negatively affects their intermediary role. There is need to understand the entrepreneurial processes of high growth firms by investors, banks and entrepreneurs in order to function efficiently. More specifically, causation-based models are less relevant as demonstrated by the study evidence. Therefore, business models that insist on prediction-oriented causal processes may be at variance with the entrepreneurial behaviour that tends to characterise activities in an uncertain environment. It is, therefore, important for the financiers and investors to take a middle of the road approach when dealing with entrepreneurial firms. Otherwise, forcing a process that conflicts with the prevalent behaviour may not assist.

12.2.4.3 Policy makers

It is instructive for entrepreneurial training to emphasise motivation, storytelling and personal values, instead of formal business planning because of heavy reliance on intuition and informal processes by the participating firms.

Limited access to long-term affordable funding for high growth firms during the formative stages makes them less competitive in foreign markets. Study evidence shows a poor record of the participating firms on the foreign markets. Thus, funding for the missing middle, that is, the group of entrepreneurs too large for microfinance but too small for formal investment banking finance, needs to be addressed (Gouillart, 2009).

Promoting entrepreneurship is a business imperative but it is often stifled by unclear policies and cost of doing business (IFC, 2014; Mahajan & Gunther, 2009). Therefore, policy makers should implement policies that promote productive entrepreneurship in order to achieve sustainable economic development. The efforts to promote entrepreneurship should

focus on addressing the cost and ease of doing business given that it is costly and difficult for entrepreneurs to start businesses in Zimbabwe, clarifying investment policies as well as addressing many cumbersome compliance requirements. Growth of sustainable local businesses is an important magnet for attracting foreign direct investment, particularly given that global institutions continue to explore opportunities in the growth frontiers, especially Africa.

12.3 Limitations and suggestions for further research

As is the case with any empirical research, the study has some limitations that point to possible areas for further research (Margolis & Molinsky, 2008). Data was analysed inductively resulting in the development of a descriptive theory (Birks & Mills, 2011; Carlile & Christensen, 2004). An important area that deserves further research is to move the study towards the development of normative theory that will help categorise circumstances in which managers and policymakers can predict the behaviour of high growth firms much more accurately. It is, therefore, recommended that the theory be subjected to some further empirical analysis, possibly using a structural equation model.

The study has established that collaboration among industry players regardless of their positions on the value chain is essential to the development of high growth businesses. There is need to explore further the importance of social innovation in developing economies given the dearth of empirical studies in these economies. Thus, further research should explore how social innovation can be harnessed given its strategic importance in the development of high growth firms in Zimbabwe.

Trust plays a vital mediation role in the Extended Effectuation framework, but not much has been done in Zimbabwe to explore this issue, particularly given the surge in unethical and corrupt business practices. In addition, the current study did not explore how trust can be fostered. Thus, another area deserving further research is the building of trustworthy business relationships in developing economies.

The study established that the participating case firms have been less successful in the foreign markets. This is contrary to the conclusions drawn from the extant literature (Blackburn & Brush, 2009; Storey, 2011) that exports are key to high growth. Therefore, future research should explore the extent to which exports can help sustain the development of high growth firms. In addition, studying the influence of context, particularly the use of the multicurrency system, on the business models is recommended for future research.

Shareholder-based boards seem to be more appropriate in an uncertain environment where dynamism and quick decision-making are required as demonstrated by the study evidence. This does not, however, take away the need for discipline and good business practices on the part of the founders (Silbiger, 2000; Stanley, 2000). Shareholder-based boards should be complemented by robust internal control and business systems. Study evidence indicated that all the participating firms had structures and systems in place, although the study did not develop this further. Therefore, further research can explore how internal controls and business systems can be instituted in firms whose behaviour is predominantly effectual.

Lack of a common definition of a high growth firm is apparent in the existing literature. The OECD definition is restrictive (Smallbone & Massey, 2012) and may not be appropriate in a developing economy. There is, therefore, need for future research to come up with appropriate definitions that recognise different contexts within which firms operate.

The study evidence clearly shows that the case firms largely relied on the effectuation logic. On the other hand, banks and investors are more inclined towards causation-based logics that require formal business planning, project evaluation and formal processes (Sarasvathy, 2001, 2008; Shane & Delmar, 2004). Future research is recommended in this area where there is need to address different philosophies underlying the behaviours of entrepreneurs and financiers.

The study focused on a single country experience which makes it difficult to generalise the findings to different contexts. While the results remain plausible, it is recommended that future research extends this study by adopting a multi-country case study analysis

In summary, it is important to note that the study illuminated the experiences of high growth firms operating in a very dynamic environment. Thus, the ability of these firms to sustain their operations is essential for the sustainable recovery of Zimbabwe. It is, therefore, important that all the stakeholders remain cognisant that a country's sustainable development is a result of an economic game that the policy makers, entrepreneurs, practitioners and researchers should all play.

REFERENCES

Acs, Z. J. (2010). High impact entrepreneurship. In Z. J. Acs & D. B. Audretsch (Eds.), *Handbook of Entrepreneurship Research*. USA: Springer Science + Business Media.

AfDB. (2013). Zimbabwe: Country brief 2013-2015: African Development Bank Group.

Akerlof, G. A. (1970). "The market for lemons: Quality uncertainty and the market mechanism.". *Quarterly Journal of Economics, 84*(3), 488-500.

Alder, R. W. (2006). Why DCF Capital Budgeting is bad for business and why business school should stop teaching Accounting Education *International Journal of Business, 15*(1), 3-25.

Aldrich, H. E., & Cliff, J. E. (2003). The pervasive effects of family on entrepreneurship: toward a family embeddedness perspective *Journal of Business Venturing, 18*, 573-596.

Allison, G. T. (1969). Conceptual models and the Cuban missile crisis *The American Political Science Review, 63*(3), 689-718.

Almor, T., & Hashai, N. (2004). The competitive advantage and strategic configuration of knowledge-intensive, small-and-medium-sized multinationals: a modified resource-based view. *Journal of International Management, 10*, 479-500.

Andrews, K. R. (1965). *The Concept of Corporate Strategy*. Homewood, Illinois: Dow Jones-Irwin.

Ansoff, H. I. (1965). *Corporate Strategy*. New York: McGraw-Hill.

Ansoff, H. I. (1991). Critique of Henry Mintzberg`s 'The design school: Reconsidering the basic premises of strategic management'. *Strategic Management Journal, Vol. 12*, 449-461.

Arend, R. J., Sarooghi, H., & Burkemper, A. (2014). *Effectuation as ineffectual? Applying the 3E theory assessment framework to a proposed new theory of entrepreneurship*. Academy of Management Review. University of Missouri.

Attride-Stirling, J. (2001). Thematic Networks: an Analytical Tool for Qualitative Research. *Qualitative Research, Vol 1*(No. 3), 385-405.

Auken, H. V., Stephens, P., Fry, F. L., & Silva, J. (2005). Role model influences of entrepreneurial intentions: A comparison between USA and Mexico.

Badenhorst, C. (2010). *Dissertation writing a research journey* (Second Edition ed.). Pretoria: Van Schaik Publishers.

Baker, T., & Nelson, R. E. (2005). Creating something from nothing: Resource construction through entrepreneurial bricolage *Administrative Science Quarterly, 50*(3), 329-366.

Bansal, P., & Corley, K. (2011). From the editors. The coming of age of qualitative research: Embracing the diversity of qualitative methods. *Academy of Management, 54*(2), 233-237.

Barry, C. A. (1998). Choosing qualitative data analysis software: Atlas/ti and Nudist compared. [Online]. *Sociological Research Online, 3*(3).

Bennouna, K., Meredith, G. G., & Marchant, T. (2010). Improved capital budgeting decision making: evidence from Canada. *Management Decision, 48*(2), 225-247.

Bergh, D. D. (2003). From the editors. Thinking strategically about contribution. *Academy of Management Journal, 46*(2), 135-136.

