

Entrepreneurial Orientation amongst Collective Investment Schemes (CIS): Transition to Venture Capital Service in South Africa

*A research report submitted to the Faculty of Commerce, Law and
Management, University of the Witwatersrand, in partial fulfilment of the
requirements for the degree of Master of Management in Entrepreneurship
and New Venture Creation*

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ABSTRACT

Literature shows that there is limited research on Entrepreneurial Orientation (EO) in the Middle East, Latin America, and Sub-Saharan African countries. At the same time, despite its potential as a source of finance for entrepreneurship, stokvels are still shaped by their cultural roots, where the majority still function under the old operating model of rotating funds amongst its members and grocery purchases.

The purpose of the study was to assess the impact of EO on Collective Investment Scheme's capability to invest in a new product, entering an established market or investing in a new venture.

The study used a positivism research philosophy, and the research design was based on a cross-sectional approach. The target population for this study was limited to investment stokvel groups in Gauteng that were founded for purely investment purpose. An online survey questionnaire was used as a method of data collection, with 131 members from different Collective Investment Schemes responding to the survey.

The results from the study indicated that new entry plays a mediating role in the relationship between the three dimensions of EO (innovativeness, risk-taking, and competitive aggressiveness) and business performance (profit and efficiency) of Collective Investment Schemes.

This research contributes to the literature as it illustrated Collective Investment Schemes' ability to anticipate, pursue and exploit entrepreneurial opportunities that exist in the environment. It also affirmed the application of EO theory in a different cultural setting and that it remains an active driver of business performance.

Key words: ROSCAs; Investment Stokvels; Business Performance; New Entry; Entrepreneurial Activities

DECLARATION

I, Lesiba Mokoka, declare that this research report is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Management in the Field of Entrepreneurship at the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

Lesiba Mokoka

Signed at

On the day of 2019.

DEDICATION

This thesis is dedicated to my loving wife, beautiful children and my late mother.
To God be the glory.

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Firstly, I would like to thank my wife, Boipelo and children for allowing me to steal their time and to pursue the MMENVC programme. To Sandile Hogana, thank you for being the big brother, coach, and mentor who encouraged me to study further and seek new knowledge.

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CHAPTER 1: INTRODUCTION

1.1 Purpose of the study

The purpose of this study is to investigate the entrepreneurial orientation of Collective Investment Schemes (CIS), also known as Stokvels, to examine their ability to invest in entrepreneurial activities, such as creating new products or ideas, entering into an established market, or starting a new venture.

1.2 Theoretical background to the study

The concept of an Entrepreneurial orientation (EO) to explain the mindset of firms engaged in pursuing new ventures provides a useful framework for researching entrepreneurial activity (Lumpkin & Dess, 2001). Entrepreneurs with EO have the ability to identify and exploit opportunities in the market. EO provides small businesses with the ability to discover new business opportunities and the discovery of new opportunities enhances their differentiation from other firms (Wiklund & Shepherd, 2005; Omisakin, et al., 2016). It is not only concerned with just opportunity identification but also the ability for firms to innovatively use their existing resources to aggressively and proactively act on the opportunities. As a result, firms that have high EO are more likely to behave entrepreneurially and have a competitive edge.

In South Africa, the estimated amount of funds held in savings by stokvels is valued at R49 billion rands (Groenewald, 2017). However, the use of money from stokvels in South Africa appears to contrast with poor people in other places such as Ghana, Kenya, and Bangladesh, where a significant percentage of the funds from micro credit and saving schemes are invested in SMME activities (Arko-Achemfuor, 2012). At the same time, sourcing funds for start-up firms in South Africa is problematic in that there are not enough funds to go around (van Deventer & Mlambo, 2008). However, stokvels have available resources to provide financial capital and social networks for entrepreneurs during start-ups and also for established firms. Welter and Kautonen (2005) argue that social

networks can assist in mobilising resources, getting support and help, creating legitimacy during start-up and growth, and establishing viable business relations. Stokvels have the capabilities to proactively seek new sustainable investment opportunities by willing to take calculated risks and become innovative. However, they continue to pursue the safer option of investing in activities that have high certainty of return on investment. Despite the resources that exists within the group, they continue to show characteristics which are normally not displayed by entrepreneurs. According to Amit, Glosten, and Muller (1993) , an entrepreneur is characterised as having an unusual low level of uncertainty aversion.

The inclusion of Stokvel savings in long-term higher risk investments cannot be pursued by all Stokvels, because too many of them are involved in short-and medium-term subsistence needs (Verhoef, 2001). This study explores the Collective Investment Scheme's capability and decision making that may lead them to new entry, which can either be investing in a new product, entering an established market or investing in a new venture. The focus of this research is on Investment Stokvel segment and the term Collective Investment Scheme (CIS), will be used to refer to Investment Stokvels.

1.3 Context of the study

According to Urban (2007), Africa is significantly characterised as a collectivist continent where community support is key for the individual's development. It is through collectiveness within the society that Collective Savings Schemes were established to create a savings mechanism where people can easily have access to funds in case of emergency. Worldwide, the Collective Savings Schemes are known as rotating savings and credit associations (ROSCAS) and as Callier (1998) emphasised, the logic of the ROSCAS is the logic of collective action. Conversely, they are not found in societies where individualism is strong, where people are only weakly tied to each other, and where actors believe that financial and occupational mobility can be achieved by personal efforts (Biggart, 2001). Adams and Canavesi de Sahonero (1989) define ROSCAS as an informal institution in which groups of individuals save, share risks, and borrow. Different types of ROSCAS exist, with each serving different a purpose, namely, Rotating

Savings Association, Rotating Savings and Credit Association, Savings Association and Credit Association (Seibel, 1985). In South Africa, ROSCAS are known as stokvels, and they are predominantly active in black communities where most do not have access to financing from formal banking institutions.