Bhide, A. V. (2000). *The Origin and Evolution of New Businesses*. New York: Oxford University Press.

Birch, D. L. (1981). Who creates jobs. *The Public interest, 65*(3), 3-14.

Birks, M., & Mills, J. (2011). *Grounded Theory: A practical guide*. London: SAGE.

Bjerke, B. (2007). *Understanding entrepreneurship*. USA: Edward Elgar Publishing Limited.

Black, S. E., & Strahan, P. E. (2002). Entrepreneurship and bank credit availability. *The Journal of Finance, LVII*(6), 2807-2833.

Blackburn, R. A., & Brush, C. G. (2009). *Understanding the challenges to growth in entrepreneurial firms: cases from the UK and USA*. Paper presented at the XXIII RENT Conference, 19 - 20 November, Budapest.

Blaxter, L., Hughes, C., & Tight, M. (2009). *How to research* (Third ed.). England: Open University Press.

Block, S. (1997). Capital budgeting techniques used by small business firms. [Article]. *Engineering Economist, 42*(4), 289.

Bradley, E. H., Curry, L. A., & Devers, K. J. (2007). Qualitative Data Analysis for Health Services Research: Developing Taxonomy, Themes and Theory. *Health Research and Educational Trust*, 1758 - 1772. doi: 10.1111/j.1475-6773.2006.0068.x

Bragg, A., & Bragg, M. (2005). *Developing new ideas*. New York, USA: Prentice Hall.

Brandenburger, A. M., & Nalebuff, B. J. (1995). The right game: Use Game Theory to shape strategy. *Harvard Business Review*(July - August), 57 - 71.

Brettel, M., Mauer, R., Engelen, A., & Kuepper, D. (2012). Corporate effectuation: Entrepreneurial action and its impact on R&D project performance. *Journal of Business Venturing, 27*(2), 167-184.

Brinckmann, J., Grichnik, D., & Kapsa, D. (2010). Should entrepreneurs plan or just storm the castle? A meta-analysis on contextual factors impacting the business planning-performance relationship in small firms. *Journal of Business Venturing, 25*(1), 24-40.

Brixiova, Z. (2010). Unlocking productive entrepreneurship in Africa's least developed countries. *African Development Review, 22*(3), 440-451.

Bruch, H., & Ghoshal, S. (2004). *A bias for action. How effective managers harness their willpower, achieve results and stop wasting time*. Boston Massachusetts, USA: Harvard Business School Press.

Bullough, A., & Renko, M. (2013). Entrepreneurial resilience during challenging times. *Business Horizons*.

Burrell, G., & Morgan, G. (1979). *Sociological paradigms and organisational analysis*. London: Heinemann Educational Books.

Bygrave, W. D. (1989). The Entrepreneurship Paradigm (I): A philosophical look at its methodologies. *Entrepreneurship Theory and Practice, 14*(1), 7-26.

Bygrave, W. D. (1997). *The Portable MBA in Entrepreneurship* (2nd ed.): Wiley.

Calvo, J. C. A., & Garcia, G. M. (2010). Established business owners` success: Influencing factors. *Journal of Development Entrepreneurship, 15*(3), 263-286.

Camerer, C. F. (2003). *Behavioural Game Theory*: Princeton University Press.

Cardon, M. S., & Glauser, M. (2011). *Entrepreneurial passion: Sources and sustenance*. (Paper 3). Wilson Centre for Social Entrepreneurship

Cardon, M. S., Gregoire, D. A., Stevens, C. E., & Patel, P. C. (2012). Measuring entrepreneurial passion: Conceptual foundations and scale validation. *Journal of Business Venturing*, 1-24.

Carlile, P. R., & Christensen, C. M. (2004). *The cycles of theory building in management research*. Working paper, (05-057).

Carr, J. C., & Sequeira, J. M. (2007). Prior family business exposure as intergenerational influence and entrepreneurial intent: A theory of planned behavior approach. *Journal of Business Research*(60), 1090-1098.

Carter, S., & Wilton, W. (2006a). Don't blame the entrepreneur, blame the government: The centrality of the government in enterprise development: Lessons from enterprise failure in Zimbabwe. *Journal of Enterprising Culture, 14*(1), 65-84.

Carter, S., & Wilton, W. (2006b). "Enterprise culture": necessary in promoting enterprise: Lessons from enterprise development in Zimbabwe. *Journal of Enterprising Culture, 14*(3), 177-198.

Chandler, G. N., DeTienne, D. R., McKelvie, A., & Mumford, T. V. (2011). Causation and effectuation processes: A validity study. *Journal of Business Venturing, 26*, 375-390.

Charan, R. (2009). *Leadership in the era of economic uncertainty. The new rules for getting the right things done in difficult times*. USA: McGraw-Hill.

Charmaz, K. (2006). *Constructing Grounded Theory. A practical guide through qualitative analysis*. London: SAGE.

Chen, X.-P., Yao, X., & Kotha, S. (2009). Passion and preparedness in entrepreneurs` business plan presentations: A persuasion analysis of venture capitalists` funding decisions. *Academy of Management* 1-44.

Chenail, R. J. (1995). Presenting qualitative data. *The Qualitative Report, 2*(3).

Chidakwa, A. M., Chigumira, G., & Mpofu, S. (2013). *Pre-crisis macroeconomic performance and triggers of the economic crisis in Zimbabwe*. Economic management under hyperinflationary environment. MEFMI, Harare.

Christensen, C. M. (2003). *The innovator's dilemma. The revolutionary book that will change the way you do business*. New York: First Harper Business Essentials.

Chwolka, A., & Raith, M. G. (2012). The value of business planning before start-up — A decision-theoretical perspective. *Journal of Business Venturing, 27*(3), 385-399. doi: 10.1016/j.jbusvent.2011.01.002

Coad, A., Cowling, M., & Siepel, J. (2012, October 2012). *Growth processes of high-growth firms in the UK*. Nesta Working Paper, (12/10).

Collins, J. (2001). *Good to great. Why some companies make the leap ... and others don't*. Australia: Random House Business Books.

Corley, K. G., & Gioia, D. A. (2011). Building theory about theory building: what constitutes a theoretical contribution? *Academy of Management Review, 36*(1), 12-32.

Creswell, J. W. (2009). *Research design: Qualitative, quantitative, and mixed methods approaches* (3rd ed.). United Kingdom: Sage.

Croce, A., Marti, J., & Murtinu, S. (2013). The impact of venture capital on the productivity growth of European entrepreneurial firms: "Screening" or "value added" effect? *Journal of Business Venturing, 28*(4), 489-510.

Cunliffe, A. L. (2010). Crafting qualitative research: Morgan and Smircich 30 years on. *Organisational Research Methods*, 1-27. doi: 10.1177/1094428110373658

Davari, A., Yadollahi, J., & Vaghari, N. (2013). The role of entrepreneurs` knowledge in opportunities recognition in IT industry. *Asian Journal of Research in Business Economics and Management, 3*(10), 356-373.

Davidsson, P., Delmar, F., & Gartner, W. (2003). Arriving at the high-growth firm. *Journal of Business Venturing, 18*(2), 189-216.

Deakins, D., & Freel, M. (2009). *Entrepreneurship and Small Firms* (5th Edition ed.). McGraw-hill Education, Berkshire, UK.

deBeer, J., Sowa, I., & Holman, K. (2014). Frameworks for analysing African innovation: Entrepreneurship, the informal economy and intellectual property. In J. deBeer, C. Armstrong, C. Oguamanam & T. Schonwetter (Eds.), *Innovation and intellectual property collaborative dynamics in Africa* (pp. 32-58). South Africa: UCT Press.

Delmar, F., & Shane, S. A. (2003). Does business planning facilitate the development of new ventures? . *Strategic Management Journal, 39*, 1165-1185.

Denscombe, M. (2010a). *The Good Research Guide for small-scale social research projects* (Fourth ed.). UK: McGraw Hill Open University Press.