Venter, et al. (2015) describe the various types of stokvels which predominantly include: general savings clubs, i.e., rotational savings and credit associations, accumulated savings and credit associations, also known as investment stokvels, burial societies and entertainment or high-budget stokvels. However, while burial stokvels make up the bulk of the stokvel sector, investment stokvels make up 4% of the industry, and are beginning to become more prominent (Ndwemi, 2015). Stokvels are popular mechanism for lower income individuals to commit themselves to savings (Gugerty, 2007). In most communities, their funds are placed in a bank account and then redistributed at a later stage, most often just before the festive season begins. Throughout the years, the stokvels have been defined as being part of the informal economy where funds are exchanged between members and saved in a bank account to provide financial security. They are classified under the informal market mainly because they operate outside the control of state credit laws (Seibel, 1985). The arrangements made amongst the members allow people who find it difficult to raise money to periodically have access to relatively substantial amounts of capital useful for business purposes, consumption or income smoothing (Biggart, 2001). Funds collected by members are used for various purposes, such as providing funds in the form of loans to individuals or entrepreneurs in the community. However, this does not mean that they operate in an unstructured environment. Stokvel members have developed a constitution which binds each member, and their agreement is based on trust, commitment and shared understanding that each one will make the contribution or repay the amount borrowed. They stipulate a constant contribution to be paid at regular dates and with an equal lump-sum transfer to be received randomly in the future (Ambec & Treich, 2003). According to Gugerty (2007), many ROSCAS participants bind their hands with a pre-commitment mechanism in which participants agree in advance on how they will use their funds and the group monitors the individual to ensure that she honours her commitment.

The majority of stokvels still operate under the old traditional model of rotating funds, providing for social well-being and are not self-sustaining. Income generated is predominantly from members' contributions and interest earned from savings. However, investment stokvels have slowly shown basic entrepreneurial characteristics as some have established entities that provide loans to entrepreneurs at lower interest compared to formal financial institutions. Some of their funds are invested in properties and the stock market while the rest remain in bank accounts where it gathers interest. The proceeds are usually saved with the common goal of carrying out capital projects, purchasing an expensive significant commodity, or investing in a business venture, property, or equity (Verhoef, 2001). Investment stokvels display similar characteristics to crowdfunding where funds are pooled to fund entrepreneurial activity such as providing equity to start-ups. Microfinance, crowdfunding, and peer-to-peer lending provide excellent examples of new financial alternatives that were originally shaped by their institutional roots but are now diverging and adapting to new settings (Bruton, Khavul, Siegel, & Wright, 2015). Adapting to new settings requires a different mindset and human capital. Furthermore, firms managed by multiple business partners have better business performance than those managed by an individual as they bring different skills set and experience. According to Shrader & Siegel (2007), high growth firms are typically launched and grown by teams of entrepreneurs, not individuals. This is because each entrepreneur brings their own unique set of personal motivations and characteristics to interact with their specific host society and business environment, which is then translated into entrepreneurial activities and behaviour (Morrison, 2000). With all the resources at their disposal, it is interesting that Collective Investment Schemes have not actively been involved in entrepreneurial activities. EO is a construct that addresses the mindset of firms engaged in the pursuit of venture creation and provides a useful framework for research into entrepreneurial activity (Naldi, Nordqvist, Sjöberg, & Wiklund, 2007). It helps firms identify and act on opportunities in the market. Firms with high EO are able to extract value from existing ventures and gain competitive advantage. Some organizations find their pursuit of new opportunities a difficult challenge, yet other similar organizations seem to have little difficulty (Krueger, 2007).

1.4 Problem statement

Despite the resources at their disposal and the emergence of investment stokvels in urban communities, Collective Investment Schemes have not been able to tap into entrepreneurial opportunities that exist in the country. They have been unable to increase their profits by either creating new products or entering new markets. Additionally, studies on stokvels have mainly been focusing on its social benefits and still define as being part of the informal economy.

1.4.1 Main problem

Investigate the Entrepreneurial Orientation (EO) of Collective Investment Schemes (CIS) or stokvels, and their ability to invest in entrepreneurial activities and their performance.

1.4.2 Sub-problems

- **Sub-problem 1:** Assess the impact of EO on the ability of CIS to invest in new ventures.
- **Sub-problem 2:** Evaluate the impact of New Entry on CIS' business performance.
- **Sub-problem 3:** Assess the influence of New Entry on the relationship between EO and business performance.

1.5 Research question and aims of the study

Main research question: To what extent are Collective Investment Schemes entrepreneurial and how does their EO affect their activities and performance?

Sub-question 1: What is the impact of EO dimensions on the entrepreneurial activities of Collective Investment Schemes?

Sub-question 2: Does New Entry lead to higher levels of CIS business performance?

Sub-question 3: To what extent does New Entry mediate both Entrepreneurial Orientation and business performance of Collective Investment Schemes?

1.6 Conceptual/theoretical definition of terms

- **Stokvels** can in general terms, be defined as an umbrella term used to describe informal savings organisations in the African community in South Africa (Mashigo & Schoeman, 2012).
- **Collective Investment Schemes (CIS)** can be described as an investment product that allows many different investors to pool their money into a portfolio (Financial Service Board, 2017).
- **Crowdfunding** is the financing of a project by a group of individuals (collectively, "the crowd") instead of professional "accredited" entities or individuals such as banks, venture capitalists or business angels (Mitra, 2012).
- **Entrepreneurship** is defined as a context-specific social process through which individuals and teams create wealth by bringing together unique packages of resources to exploit marketplace opportunities (Hitt, Ireland, Sirmon, & Trahms, 2011).
- **Entrepreneurial Orientation (EO)** refers to the strategy-making processes that provide organisations with a basis for entrepreneurial decisions and actions (Lumpkin & Dess, 1996; Wiklund & Shepherd, 2003, Rauch et al., 2009).
- **New Entry** is the act of launching a new venture, either by a start-up firm, through an existing firm, or via "internal corporate venturing" (Burgelman, 1983; Lumpkin & Dess, 1996)
- **Entrepreneurial activity** is the enterprising human action in pursuit of the generation of value, through the creation or expansion of economic activity, by identifying and exploiting new products, processes or markets

(Ahmad & Seymour, Defining entrepreneurial activity: Definitions supporting frameworks for data collection, 2008).