Denscombe, M. (2010b). *Grounded Rules for Social Research: Guidelines for Good Practice* (2nd ed.). UK McGraw Hill Open University Press.

Derbyshire, J. (2013). High-growth firms: More reasons for caution? *Local Economy, DOI: 10.1177/0269094213475856*, 1-3.

Devlin, E. S. (2007). *Crisis management planning and execution*. Taylor & Francis Group, USA.

Dew, N., Read, S., Sarasvathy, S. D., & Wiltbank, R. (2011). On the entrepreneurial genesis of new markets: Effectual transformations versus causal search and selection. *Journal of Evolutionary Economics, 21*, 231-253.

Dew, N., & Sarasvathy, S. D. (2007). Innovations, stakeholders and entrepreneurship. *Journal of Business Ethics, 74*(3), 267-283.

Dooley, L. M. (2002). Case Study Research and Theory Building. *Advances in Developing Human Resources, 4*(3), 335-354.

Drover, W., Wood, M. S., & Fassin, Y. (2014). Take the money or run? Investors' ethical reputation and entrepreneurs' willingness to partner. *Journal of Business Venturing, 29*, 723-740.

Drucker, P. (1985). *Innovation and Entrepreneurship*. Great Britain: William Heinemann.

Drucker, P. (1998). The discipline of innovation. *Harvard Business Review, 76*, 149-157.

Dubin, R. (1969). *Theory building*. New York: The Free Press.

Duening, T. N., Shepherd, M. M., & Czaplewski, A. J. (2012). How entrepreneurs think: Why effectuation and effectual logic may be the key to successful enterprise entrepreneurship. *International Journal of Innovation Science, 4*(4), 205 - 216.

Durrheim, K. (2012). Research design. In M T Blanche, K. Durrheim & D. Painter (Eds.), *Research in practice: Applied methods for the social sciences* (Second ed., pp. 33-59). South Africa: University of Cape Town Press.

Ebben, J., & Johnson, A. (2006). Bootstrapping in small firms: An empirical analysis of change over time. *Journal of Business Venturing, 21*(6), 851-865.

Eckhardt, J. T., & Shane, S. (2010). An update to the individual-opportunity nexus. In Z. J. A. D. B. Audretsch (Ed.), *Handbook of Entrepreneurship Research. An Interdisciplinary Survey and Introduction*. USA: Springer Science.

Eckhardt, J. T., & Shane, S. A. (2003). Opportunities and entrepreneurship. *Journal of Management, 29*(3), 333-349.

Edmondson, A. C., & Mcmanus, S. E. (2007). Methodological fit in management field research. *Academy of Management Review, 32*(4), 1155-1179.

Eisenhardt, K. M. (1989). Building theories from case study research. *The Academy of Management Review, 14*(4), 532-550.

Eisenhardt, K. M., & Graebner, M. E. (2007). Theory building from cases: opportunities and challenges. *Academy of Management Journal, 50*(1), 25-32.

Elo, S., & Kyngas, H. (2007). The qualitative content analysis process. *Journal of Advanced Nursing, 62*(1), 107-115.

Ely, A., & Bell, M. (2009). *The original "Sussex Manifesto" Its past and future relevance*. STEPS Centre, Brighton UK.

Eurostat-OECD. (2005). *The measurement of scientific and technological activities. Proposed guidelines for collecting and interpreting technological innovation data: OSLO Manual*. Paris: OECD.

Eurostat-OECD. (2007). Eurostat-OECD manual on business demography statistics. Paris: OECD.

Fairchild, R. (2009). An entrepreneur's choice of venture capitalist or angel-financing: A behavioural game-theoretic approach. *Journal of Business Venturing*. doi: 10.1016/j.jbusvent.2009.09.003

Feindt, S., Jeffcoate, J., & Chappell, C. (2002). Identifying success factors for rapid growth in SME e-commerce. *Small Business Economics, 19*(1), 51-62.

Fereday, J., & Muir-Cochrane, E. (2006). Demonstrating Rigor Using Thematic analysis: a Hybrid Approach of Inductive and Deductive Coding and Theme Development. *International Journal of Qualitative Methods*, 80-92.

Fierro, A. C. M., & Noble, D. (2013). Directions for a new African entrepreneurship research agenda: Portfolio entrepreneurship as a solution to Africa's impending employment dilemma (interactive paper). *Frontiers of Entrepreneurship Research, 33*(17).

Fischer, E., & Reuber, A. R. (2003). Support for rapid-growth firms: A comparison of the views of the founders, government policymakers, and private sector resource providers. *Journal of Small Business Management, 41*(4), 346-365.

Fisher, G. (2012). Effectuation, Causation, and Bricolage: A Behavioral Comparison of Emerging Theories in Entrepreneurship Research. [Article]. *Entrepreneurship: Theory & Practice, 36*(5), 1019-1051. doi: 10.1111/j.1540-6520.2012.00537.x

Fitzsimmons, J. R. (2007). *Making do with less: firm growth and financial performance under resource constraints*. Proceedings Babson College Entrepreneurship Research Conference (BCERC). Madrid.

Frese, M., Brantjes, A., & Hoorn, R. (2002). Psychological success factors of small scale businesses in Namibia; The roles of strategy process, entrepreneurial orientation and the environment. *Journal of Developmental Entrepreneurship, 7*(3), 259-283.

Friese, S. (2013). *ATLAS.ti 7 user guide and reference*. ATLAS.ti Scientific Software Development GmbH, Berlin.

Fukuyama, F. (1996). *Trust: The social virtues and creation of prosperity*. New York: Free Press/Penguin.

Gartner, W. B., Carter, N. M., & Reynolds, P. D. (2010). Entrepreneurial behaviour: firm organising processes. In Z. J. Acs & D. B. Audretsch (Eds.), *Handbook of Entrepreneurship Research. An interdisciplinary survey and introduction* (Second ed., pp. 99 - 127): Springer Science + Business Media, LLC.

George, G. (2005). Slack resources and the performance of privately held firms. *Academy of Management Journal, 48*(4), 661-676.

Gephart, R. P. (2004). From the editors. Qualitative Research and the Academy of Management journal. *Academy of Management, 47*(4), 454-462.

Gerasymenko, V., & Arthurs, J. D. (2014). New insights into venture capitalists' activity: IPO and time-to-exit forecast as antecedents of their post-investment involvement. *Journal of Business Venturing, 29*, 405-420.

Gibbert, M., Ruigrok, W., & Wicki, B. (2008). Research notes and commentaries. What passes as a rigorous case study? *Strategic Management Journal, 29*(DOI: 10.1002/smj.722), 1465-1474.

Gintis, H. (2009). *The bounds of reason. Game theory and the unification of behavioural sciences*. Princeton: Princeton University Press.

Gioia, D. A., Corley, K. G., & Hamilton, A. L. (2012). Seeking qualitative rigour in inductive research: Notes on the Gioia Methodology. *Organisational Research Methods, 16*(1), 15-31.

Glaser, B. G., & Strauss, A. (1967). *The discovery of grounded theory: Strategies for qualitative research*. Chicago, IL: Aldine.

Goel, S., & Karri, R. (2006). Entrepreneurs, effectual logic, and over-trust. *Entrepreneurship Theory and Practice, 30*, 477-493.

Gormus, S., & Kabasakal, A. (2010). Are economic crises and government changes related? a descriptive statistic analysis. *International Journal of Human and Social Sciences, 5*.

Gouillart, E. (2009). Five faces of African Innovation and entrepreneurship. *Journal of International Affairs, 62*(2), 195-205.

Grichnick, D., Brinckmann, J., Singh, L., & Manigart, S. (2014). Beyond environmental scarcity: Human and social capital as driving forces of bootstrapping activities. *Journal of Business Venturing, 29*, 310-326.