1.7 Contribution to the study

Literature review reveals that despite having been examined in several countries, EO remains virtually unexamined in several strategically important countries such as Brazil, India, and Russia, as well as in several other country clusters (e.g., Middle East, Latin America, and Sub-Saharan Africa) (Wales, Gupta, & Mousa, 2013). This study adds to the theory of knowledge by exploring EO's application in Sub-Saharan African countries. The lack of empirical EO research in these cultural clusters provides the opportunity for further exploration into the applicability of, and ability to generalise, EO research internationally (Wales, Gupta, & Mousa, 2013). From a literature perspective, further research in other business cultures is needed to determine generalisability (Wiklund & Shepherd, 2005).

According to Khan and Lightfoot (2013), most of the research studies on ROSCAs associate these with financing household expenses, and little attention has been paid to the ROSCAs as investment finance that can provide sustainable financing options in the long run. Studies on stokvels have mainly been focusing on its social benefits and less on entrepreneurship, including its role as a source of finance for entrepreneurship. Similar to ROSCAs in Pakistan, despite its importance as a source of finance for SMEs, it has not attracted scholarly attention (Ullah, Naimi, & Yusoff, 2016). The findings of this study can be used to drive the adoption of the entrepreneurial mindset and action amongst stokvels that is different from traditional investment opportunities which are currently being used to generate revenue.

1.8 Conclusion

This chapter highlights the social and economic impact of stokvels to people who are unable to get funds from the formal financial sector. As a result, they are still defined as being part of the informal economy. Stokvels allows the people to save

their money and easily have access to funds in case of emergency. At the same time, it is seen as a reliable source of capital for start-ups. Most of the funds contributed by members is placed in bank's savings and investment accounts, yielding low returns. Income generated is predominantly from members' contributions and interest earned from savings. Their operational model is still shaped by their institutional roots and has not deviated to new settings. Most of the funds are used for consumption and less on entrepreneurial activities.

However, many of the stokvels are now becoming more formal as some have established entities that provide loans to entrepreneurs at lower interest compared to formal financial institutions. These formal investment stokvels have slowly shown basic entrepreneurial characteristics as some have established entities and have invested their funds in properties and stock market. However, they have not been able to exploit their existing resources to aggressively and proactively act on the opportunities.

The study assesses the ability of Collective Investment Schemes to evolve from their current traditional business model of rotational savings and invest in a new product, entering an established market or investing in a new venture.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

The review of literature of this research was based on social entrepreneurship with a focus on Collective Investment Schemes (CIS) to explore the current form on how it could evolve into an entrepreneurial firm that enables it to be part of the mainstream economy.

The structure of the literature review was broken into different components by looking at the existing literature done on ROSCAs, stokvels, entrepreneurship and entrepreneurial orientation.

2.2 Literature background

This section provides the theoretical background of the ROSCAs or stokvels and their culture, after that defining entrepreneurship and entrepreneurship orientation along with its characteristics. It also explores the opportunity and probability of stokvels to be entrepreneurial.

2.2.1 ROSCAs in South Africa

ROSCAs do not just fulfil an economic function; they are arguably equally as important in structuring community and relationships (Khan & Lightfoot, 2013). They flourish in economic settings where formal financial institutions seem to fail to meet the needs of a significant fraction of the population (Klonner, 2003). According to Kedir and Ibrahim (2011), ROSCAs bring borrowers and savers together, with early recipients of the fund being borrowers and the late ones acting as savers/lenders. Research done by Old Mutual (2011, cited in Arko-Achemfuor, 2012) found that funds realised by members in stokvels are mainly used for food, Christmas shopping, furniture and appliances, school fees, funerals and paying debts. Makhubela, Nyapfungwe, and Dhliwayo (2015) identified stokvels for different purposes, such as burials, holidays, savings, investments, grocery purchases and so on. Evidence suggests that many of the stokvels are

now becoming more formal, upmarket saving schemes (Groenewald, 2017) and those consist mainly of investment stokvels in urban areas. Verhoef (2001) argues that investment stokvels emerged only with the growing affluence of Africans in urban communities because regular contributions are relatively high.

In addition, Verhoef (2001) highlighted the emergence of stokvels as such a strong intermediary in the informal financial sector that the South African Reserve Bank included them in the regulatory framework of financial institutions in 1994. As an important resource for small business owners in many developing economies, their economic importance for entrepreneurship should not be understated (Khan & Lightfoot, 2013). According to Buckley (1997), ROSCAs are popular among microentrepreneurs, offering them a self-sufficient, voluntary-based organizational framework through which to save and borrow. Beside its capital funds, stokvel's social network can also play a significant role to help start-ups and existing enterprises, and according to Anderson, Park, and Jack (2007), its network of connected individuals can employ the social capital present in the network to unlock or gain access to other resources. There is a need to explore new and existing sources of finance for the small enterprise if we are to see it realise its potential, particularly in growing economies and ROSCAs are a flexible and simple way of raising the capital (Khan & Lightfoot, 2013).