Grichnik, D., Brinckmann, J., Singh, L., & Manigart, S. (2014). Beyond environmental scarcity: Human and social capital as driving forces of bootstrapping activities. *Journal of Business Venturing, 29*, 310-326.

Gruber, M. (2007). Uncovering the value of planning in new venture creation: A process and contingency perspective. *Journal of Business Venturing, 22*(6), 782-807. doi: 10.1016/j.jbusvent.2006.07.001

Grulke, W., & Silber, G. (2001). *Lessons in radical innovation. South Africans leading the world*. South Africa: CTP Book Printers (Pty) Ltd.

Guba, E. G., & Lincoln, Y. S. (1994). Competing paradigms in qualitative research. In N. K. Denzin & Y. S. Lincoln (Eds.), *Handbook of qualitative research* (pp. 105-117). Thousand Oaks, CA: Sage.

Guest, G., Bunce, A., & Johnson, L. (2006). How many interviews are enough? An experiment with data saturation and variability. *Field Methods, 18*(1), 59-82.

Hamel, G. (2000). *Leading the revolution*. Boston, Massachusetts: Harvard Business School Press.

Hargadon, A. B. (2003). *How breakthroughs happen: the surprising truth about how companies innovate*. Boston Massachusetts: Harvard Business School Press.

Harmeling, S. S., & Sarasvathy, S. D. (2013). When contingency is a resource: Educating entrepreneurs in the Balkans, the Bronx and beyond. *Entrepreneurship Theory and Practice*(July), 713-744. doi: 10.1111/j.1540-6520.2011.00489.x

Harper, M. (1987). *Hardship, discipline and entrepreneurship*. Cranfield School of Management, Cranfield, UK.

Hart, C. (2001). *Doing a literature search*: SAGE.

Herrington, M. (2011). Entrepreneurship: How can obstacles be overcome? In M. Mbeki (Ed.), *Advocates for change. How to overcome Africa's challenges* (pp. 115-135). Johannesburg, South Africa: Picador Africa.

Hinton, M., & Hamilton, R. T. (2013). Characterising high-growth firms in New Zealand. *Entrepreneurship and Innovation, 14*(1), 39-48 doi: 10.5367/ijei.2013.0103.

Hofer, C. W., & Bygrave, W. D. (1992). Researching entrepreneurship. *Entrepreneurship Theory and Practice, 16*(3), 91-100.

Hofstee, E. (2009). *Constructing a good dissertation: A practical guide to finishing a Master's, MBA or PhD on schedule*. Sandton: EPE.

Hogin, B., & Samuelson, M. (2009). *Effectuation or causation?: A longitudinal examination of nascent entrepreneurs in Sweden*. ASAC. Niagara Falls, Ontario.

Holzil, W. (2011). *Persistence, survival and growth: A closer look at 20 years of high growth firms and firm dynamics in Austria*. WIFO Working Papers, (403).

Hountondji, P. J. (2002). Knowledge appropriation in a post-colonial context. In C. A. O. Hoppers (Ed.), *Indigenous knowledge and the integration of knowledge systems. Towards a philosophy of articulation* (pp. 23-38). South Africa: New Books Africa (Pyt) Ltd.

Hussey, J., & Hussey, R. (1997). *Business research: A practical guide for undergraduate and postgraduate students*. New York: Palgrave.

IFC. (2014). Doing Business: Doing business in a more transparent world. Washington, DC: The World Bank & International Finance Corporation.

Jesson, J., & Lacey, F. (2006). How to do (or not to do) a critical literature review. *Pharmacy Education, 6*(2), 139-148.

Johansson, A. (2014). *Ways forward: Effectual and causal approaches to innovation in the Swedish magazine industry.* PhD, Jonkoping University. (JIBS Dissertation Series No. 098)

Kaplan, R. S., & Norton, D. P. (2008). *The execution premium: Linking strategy to operations for competitive advantage*. Boston, Massachusetts: Harvard Business School Publishing.

Karlsson, T., & Honig, B. (2009). Judging a business by its cover: An institutional perspective on new venture and the business plan. *Journal of Business Venturing, 24*, 27-45.

Karri, R., & Goel, S. (2008). Effectuation and over-trust: Response to Sarasvathy and Dew. *Entrepreneurship Theory and Practice*(July), 739-748.

Katz, R. (2009). *Innovators' toolkit: 10 practical strategies to help you develop and implement innovation*. Boston Massachusetts: Harvard Business Press.

Kim, W. C., & Mauborgne, R. (2005). Blue Ocean Strategy: From theory to practice. *California Management Review, 47*(3), 105-121.

Kirzner, I. M. (1997). Entrepreneurial Discovery and the Competitive Market Process: An Austrian Approach. *Journal of Economic Literature, 35*(1), 60-85. doi: http://www.aeaweb.org/jel/index.php

Knight, D. M. (2015). Opportunism and diversification: Entrepreneurship and livelihood strategies in uncertain times. *Ethnos: Journal of Anthropology, 80*(1), 117-144. doi: 10.1080/00141844.2013.822012

Knopf, J. W. (2006). Doing a literature review. *PSOnline*, 127-132. Retrieved from www.apsanet.org website:

Kodithuwakku, S. S., & Rosa, P. (2002). The entrepreneurial process and economic success in a constrained environment. *Journal of Business Venturing, 17*, 431-465.

Koutsoyiannis, A. (1988). *Modern microeconomics* (Second Edition ed.). London: Macmillan Educational Limited.

Kraaijenbrink, J. (2008). *The nature of the entrepreneurial process: causation, effectuation and pragmatism*. Paper presented at the The sixteenth annual High Tech Small Firms conference, University of Twente, Enschede, the Netherlands.

Kraus, S., Harms, R., & Schwarz, E. J. (2006). Strategic planning in smaller enterprises - new empirical findings. *Management Research News, 29*(6), 334-344.

Laaksonen, L., Ainamo, A., & Karjalainen, T.-M. (2010). *Cycles in causation and effectuation: A case study of four metal-music ventures*.

Langley, A. (1988). The roles of formal strategic planning *Long Range Planning, 21*(3), 40-50.

Langley, A. (1999). Strategies for theorising from process data. *Academy of Management, 24*(4), 691-710.

Learner, E. E. (2009). *Macroeconomics patterns and stories*. Los Angeles: Springer.

Lingelbach, D. L., Viria, d. l., & Asel, P. (2005). "What's distinctive about growth-oriented entrepreneurship in developing countries?" *Silicon Valley Review of Global Entrepreneurship Research, 1*, 92-102.

Litchman, M. (2006). *Qualitative Research in Education: A User`s Guide*. Sage Pulications, Inc, USA, California.

Littunen, H., & Niittykangas, H. (2010). The rapid growth of young firms during various stages of entrepreneurship. *Journal of Small Business and Enterprise Development, 17*(1), 8 -31.

Loh, J. (2013). Inquiry into issues of trustworthiness and quality in narrative studies: A perspective. *The Qualitative Report, 18*(65), 1-15.

Madura, J. (2008). *International financial management* (India edition ed.). New Delhi, India: Cengage Learning.

Madzivire, A. B. (2011). *Organisations that transform: addressing the challenges in the emerging economy of Zimbabwe*: MaCoTra Publications.

Mahajan, V., & Gunther, R. E. (2009). *Africa rising: How 900 million African consumers offer more than you think*. USA: Wharton School Publishing.

Mankins, M. C., & Steele, R. (2005). Turning great strategy into great performance *HBR's 10 must reads on strategy*. Boston, Massachusetts: Harvard Business Review Press

Margolis, J. D., & Molinsky, A. (2008). Navigating the bind of necessary evils: psychological engagement and the production of interpersonally sensitive behaviour. *Academy of Management, 51*(5), 847-872.

Mason, C., & Brown, R. (2010). *High growth firms in Scotland*. Glasgow Scotland.

Mason, C., & Harvey, C. (2013). Entrepreneurship: contexts, opportunities and processes. *Business History, 55*(1), 1-8.