2.2.2 Entrepreneurs and Entrepreneurship

According to Anderson, Park, and Jack (2007), entrepreneurs are a product of their social environment, they will be conditioned by that environment and may even perceive opportunities in a manner that is influenced by their social background. An entrepreneur is seen as the person who bears risk and possesses psychological capacity to energise and co-ordinate entrepreneurial activities (Omisakin, Nakhid, Littrell, & Verbitsky, 2016). Schumpeter (1934, cited in Vij & Bedi, 2012) considered an entrepreneur as an economic man who tries to maximise his profits by making innovations in any one of the following fields: (1) new products; (2) new production methods; (3) new markets; or (4) new forms of organisation. The decision to act entrepreneurially derives from individuals' beliefs concerning the likely outcomes of the behaviour and how they evaluate

these outcomes (Malebana & Swanepoel, 2015). Entrepreneurs generally accept that entrepreneurship involves risk-taking and are willing to take risks in return for potential rewards (Kropp, J, & Shoham, 2006).

Hitt et al. (2011) define entrepreneurship as a context specific social process through which individuals and teams create wealth by bringing together unique packages of resources to exploit marketplace opportunities. According to Ahmad and Seymour (2008), entrepreneurship is characterised as activity in new markets, processes and/or products, which in turn, is characterised by the creation of new businesses. Govender and Urban (2016) define entrepreneurship as a concept that is not only reserved for the domain of start-up companies, but rather it is a broader principal that is applicable to a spectrum of businesses, independent of size, industry or geography. The essential act of entrepreneurship is New Entry (Lumpkin & Dess, 1996). That is, entrepreneurship is understood around the world as manifested through acts of New Entry (Covin & Miller, International entrepreneurial orientation: Conceptual considerations, research themes, measurement issues, and future research directions, 2014). Furthermore, entrepreneurship stems from the orientation of new ventures towards the identification of market opportunities that are not yet discovered and/or under-exploited by competitors (Filser & Eggers, 2014). Throughout history, entrepreneurship has been found to be important and meaningful in society at points of transition, for example, traditional to modern, modern to post-modern, and state-controlled economies for free-market (Morrison, 2000).

An entrepreneurial firm is defined as one that exhibits five entrepreneurial behaviours, namely autonomy, competitive aggressiveness, innovativeness, pro-activeness and risk-taking (Lumpkin & Dess, 1996; Short et al., 2009).

2.2.3 Crowdfunding

According to Bruton, et al. (2015), the lack of access to capital in both developed and developing economies is one of the critical resource constraints that has driven the demand for alternative sources of financing for early-stage ventures. However new alternative forms of finance, including micro-lending, crowdfunding, and peer-to-peer financing, have the potential to bridge the gap between supply

and demand for entrepreneurial finance (Bruton, Khavul, Siegel, & Wright, 2015). According to Meyskens and Bird (2015), crowdfunding facilitates the financing process by providing a platform that enables individuals passionate about an idea or cause to easily invest small amounts of capital and to share the idea with others. Meyskens and Bird (2015) further explain that the process of crowdfunding is in many aspects similar to the financing of any entrepreneurial endeavour, but everything is done online. It has emerged as a way of levelling the playing field and allowing individual investors an opportunity to pool relatively small amounts of money together to meet the funding requirements of new or expanding ventures (Bruton, Khavul, Siegel, & Wright, 2015). Khan and Lightfoot (2013), in their study, emphasised that ROSCAs offer an important source of finance for small and growing businesses but is one that is ignored within policy circles and taken for granted by its users.

2.3 Entrepreneurial Orientation theory

Lumpkin and Dess (1996) describe entrepreneurial orientation as the processes, practices and decision-making styles of firms that act entrepreneurially. It represents the policies and practices that provide a basis for entrepreneurial decisions and actions, and may be viewed as the entrepreneurial strategy-making processes that key decision makers use to enact their firm's organisational purpose, sustain its vision, and create competitive advantages (Rauch, Wiklund, Lumpkin, & Frese, 2009). According to Wales (2016, cited in Mthanti & Ojah, 2017), a high EO indicates a willingness of firms to do things differently than their peers. Lumpkin and Dess (1996, cited in Vij & Bedi, 2012) further define EO as a construct shown by a firm that exhibits five entrepreneurial behaviours, namely innovativeness, pro-activeness, risk-taking, competitive aggressiveness, and autonomy. These dimensions define EO as the processes, practices, and decision-making activities that lead to New Entry (Hussain, Ismail, & Akhtar, 2015). However, a review of the literature shows that the three most common components are proactiveness, risk-taking, and innovation (Kropp, J, & Shoham, 2006). EO can also be seen as combining existing resources in new ways to develop and commercialise new products, move into new markets, and/or service new customers (Hitt et al., 2001; Tajeddini, 2010). This research

follows Miller (1983); Covin and Slevin (1989); Lumpkin and Dess (1996)'s conceptualisation of EO based on five independent dimensions. By studying all five dimensions of EO, we can ascertain whether all five dimensions exist at the same level of intensity (Vora, Vora, & Polley, 2012). This can inform theory by suggesting which dimensions may be more important to study, as well as to practice, by providing guidance regarding which dimensions are key for firms interested in developing EO (Vora, Vora, & Polley). These five dimensions, defined as behaviours of the organisation, provide an indication of the organisation's entrepreneurial nature (Langkamp Bolton & Lane, 2012).

2.3.1 *Innovativeness*

Innovativeness describes the predisposition to engage in creativity and experimentation resulting in the launch of new products or services (Karmann, Mauer, Flatten, & Brettel, 2016). It reflects a firm's tendency to engage in and support new ideas, novelty, experimentation, and creative processes that may result in new products, services, or technological processes (Lumpkin & Dess, 1996). According to Vij and Bedi (2012), Innovativeness of entrepreneurs is measured by their willingness to try new ways which are different from the existing. Innovativeness requires that firms depart from existing technologies and practices and venture beyond the current state of the art (Dess & Lumpkin, 2005).