Mauer, R., & Sarasvathy, S. D. (2010). *What effectuation is not*.

Maxwell, J. A. (2004). *Qualitative Research Design: An integrative Approach*. UK: Sage Publications.

Maxwell, J. A. (2010). Using Numbers in Qualitative Research. *Qualitative Inquiry, 16*(6), 475 - 482.

Mbigi, L. (2007). The hunter's spirit in leadership: An African Wounded Soul Theory perspective. In K. April & M. Shockley (Eds.), *Diversity in Africa. The coming of age of a continent* (pp. 157-163). New York: Palgrave Macmillan.

Mboko, S., & Smith-Hunter, E. (2009). Women entrepreneurs in Zimbabwe: A Case Study. *The Journal of Global Business Issues, 3*(1), 157-169.

McAllister, D. J. (1995). Affect-and cognition-based trust as foundations for interpersonal cooperation in organisations. *Academy of Management Journal, 38*(1), 24-59.

Mehta, K., Maretzki, A., & Semali, L. (2011). Trust, cellphones, social networks and agricultural entrepreneurship in East Africa: A dynamic interdependence. *African Journal of Food Agriculture, Nutrition and Development, 11*(6), 5373-5388.

Merson, R. (2011). *Guide to managing growth: turning success into even bigger success*. UK: Profile Books Limited.

Miles, M. B., & Huberman, M. A. (1994). *Qualitative data analysis* (Second ed.). United Kingdom: SAGE Publications.

Mintzberg, H. (1990). The design school: Reconsidering the basic premises of strategic management. *Strategic Management Journal, 11*, 171-195.

Mintzberg, H. (1994). *The rise and fall of strategic planning*. New York: The Free Press

Mintzberg, H. (2005). Developing theory about the development of theory. In K. G. Smith & M. A. Hills (Eds.), *Great minds in management: The process of theory development* (pp. 355-372). Oxford: Oxford University Press.

Mintzberg, H. (2013). *Simply managing. What managers do - and can do better*. United Kingdom: Pearson Education Limited.

Mintzberg, H., Ahlstrand, B., & Lampel, J. (2009). *Strategy Safari: A guided tour through the wilds of strategic management*. New York: The Free Press.

Mintzberg, H., & Waters, J. A. (1985). Of strategies, Deliberate and Emergent. *Strategic Management Journal, 6*, 257-272.

Mishina, Y., Pollock, T. G., & Porack, J. F. (2004). Are more resources always better for growth? Resource stickiness in market and product expansion. *Strategic Management Journal, 25*(12), 1179-1197.

Modigliani, F., & Miller, M. H. (1958). The cost of capital, corporation finance and theory of investment. *American Economic Review, 48*(3), 261-295.

Moore, J. F. (1996). *The death of competition*. New York: Harper Business.

Morgan, G., & Smircich, L. (1980). The case for qualitative research. *Academy of Management Review, 5*(4), 491-500.

Morris, R. (2011). 2011 High-impact entrepreneurship global report. Retrieved from www.gemconsortium.org website:

Mouton, J. (2011). *How to succeed in your Master's and Doctoral studies: A South African Guide and Resource Book*. Pretoria: Van Schaik.

Myres, K. (2009). *Venture creation: developing theory from South African case studies.* Doctoral Thesis (DBA), University of Pretoria, Pretoria.

Neuman, L. W. (2006). *Social research methods: qualitative and quantitative approaches* (6th ed.): Pearson Education Inc.

Nichter, S., & Goldmark, L. (2009). Small firm growth in developing countries. *World Development, 37*(9), 1453-1464.

OECD. (2007). *Financing entrepreneurship: Policy issues in financing entrepreneurship*. OECD Publishing.

OECD. (2011). *Financing high growth firms: The role of Angel Investors*. http://dx.doi.org/10.1787/9789264118782-en, OECD Publishing.

Olawale, F., Olumuyiwa, O., & George, H. (2010). An investigation into the impact of investment appraisal techniques on the profitability of small manufacturing firms in the Nelson Mandela Bay Metropolitan Area, South Africa. *African Journal of Business Management, 4*(7), 1274-1280.

Onwuegbuzie, A. J., & Leech, N. L. (2007). A call for qualitative power analyses. *Quality and Quantity, 41*, 105-121.

Ornegi, F., & Kirchgassner, G. (2009). *Financial and world economic crisis: What did economists contribute?* SCALA Discussion Paper, (No. 4/2009).

Parker, S. C., Storey, D. J., & Witteloostuijn, A. V. (2010). What happens to gazelles? The importance of dynamic management *Small Business Economics, 35*, 203-226.

Partanen, J., Chetty, S. K., & Rajala, A. (2014). Innovation types and network relationships. *Entrepreneurship Theory and Practice*, 1027-1055. doi: 10.1111/j.1540-6520.2011.00474.x

Pellissier, R. (2007). *Business research made easy*. Cape Town, South Africa Juta & Co. Ltd.

Perry, J. T., Chandler, G. N., & Markova, G. (2012). Entrepreneurial effectuation: A review and suggestions for future research. *Entrepreneurship Theory and Practice*(doi:10.1111/j.1540-6520.2010.00435.x), 837-861.

Peters, G. (2014). Africa's entrepreneurial route to growth *London Business School Journal*(1), 10-14.

Phillips, N., & Tracey, P. (2007). Opportunity recognition, entrepreneurial capabilities and bricolage: Connecting institutional theory and entrepreneurship in strategic organisation. *Strategic Organisation, 5*(3), 313-320.

Pinelli, M., & Drexler, M. (2014). *The bold ones - high impact entrepreneurs who transform industries*. Insight Report. World Economic Forum, Geneva.

Ponterotto, J. G. (2006). Brief note on the origins, evolution, and meaning of the qualitative research concept "thick descriptions". *The Qualitative Report, 11*(3), 538-549.

Porter, M. E. (1985). *Competitive advantage: creating and sustaining superior performance*. New York: The Free Press.

Porter, M. E. (1996). What is strategy? *Harvard Business Review*(November - December 1996), 61-78.

Pratt, M. G. (2009). From the editors. For the lack of a boilerplate: tips on writing up (and reviewing) qualitative research. *Academy of Management, 52*(5), 856-862.

Read, S., & Sarasvathy, S. D. (2005). Knowing what to do and doing what you know: Effectuation as a form of entrepreneurial expertise. *Journal of Private Equity, 9*, 45-62.

Read, S., Song, M., & Smit, W. (2009). A meta-analytic review of effectuation and venture performance. *Journal of Business Venturing, 24*(6), 573-587. doi: 10.1016/j.jbusvent.2008.02.005

Remenyi, D., & Bannister, F. (2012). *Writing up your Research*. Academic Publishing International Limited, UK.

Robbins, S. P., Judge, T. A., Odendaal, A., & Roodt, G. (2009). *Organisational behaviour: Global and Southern African Perspectives* (2nd ed.). Cape Town: Pearson Education South Africa.

Robinson, L. A. (2006). *Trust your gut: How the power of intuition can grow your business*. USA: Kaplan Publishing.

Rue, L. W., & Ibrahim, N. A. (1998). The relationship between planning sophistication and performance in small businesses. *Journal of Small Business Management, 36*(4), 24-33.

Rule, P., & John, V. (2011). *Your guide to case study research* (First Edition ed.). Pretoria: Van Schaik Publishers.

Ryan, G. W., & Bernard, R. H. (2003). Techniques to identify themes. *Field Methods, 15*(1), 85-109.

Rynes, S. (2002). From the editors: Some reflections on contribution. *Academy of Management Review, 45*(2), 311-313.

Sala-I-Martin, X., Bilbao-Osorio, B., Blanke, J., Crotti, R., Hanouz, M. D., Geiger, T., & Ko, C. (2012). The Global Competitiveness Index 2012-2013: Strengthening recovery by raising productivity *World Economic Forum*.