2.3.2 *Pro-activeness*

Lumpkin and Dess (2001) define Pro-activeness as an opportunity-seeking, forward-looking perspective involving introducing new products or services ahead of the competition and acting in anticipation of future demand to create change and shape the environment. According to Dess and Lumpkin (2005), it refers to a firm's efforts to seize new opportunities. It also reflects the willingness of a firm to be unconventional rather than rely on traditional methods of competing (Vij & Bedi, 2012). Proactiveness in entrepreneurship connotes firms acting in anticipation of future problems, needs, and/or change (Omisakin, Nakhid, Littrell, & Verbitsky, 2016).

2.3.3 Risk-taking

Lumpkin and Dess (2001) define risk-taking as the tendency to take bold actions such as venturing into unknown new markets and committing a significant portion of resources to ventures with uncertain outcomes. Antonites and Wordsworth (2009), describe risk as the possibility of innovation having an unwanted result. Positive risk-taking often leads to entrepreneurial success (Omisakin, Nakhid, Littrell, & Verbitsky, 2016). According to Hughes and Morgan (2007), without a degree of risk-taking, firms delay or refrain from introducing innovations, from undertaking exploitative activities and react conservatively to changing market conditions. The decision to start business venture is affected by the level of risk preference, whether it is low, moderate and high (Garba, 2011).

2.3.4 Competitive aggressiveness

Competitive aggressiveness is the intensity of a firm's effort to outperform rivals and is characterised by a strong offensive posture or aggressive responses to competitive threats (Rauch, Wiklund, Lumpkin, & Frese, 2009). Competitive aggressiveness mobilises continuous competitor assessment above environmental assessment so that opportunities to exploit the firm's strengths and competitors' weaknesses are sought and taken advantage of (Hughes & Morgan, 2007). As an avenue of firm development and growth, competitive aggressiveness may involve being very assertive in leveraging the results of other entrepreneurial activities such as innovativeness or proactiveness (Dess & Lumpkin, 2005).

2.3.5 Autonomy

Autonomy describes giving an individual or team within the firm the necessary authority and independence to develop business concepts and visions and carry them through to completion (Hughes & Morgan, 2007). According to Lumpkin and Dess (1996), it is the freedom granted to individuals and teams who can exercise their creativity and champion promising ideas that is needed for entrepreneurship to occur. When a firm offers autonomy to its staff, it motivates its staff in a positive

manner which may lead to higher firm performance (Omisakin, Nakhid, Littrell, & Verbitsky, 2016).

2.4 New Entry

New Entry is the central idea underlying the concept of entrepreneurship (Lumpkin & Dess, 1996). It is a multifaceted phenomenon involving launching a new product, entry into a new market and establishing a new venture (Wales, Wiklund, & McKelvie, 2015). According to Covin and Wales (2012), successful new entry may be achieved when only some of the EO dimensions are operating in a firm.

2.4.1 Hypothesis 1

According to Wales, et al. (2015), firms with higher EO are likely to search for and identify new markets, launch new products and are more likely to identify opportunities to launch new ventures. In addition, a strategic EO leads to actual entrepreneurial behaviour, such as entering new markets and manufacturing new product (Aloulou & Fayolle, 2005). Therefore, the following hypothesis is derived.

Hypothesis 1a: CIS' that are entrepreneurially orientated are more likely to invest in a new product or idea.

Hypothesis 1b: CIS' that are entrepreneurially orientated are more likely to enter into new markets

Hypothesis 1c: CIS' that are entrepreneurially orientated are more likely to establish new ventures

2.5 Business Performance

Research by Wiklund (1999; cited in Mahmood & Hanafi, 2013) confirmed that there is a positive relationship between entrepreneurial orientation and performance. According to Lumpkin and Dess (1996, cited in Wales, et al., 2013), EO translates into improved performance through new entry. In their study,

Murphy et al. (1996, cited in Gautam, 2016) applied the subjective measurement to measure three performance measurement dimensions, which are efficiency, growth, and profit. Consequently, this study employed a similar approach to measure new entry. An objective approach was not utilised as collecting objective data is very difficult as the owner/managers are not willing to disclose the firm's information to outsiders (Aziz, Mahmood, Tajudin, & Abdullah, 2014).

2.5.1 Hypothesis 2

By undertaking new entry, EO improves firm performance by increasing the chance that the organisation will achieve an above-average return on investment of its capital (Wales, Wiklund, & McKelvie, 2015). Therefore, the following hypothesis is derived.

Hypothesis 2a: *The relationship between entrepreneurial orientation and business performance is mediated by launching new products.*

Hypothesis 2b: *The relationship between entrepreneurial orientation and business performance is mediated by entering new markets.*

Hypothesis 2c: *The relationship between entrepreneurial orientation and business performance is mediated by launching new ventures.*

2.6 Conceptual framework of hypotheses

The conceptual framework is derived from the literature review of the relationship between entrepreneurial orientation and new entry. The relationship between EO and new entry is shown below.

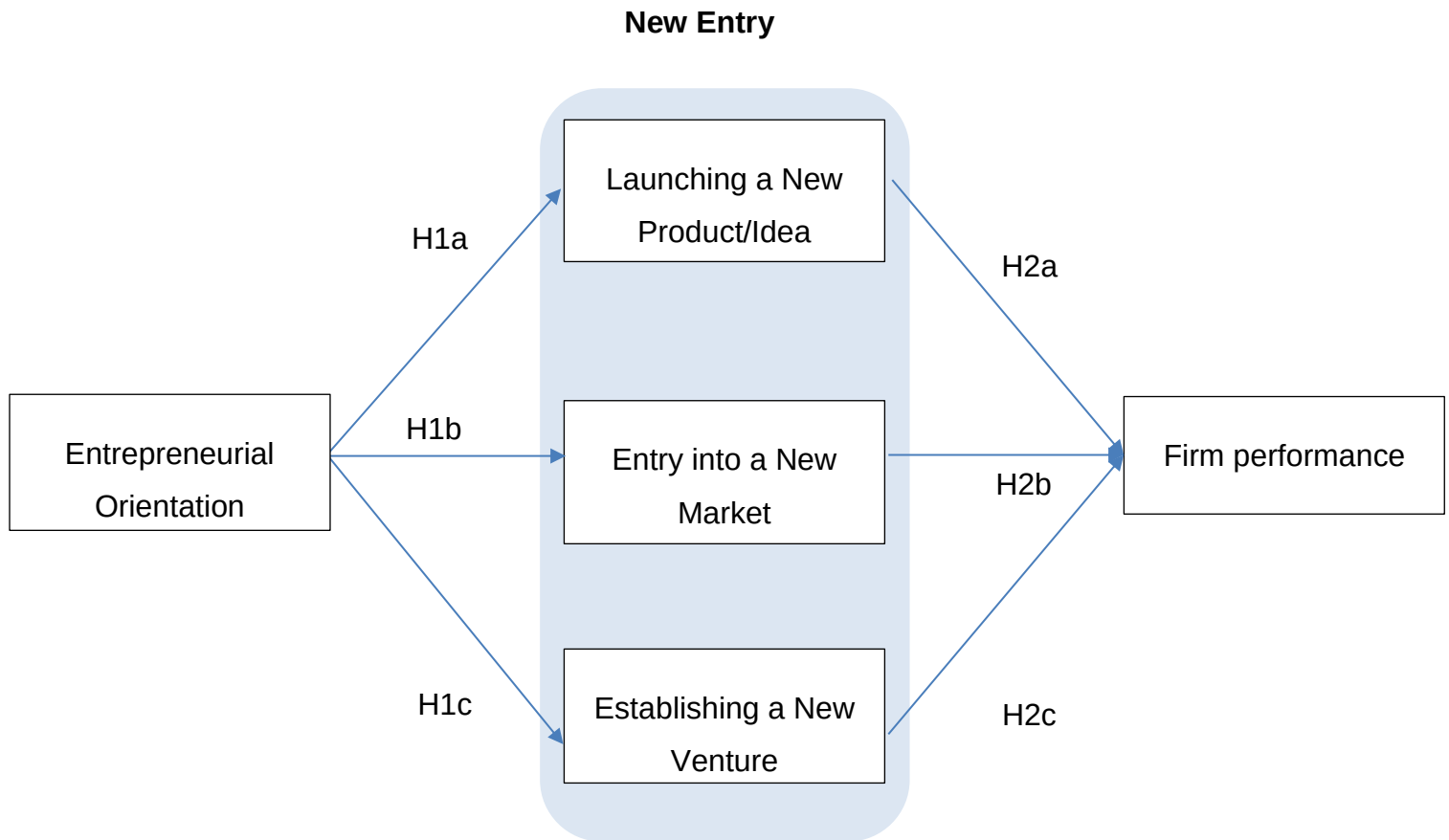


Figure 1: Conceptual moderation model for the research

Source: (Miller, 1983; Lumpkin & Dess, 1996; Wales, et al., 2013)

Rather than merely adopt a selective approach to the analysis of EO, the EO construct is examined as specified by the conceptualisation of Lumpkin and Dess (1996; cited in Hughes & Morgan, 2007), where it is operationalised through five dimensions which are risk-taking, innovativeness, proactiveness, competitive aggressiveness, and autonomy. New Entry was measured in terms of investing in a new product or idea, entering a new market and establishing a new venture. By adopting Lumpkin and Dess (1996)'s conceptual model, EO was the antecedent variable, new entry was the mediating variable, and firm performance was the outcome variable.

2.7 Conclusion of Literature Review

This research contributes to the literature as it illustrates Collective Investment Schemes' ability to anticipate, pursue and exploit entrepreneurial opportunities that exist in the environment. The importance of entrepreneurship to the economy

is reflected in its growing visibility as a topic in the popular business press as well as the increased attention it has received in the scholarly business literature (Lyon, Lumpkin, & Dess, 2000). This study highlights key attributes that could help CIS to participate in entrepreneurship actively. According to Dess and Lumpkin (2005), many fast-growing young corporations attribute much of their success to an entrepreneurial orientation. The five antecedents of EO act as independent variables to assess the CIS entrepreneurial orientation while the measures for new entry is new markets, new products, new ventures. The firm performance is the dependent variable.

CHAPTER 3: RESEARCH METHODOLOGY

This chapter describes the methodology adopted to conduct the study along with the research instrument used to collect the data.

3.1 Research Paradigm

The study used a positivist approach using an online survey research questionnaire. The positivist paradigm is regarded as a research strategy and approach that is rooted in the ontological principle and doctrine that truth and reality is free and independent of the viewer and observer (Aliyu, Bello, Kasim, & Martin, 2014). This research study used a quantitative method to collect data and the results is based on descriptive analysis of CIS. As Bhattacharjee (2012) alluded, positivist research uses predominantly quantitative data.

3.2 Research Design

The study was based on a cross-sectional approach. According to Mann (2003), many cross-sectional studies are done using questionnaires. An online survey research questionnaire was used for this research study. A cross-sectional study may be prone to non-response bias if participants who consent to take part in the study differ from those who do not, resulting in a sample that is not representative of the population (Sedgwick, 2014). The research study was limited to Collective Investment Schemes that were based in Gauteng; therefore, the sample collected was not the full representation of the entire population. Because most cross-sectional surveys are completed by a single respondent at a single point in time, this form of research is believed to be especially prone to potential common method variance CMV bias (Jap & Anderson 2004; Rindfleisch, et al., 2008). However, for this research, data was collected from multiple stokvels to reduce the CMV bias.