Saldana, J. (2009). *The Coding Manual for Qualitative Researchers*. SAGE, Los Angeles, CA.

Samila, S., & Sorenson, O. (2011). Venture capital, entrepreneurship, and economic growth. *The Review of Economics and Statistics, 93*(1), 338-349.

Sarasvathy, S. D. (2001). Causation and Effectuation: Toward a theoretical shift from economic inevitability to entrepreneurial contingency. *The Academy of Management Review, 26*(2), 243-263.

Sarasvathy, S. D. (2003). Entrepreneurship as a science of the artificial. *Journal of Economic Psychology, 24*, 203-220.

Sarasvathy, S. D. (2008). *Effectuation: Elements of entrepreneurial expertise. New horizons in entrepreneurship research*. Cheltenham, UK: Edward Elgar Publishing.

Sarasvathy, S. D., & Dew, N. (2008). Effectuation and over-trust: Debating Goel and Karri. *Entrepreneurship Theory and Practice, 32*(4), 727 - 737.

Sarasvathy, S. D., Kumar, K., York, J. G., & Bhagavatula, S. (2014). An effectual approach to international entrepreneurship: Overlaps, challenges and provocative possibilities. *Entrepreneurship Theory and Practice*(January), 71-93. doi: 10.1111/etap.12088

Sarasvathy, S. D., Menon, A. R., & Kuechle, G. (2013). Failing firms and successful entrepreneurs: serial entrepreneurship as a temporal portfolio. *Small Business Economics, 40*, 417-434. doi: 10.1007/s11187-011-9412-x

Saunders, M., Lewis, P., & Thornhill, A. (2009). *Research methods for business students* (5th ed.). England: Pearson Education Limited.

Scarbrough, H., Swan, J., Amaeshi, K., & Briggs, T. (2013). Exploring the role of trust in deal-making process for early-stage technology ventures. *Entrepreneurship Theory and Practice*, 1-26.

Schwab, K., & Sala-i-Martin, X. (2012). The Global Competitiveness Report 2012 - 2013 *World Economic Forum*. Geneva.

Segarra, A., & Teruel, M. (2011). *High growth firms and innovation: an empirical analysis for Spanish firms*. Creip Working Paper, (32).

Seidman, I. (2005). *Interviewing as Qualitative Research* (3rd ed.): Teachers College Press.

Senyard, J. M., Baker, T., & Davidsson, P. (2009). *Entrepreneurial bricolage: Towards systematic empirical testing*. Paper presented at the Babson College Entrepreneurship Research Conference (BCERC), Boston, USA.

Shane, S. (2005). *A General Theory of Entrepreneurship: The individual-opportunity nexus*. UK: Edward Elgar Publishing Limited.

Shane, S. (2008). *The illusions of entrepreneurship: The costly myths that entrepreneurs, investors and policy makers live by*. New Haven: Yale University.

Shane, S. (2009). Why encouraging more people to become entrepreneurs is bad public policy. *Small Business Economics, 33*, 141 - 149. doi: 10.1007/s11187-009-9215-5

Shane, S., & Delmar, F. (2004). Planning for the market: business planning before marketing and the continuation of organizing efforts. *Journal of Business Venturing, 19*, 767 - 785.

Shane, S., & Venkataraman, S. (2000). The promise of entrepreneurship as a field of research. *Academy of Management Review, 26*(1), 217-226.

Sharan, V. (2009). *International financial management* (5th edition ed.). New Delhi, India: PHI Learning.

Sharma, P. (2004). An overview of the field of family business studies: Current status and directions for the future. *Family Business Review, XVII*(1), 1-36.

Shenton, A. K. (2004). Strategies for ensuring trustworthiness in qualitative research projects. *Education for information, 22*, 63-75.

Shepherd, D., & Wiklund, J. (2009). Are we comparing apples with apples or apples with oranges? Appropriateness of knowledge accumulation across growth studies. *Entrepreneurship: Theory and Practice, 33*(1), 104-123.

Siggelkow, N. (2007). Persuasion with case studies. *Academy of Management Journal, 50*(1), 20-24.

Silbiger, S. (2000). *The Jewish Phenomenon: Seven keys to the enduring wealth of a people*. USA: Longstreet Press, Inc.

Simon, H. (1955). A behavioural model of rational choice. *Quarterly Journal of Economics, 69*, 99-118.

Singh, S. (2011). *Experiencing and learning from entrepreneurial failure.* Doctor of Philosophy in Entrepreneurship, The University of Waikato.

Smallbone, D., & Massey, C. (2012). Targeting for growth: a critical examination. *Entrepreneurship and Innovation, 13*(1), 45 - 55. doi: 10.5367/ijei.2012.0063

Smith, D. A., & Lohrke, F. T. (2008). Entrepreneurial network development: Trusting in the process. *Journal of Business Research, 61*, 315-322.

Stam, W., Arzlanian, S., & Elfring, T. (2014). Social capital of entrepreneurs and small firm performance: A meta-analysis of contextual and methodological moderators *Journal of Business Venturing, 29*, 152-173.

Stanley, T. J. (2000). *The Millionaire mind*. Andrews McMeel Publishing.

Storey, D. J. (2011). Optimism and chance: the elephants in the entrepreneurship room. *International Small Business Journal, 29*(4), 303-321.

Suddaby, R., Bruton, G. D., & Si, S. X. (2015). Entrepreneurship through a qualitative lens: Insights on the construction and/or discovery of entrepreneurial opportunity. *Journal of Business Venturing, 30*(1), 1-10.

Sudday, R. (2010). Editor's comments: Construct clarity in theories of management and organisation. *Academy of Management Review, 35*(3), 346-357.

Swanepoel, E., Strydom, J. W., & Nieuwenhuizen, C. (2010). An empirical analysis of a private company's corporate social investment in SMME development in South Africa. *Southern African Business Review 14*(1), 58-78.

Tarrant, C., Dixon-Woods, M., Colman, A. M., & Stokes, T. (2010). Continuity and trust in primary care: A qualitative study informed by game theory. *Annals of Family Medicine, 8*(5), 440 - 446.

Thomas, D. R. (2006). A general inductive approach for analysing qualitative evaluation data. *American Journal of Evaluation, 27*(2), 237-246.

Timmons, J. A., & Spinelli, S. (2009). *New venture creation entrepreneurship for the 21st century* (Eight edition ed.). New York: McGraw-Hill.

Treacy, M., & Wiersema, F. (1993). Customer intimacy and other value disciplines (pp. 84-93). Boston Massachusetts: Harvard Business Press

Tushman, M. L., & O'Reilly, C. A. (2002). *Winning through innovation: A practical guide to leading organisational change and renewal*. Boston, Massachusetts: Harvard Business School Press.

UNCTAD. (2005). *Improving the competitiveness of SMEs through enhancing productive capacity*. (UNCTAD/ITE/TEB/2005/1). United Nations, New York.

UNDP. (2009). *Labour Markets and the Rebuilding of Human Capital*. Comprehensive Economic Recovery in Zimbabwe Woorking Paper Series. Zimbabwe.

Varian, H. R. (2010). *Intermediate microeconomics: A modern approach* (8th ed.). New York: W. W. Norton & Company, Inc.

Venkataraman, S., Sarasvathy, S. D., Dew, N., & Foster, W. (2012). Whither the promise? Moving forward with entrepreneurship as a science of the artificial. *Academy of Management Review, 37*(1), 21-33.

Vos, A. d., Strydom, H., Fouche, C., & Delport, C. (2012). *Research at grass roots for the social sciences and human service professions* (Fourth Edition ed.): Van Schaik Publishers.

Weigelt, K., & Camerer, C. (1988). Reputation and corporate strategy: A review of recent theory and applications. *Strategic Management Journal, 9*, 443-454.

Welter, F. (2012). All you need is trust? A critical review of the trust and entrepreneurship literature. *International Small Business Journal, 30*(3), 193-212.