3.3 Population and Sample

3.3.1 Population

The target population for this study was limited to stokvel groups in Gauteng that were founded for a purely investment purpose. A study by African Response research company revealed that there are 811 830 stokvels in South Africa (African Response, 2018). The study further highlights that 4% are investment stokvels and 56% of them are in Gauteng (African Response, 2018)

3.3.2 Sample and sampling method

Due to the study being limited to CIS in Gauteng, the convenience sampling technique was used. Different CIS were contacted through their elected leaders with an average membership of more than 10, which have set their focus on investments. These CIS were registered business entities and had discretionary financial resources to invest. Lastly, most of the members (more than half) must have been with the investment schemes from the inception. According to Hutcheson and Sofroniou (1999, cited in Beavers, et al. 2013), at least 150-300 cases is sufficient to produce a reliable factor analytic solution. Therefore, for this research, 150 was the targeted sample. However, based on prior research experience, Barlett et al. (2001) anticipated that a response rate of 65% would be achieved. Therefore, the total targeted population size was 290.

Table 1: Sampling of respondents

Variable	Description
Target population =290	Targeted sample factoring the response rate
Target sample = 150	Expected number of responses excluding incomplete questions and non-responses
Geography	Gauteng Province
Sampling unit	CIS groups
Respondents: at least 50 per CIS	Leaders and members of CIS

3.4 The research instruments

The research instrument utilised for data collection was a self-administered online questionnaire (see Appendix A) consisting of closed-ended questions. The questionnaire used was from a previous established entrepreneurial orientation questionnaire developed by Covin and Slevin (1989), based on the previous study by Miller (1983), using a seven-point scale (1= strongly disagree, 7= strongly agree) to assess the items. According to Wales, et al. (2015), New Entry, like EO is also typically measured using the Covin and Slevin (1989) instrument. Five binary yes/no items each reflecting an aspect of New Entry were combined to construct the variable, New Entry (Lumpkin & Dess, 1996; Wales & Madison, 2009). The research instrument consists of four sections which are:

- General information
- Entrepreneurial Orientation (EO)
- New Entry
- Business performance

General information formed part of Section A and consisted of member's demographic information, such as age, gender, level of education and occupation. The section also contained information about the CIS, such as its origin and how long the responder had been a member of the group. The intention was to validate that the CIS fits the right profile for this study. The respondent's privacy was protected, and no identification number and name were asked in the questions. Section B contained eighteen items which assessed five EO dimensions. Section C covered New Entry questions and was composed of five closed-ended questions.

3.5 Procedure for data collection

The research was conducted using primary data, collected through online questionnaires. Qualtrics survey software was used as the instrument to design the questionnaire and as the online tool to collect the data. The link to the survey was sent to the representatives of different collective investment schemes who distributed it to the rest of the members. However, it was communicated to them

that their participation was voluntary. In his research, Bhattacharjee (2012) emphasised that subjects in a research project must be aware that their participation in the study is voluntary, that they have the freedom to withdraw from the study at any time without any unfavourable consequences, and they are not harmed as a result of their participation or non-participation in the project.

3.6 Data analysis and interpretation

For data preparation, feedback responses were scrutinised for completeness, consistency, and errors in the data. The data was then loaded and processed on SPSS software program. The first step of data analysis was to provide basic summary statistics such as demographics, mean and variance of the sample data using descriptive statistics. Thereafter further data analysis was done using descriptive statistics, exploratory principal factor analysis, and multiple linear regression.

3.6.1 *Descriptive statistics*

Descriptive analysis was used to observe and identify patterns in the data. The results of the study were then presented in both numeric and graphical views. According to Jaggi (2003), both approaches complement each other; therefore, it is wise to use them together. The data outputs were then summarised in the form of frequency distribution, central tendency and the measures of dispersion. A missing value analysis was done to determine the completeness of the data, with corrective action taken post the findings. Due to the volume of missing values, the deletion method was the chosen method to address the issue. According to Morgan, et al. (2014), missing values under 5% are omissible, or can assume the mean value. To perform a factor analysis, there has to be univariate and multivariate normality within the data (Child, 2006; cited in Yong & Pearce, 2013). Therefore, normality test and correlational analyses were conducted to test the assumption that the data is normally distributed and linear.

3.6.2 Correlation analysis

According to Gogtay and Thatte (2017), correlation analysis is used to denote the association or relationship between two (or more) quantitative variables. Before conducting a factor and regression analysis, correlation analysis was used to evaluate the association between entrepreneurial orientation and new entry, with the correlation coefficient used to measure the strength of the linearity. The correlation coefficient, denoted by r , is a measure of the strength of the straight-line or linear relationship between two variables (Ratner, 2009). Generally, correlations exceeding .30 provide enough evidence to indicate that there is enough commonality to justify comprising factors (Tabachnick & Fidell, 2001; cited in Beavers, et al., 2013). Therefore, in the study, the research variables had to have correlation coefficients of above 0.30 or closer to 1 to be considered to have a linear relationship.

3.6.3 Factor analysis

Using similar work done by Lumpkin and Dess (2001), factor analysis was conducted to determine whether the dimensions of an entrepreneurial orientation represented distinct constructs. Exploratory factor analysis (EFA) was used to determine whether the variables that comprised the EO and NE constructs represented different variables and to confirm the need to eliminate some variables to best fit the results. Baglin (2014) defines exploratory factor analysis (EFA) as a cluster of common methods used to explore the underlying pattern of relationships among multiple observed variables. The empirical basis for this technique is the observation that variables from a carefully chosen domain are often intercorrelated (Cudeck, 2000). Williams et al. (2010) identified five steps as a starting reference point in developing clear decision pathways before conducting factor analysis.