Whetten, D. A. (1989). What constitutes a theoretical contribution. *Academy of Management Review, 14*(4), 490-495.

Wiltbank, R., Dew, N., Read, S., & Sarasvathy, S. D. (2006). What to do next? The case for non-predictive strategy. *Strategic Management Journal, 27*, 981-998.

Wiltbank, R., Read, S., Dew, N., & Sarasvathy, S. D. (2009). Prediction and control under uncertainty: Outcomes in angel investing *Journal of Business Venturing, 24*, 116-133.

Wiltbank, R., Sudek, R., & Read, S. (2009). The role of prediction in new venture investing. *Frontiers of Entrepreneurship Research, 29*(2), 1 - 13.

Winborg, J., & Landstrom, H. (2001). Financial bootstrapping in small businesses: examining small business managers' resource acquisition behaviours. *Journal of Business Venturing, 16*(3), 235-254.

World Bank. (2010). Doing business 2011: Making a difference for entrepreneurs. United States: World Bank.

Wright, M., & Stigliani, I. (2012). Entrepreneurship and growth. *International Small Business Journal, 31*(1), 3-22.

Yin, R. K. (2009). *Case Study Research Designs and Methods* (4th ed.). USA: SAGE Inc.

Zimbabwe. (2008). *Indigenisation and Economic Empowerment Act, 2007*. Harare.

Zimbabwe. (2011). *Zimbabwe Medium Term Plan 2011-2015*. Harare: Printflow (Private) Limited.

Zimbabwe. (2012). *Industrial Development Policy (2012-2016)*. Harare.

Zimbabwe. (2013). *Zimbabwe agenda for sustainable socio-economic transformation (Zim Asset)*.

Zimbabwe. (2014a). *The 2014 mid-year fiscal policy review statement*. Harare: Printflow (Private) Limited.

Zimbabwe. (2014b). *Treasury Quarterly Bulletin Q1*. Ministry of Finance and Economic Development.

ZimStat. (2014). *Quarterly Digest of Statistics*. Harare: www.zimstat.co.zw.

Zuwarimwe, J., & Kirsten, J. (2010). The role of social networks in development of small-scale enterprises in the Chimanimani district of Zimbabwe. *Agrekon, 49*(1), 17-38.

APPENDIX A: ETHICS CLEARANCE CERTIFICATE

Research Office

HUMAN RESEARCH ETHICS COMMITTEE (NON-MEDICAL)
R14/49 Chidakwa

CLEARANCE CERTIFICATE	**PROTOCOL NUMBER H13/07/34**
PROJECT TITLE	Causation and effectuation in Southern Africa's high growth firms
INVESTIGATOR(S)	Mr AM Chidakwa
SCHOOL/DEPARTMENT	Wits Business School
DATE CONSIDERED	19/07/2013
DECISION OF THE COMMITTEE	Approved Unconditionally
EXPIRY DATE	15/08/2015

DATE 16/08/2013 **CHAIRPERSON** (Professor T Milani)

cc: Supervisor : Dr K Myres

DECLARATION OF INVESTIGATOR(S)

To be completed in duplicate and **ONE COPY** returned to the Secretary at Room 10003, 10th Floor, Senate House, University.

I/We fully understand the conditions under which I am/we are authorized to carry out the abovementioned research and I/we guarantee to ensure compliance with these conditions. Should any departure to be contemplated from the research procedure as approved I/we undertake to resubmit the protocol to the Committee. **I agree to completion of a yearly progress report.**

Signature **Date** ____/____/____

PLEASE QUOTE THE PROTOCOL NUMBER ON ALL ENQUIRIES

APPENDIX B: CASE STUDY PROTOCOL

1. INTRODUCTION

The study seeks to develop a theory of the entrepreneurial behaviour of individuals in Zimbabwe's high growth firms. Specifically the study will explore entrepreneurial processes, how entrepreneurs identify and evaluate opportunities, mobilise resources, whether they follow formal planning processes or not as well as transition from effectuation to causation and vice versa.

2. DATA COLLECTION PROCEDURES

a) Data will be collected from the following informants:

	Informant	**No. of interviews**
1	Founder	2
2	Managing Director/Chairperson	1
3	Finance Director	1
4	Business Development (Sales & Marketing) Director	1
5	Investor/Financier	1
	Total	**7**

b) The following preparation will be done before engaging the potential case candidate:

a) Get information about the case candidates from my contacts in industry and banks

b) Gather the company's information furnished on the website (if any?)

c) Search for public information about the company from the newspapers and magazines

d) Pre-interview site visit in order to familiarize myself with the company's operations

e) Engage the company following which arrangements for the interviews will be made.

c) The following should be available at the time of interviews:

	Documents	Remarks
1	Participant information sheet	To be given to the respondent
2	Two (2) copies of the Informed Consent Form	To be signed by both the Respondent and Researcher
3	Two (2)) copies of the Consent to Record Form	To be signed by both the Respondent and Researcher
4	Copy of the Ethics Clearance	
5	Relevant interview questions	

2.1 Protocol for Founders

Purpose: to elicit data from the founders regarding their entrepreneurial behaviour. The discussion will seek to capture both general and specific information regarding:

a) How the entrepreneur founded the venture

b) The decision making process – guiding objective (wealth maximisation or otherwise)

c) The behavioural adjustments of entrepreneurs during firm growth.

Key Question	***Possible Probing Questions***
(1) Tell me about your entrepreneurship journey.	How did you start your business? What goals did you have at the start of your venture? How did you discover or develop the idea for your firm? How did you evaluate your opportunity? How much capital did you invest? How did you raise it?
(2) Tell me more about the drivers of the growth of your business.	How did you develop and implement a strategy to first you're your product or service to the market? How did you finance the growth of your venture? How long did it take your venture to achieve positive cash flows (break-even) and/or profits? Who were the main partners that assisted you? At what stage did you engage these partners? How did you select them? How did they assist? What was your initial business idea? How does this compare with the current business model?

(3) Tell me about the behavioural changes that you embraced as your business grew.	What challenges did you face as your business grew? Describe your decision-making process at the start of your venture. How has the process changed over the years? If you had another chance of restarting your business, what would you do differently?
Close: **A.** Is there anything that you would want to add that I have not covered? **B.** Thank you for your time and information.	

Documents to request from the Founder: Initial & current business/strategic plans

2.2 Protocol for Chairperson/Managing Director

Purpose: to obtain the perspectives of the Chairperson/Managing Director regarding the company's entrepreneurial processes. The questions are designed to elicit information about:

a) The evolution of the business model over the years

b) Entrepreneurial processes that are prevalent in the firm under study

c) Views about the behavioural adjustments of the entrepreneur observed since inception.

Key Question	***Possible Probing Questions***
(1) Tell me about your journey as a director of a new business venture.	Tell me more about your understanding of the firm's initial business thinking. How does the initial thinking compare with the current business model?
(2) Tell me about your organisation's entrepreneurial processes	Comment on the opportunity evaluation process. Did you have a business plan at the start of your business? Comment on the usefulness of planning in new firms. Are there other approaches to new venture creation that you can think of?
(3) Tell me more about the factors underpinning the growth of your business.	What do you attribute your firm's growth to? Who are the major players that have assisted during the growth of your business? How have they assisted? What challenges have you faced as a result of business growth?
(4) Tell me more about the founder's behavioural changes that you have observed during the growth of business.	What aspects of the entrepreneurial behaviour had changed? How? How has the decision-making process evolved during the period?
Close: **A.** Thank you for your time and information. **B.** Is there anything that you would want to add that I have not covered?	

2.3 Protocol for Finance Director

Purpose: to obtain the perspectives of the Finance Director, who remains an important part of the Executive Management that is mandated with the development, implementation and overseeing the company's strategy. The questions are designed to elicit information about:

a) The evolution of the business model over the years
b) Opportunity evaluation process
d) Drivers of the venture growth, and
e) Views about the behavioural adjustments of the entrepreneur observed since inception.

Key Question	*Possible Probing Questions*
(1) Tell me about your journey as a director of a new business venture.	Tell me more about your understanding of the firm's initial business thinking. How does the initial thinking compare with the current business model?
(2) Tell me about your organisation's entrepreneurial processes	Comment on the opportunity evaluation process. What are the key areas that financiers look for in a project? To what extent do you rely on financial projections and appraisal techniques? What methods do you use to appraise opportunities, and why?
(3) Tell me more about the factors underpinning the growth of your business.	What do you attribute your firm's growth to? Who are the major players that have assisted during the growth of your business? How have they assisted? How have you been financing business growth? What challenges have you experienced as a result of business growth?
(4) Tell me more about the behavioural changes of the entrepreneur that you have observed during the growth of business.	How has the role of the founder evolved over the years and why? How has the decision-making process evolved during the period?
Close: c) Thank you for your time and information. d) Is there anything that you would want to add that I have not covered?	

Documents to request from the directors

	Documents
1	Annual reports (if available)
2	Sample business plans to financiers/investors

2.4 Protocol for Business Development / Sales & Marketing Directors

Purpose: to obtain the views of the Business Development / Sales & Marketing Directors regarding the company's:

a) Marketing and business development strategies, and
b) Strategic relationships with suppliers and customers

Key Question	*Possible Probing Questions*
(1) Tell me about your journey as a director of a new business venture	Tell me more about your understanding of the firm's initial business thinking. How does the initial thinking compare with the current business model?
(2) Tell me about your company's business development/marketing strategy process	Comment on the opportunity evaluation process. Do you have a marketing plan? Did the company have a marketing plan at its inception? Comment on the usefulness of a marketing plan in new firms. How often do you refer to marketing plan? How often to review the marketing plan in light of the evolving business conditions? Tell me about the analysis that do you when crafting your strategies
(3) Tell me more about the factors underpinning the growth of your business.	What do you attribute your firm's growth to? Comment on your firm's sources of competitive advantage How has the company's competitive advantage changed over time?
(4) Tell me more about the behavioural changes of the entrepreneur that you have observed during the growth of business.	How has the role of the founder evolved over the years and why? How has the decision-making process evolved during the period?
Close: a) Thank you for your time and information. b) Is there anything that you would want to add that I have not covered?	

Documents to request from the informant

	Documents
1	Corporate information memorandum giving the history of the company
2	Corporate brochures
3	Agreements with suppliers (if any)
4	Marketing plans – at the start of the business and the current

2.5 Protocol for Investor/Financiers

Purpose: to obtain the perspectives of financiers involved in providing essential start-up resources. The questions are designed to elicit information about:

a) The financier's decision making process.
b) Financiers' evaluation opportunity evaluation
c) What financiers require from clients in order to consider their requests for funding.

Key Question	***Possible Probing Questions***
(1) Tell me about your business relationship with …	How did you get into this relationship How has this relationship evolved over the years?
(2) What are the main considerations in your selection of a business partner to work with?	Comment on your approaches to establishing strategic relationships with new ventures. What do you look for in an investee company (founder and/or firm)?
(3) What do you think about the growth of Company …?	Are there differences between entrepreneurs who plan first and those who start without a formal plan?
(4) Tell me more about the changes that you have observed during the growth of Company …	How has the role of the founder evolved over the years? How has the decision-making process evolved during the period?
Close: **A.** Is there anything that you would want to add that I have not covered? **B.** Thank you for your time and information.	

2.6 Protocol for the Founders (2nd Interview)

Purpose: to obtain the final views of the Founder regarding his/her company's entrepreneurial processes after having discussed with other directors, financiers and key supplier. The questions are essentially a follow-up to issues that emerged from the earlier interviews.

Key Question	*Possible Probing Questions*
(1) Issues that emerged from the interviews, documentary analysis, observations etc.	TBA
Close: **A.** Thank you for your time and information. **B.** Is there anything that you would want to add that I have not covered?	

3. OBSERVATIONS

The candidate will observe the following events:

a) Management meeting where Senior Managers

b) The Managing Director's day – Monday morning

c) How staff make decisions by spending a morning in the Operations Department.

APPENDIX C: INTERVIEW CONSENT FORM

University of the Witwatersrand, Johannesburg
Interview Consent Form

Researcher	:	Arnold M. Chidakwa
Student number	:	691140
Programme	:	Doctor of Philosophy (PhD) Wits Business School, University of the Witwatersrand
Contact Details:		+263 712 873721 (ZIM) amchidakwa@yahoo.com

I am a student studying towards a PhD in entrepreneurial behavioural processes through the Wits Business School. My thesis title is "**Causation and effectuation in Zimbabwe's high growth firms**". You are being invited to participate in this study which is being conducted as a requirement for the doctoral studies at University of the Witwatersrand, Johannesburg.

Purpose of the Study

The study seeks to develop a theory of the entrepreneurial behaviour of individuals in high growth firms in developing countries. Specifically the study will explore decision making processes in high growth firms, including how entrepreneurs identify and evaluate opportunities, mobilise resources as well as whether they follow formal planning processes or not. The study also seeks to understand how firms make the transition from being entrepreneurial to professional.

Research Approach and Methods

To address the research purpose, a qualitative methodology will be employed. This will involve semi-structured interviews, observations and documentary analysis during the course of the study.

Participation

Participation in the study is voluntary. You may leave the study at any time. If you decide to stop participating in the study, your decision will not affect your future relationship with the researcher, and no penalty will be incurred.

Feel free to ask questions before making your decision whether or not to participate. If you decide to participate, you will be asked to sign this form as confirmation of your consent to participate and will receive a copy of the signed form for your records.

Procedures

During the interview, the researcher will ask the participant a set of pre-defined questions. The researcher will remain impartial throughout the interview process.

The participant is encouraged to answer questions freely and to the best of their knowledge and understanding.

Data will be recorded using a digital audio recorder. It will be stored on a password protected hard drive once the recording has been transcribed.

Duration

The duration of the interview is estimated to take approximately 45 minutes to an hour. Observations are expected to be done over two days.

Location of research activities

All research involving you, especially semi-structured interviews and observations, will be conducted at your offices.

Data storage

The researcher's memos, laptops, digital audio recorder and the transcriptions will be stored in a locked filing cabinet in the researcher's office. All computer files will be password protected.

Confidentiality

Information provided and/or shared with the researcher shall remain confidential.

Anonymity

The researcher will take care to keep your details anonymous by reporting patterns rather than specific individual perceptions and experiences. Further, privacy and anonymity will be assured by replacing names and other information in transcripts with encoded identifiers, with the encoding key kept in a different secure location. Individual comments will not be identifiable.

PARTICIPANT CONSENT FORM

The Participant:

I have read (or someone has read to me) this form and I am aware that I am being asked to participate in a research study. I have had the opportunity to ask questions and have had them answered to my satisfaction. I understand that my participation is voluntary and that I am free to withdraw at any time, without giving reason.

Signed at _____On this day _____

Signature: _____ Date: _____

Researcher:

I have explained the research to the participant before requesting the signature(s) above. A copy of this form has been given to the participant.

Signed at _____On this day _____

Signature: _____ Date: _____

AUDIO RECORDING CONSENT FORM

The Participant:

I have read (or someone has read to me) this form and I am aware that the interview in which I have agreed to participate, will be recorded using a digital audio recorder. I have had the opportunity to ask questions and have had them answered to my satisfaction. I understand that my participation is voluntary and that I am free to withdraw at any time, without giving reason.

I agree to the interview being audio recorded. ☐

<u>Important Note</u>: Audio recorder will not be utilised where the participant has indicated that he/she would not like the interview to be recorded.

Signed at _____On this day _____

Signature: _____Date: _____

Researcher:

I have explained the research to the participant before requesting the signature(s) above. A copy of this form has been given to the participant.

Signed at _____On this day _____

Signature: _____ Date: _____