- **Step 1**

The first step is considering the acceptable sample size. According to Gorsuch (1983; Kline, 1994, cited in Pearson & Mundform, 2010) suggested sampling at least 100 subjects for initial structure exploration. For this research, the expected

number of responses, excluding incomplete questions and non-responses, was above 100. Therefore, the expected response rate met the criteria for EFA to be conducted.

- **Step 2**

For the second step, the extraction method chosen was the principal axis factoring analysis based on the correlation matrix method. A determining factor for this method is based on the assumption that there was a linear relationship between the factors and the variables when computing the correlations (Gorsuch, 1983; cited in Yong & Pearce, 2013).

- **Step 3**

In step three, Williams et al. (2010) suggested that multiple approaches be used in factor extraction. Therefore, the Scree test and eigenvalues were used in factor extraction. With the Scree test, the number of data points above the “break” (i.e., not including the point at which the break occurs) is usually the number of factors to retain, although it can be unclear if there are data points clustered together near the bend (Costello & Osborne, 2005). Hence, it is vital to run a parallel test by analysing the factors using a Scree test in conjunction with eigenvalues.

- **Step 4**

Following extraction, the retained factors are usually rotated to a simple structure to make them more interpretable (Floyd & Widaman, 1995). The fourth step had to do with selecting a method of rotating retained factors. The Promax (oblique) method was applied as a rotational method. A commonly used rule specifies that only variables with loadings greater than 0.40 on a factor should be considered “significant” and used in defining that factor (Ford, et al., 1986).

- **Step 5**

The last step is the interpretation of the results. Interpretation involves the researcher examining which variables are attributable to a factor and giving that factor a name or theme (Williams, Onsman, & Brown, 2010). Only the factors

that have eigenvalues greater than one are retained for interpretation (Ledesma & Valero-Mora, 2007).

Figure 2 provides a summary view of assumptions that were tested prior to conducting factor analysis.

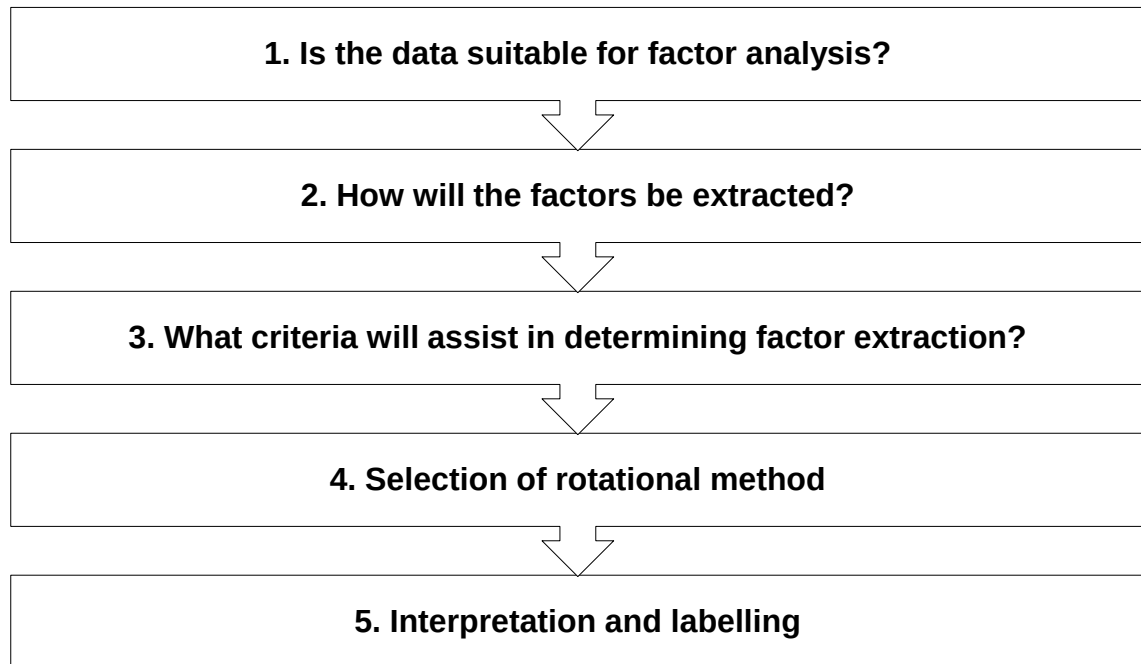


Figure 2: The 5-step Exploratory Factor Analysis Protocol

Source: (Williams, Onsman, & Brown, 2010)

After completion of factor analysis, the next step was to test for reliability of the scale.

3.6.4 Hierarchical regression analysis

Campbell and Campbell (2008) define regression analysis as a statistical technique used to describe relationships among variables. According to Schneider, et al. (2010), in the multivariable regression model, the dependent variable is described as a linear function of the independent variables X_i , as follows: $Y = a + b_1 \times X_1 + b_2 \times X_2 + \dots + b_n \times X_n$. In this study, we had multiple independent variables and a mediating variable; consequently, hierarchical multiple regression analysis was used to demonstrate the validity of the

relationship between independent variables (EO), the mediate variable (new entry) and the dependent variable (business performance). Therefore, a hierarchical multiple regression analysis was conducted to describe the relationship between the variables. According to Hoyt, et al. (2008), hierarchical regression analysis is advantageous when constructs are measured by sets of independent variables (IVs), rather than individual independent variables.

3.7 Validity and reliability of research

3.7.1 External validity

According to Calder, et al. (1982), external validity examines whether or not an observed causal relationship should be generalised to and across different measures, persons, settings, and times. The results from the causal relationship were generalised to the population of Collective Investment Schemes. However, caution should be exercised as the research was limited to investment schemes in Gauteng. As a result, it is not guaranteed that this is a good representation of the entire targeted groups as background factors such as economic activities differ across different regions.

3.7.2 Internal validity

Internal validity asks the question: Are we observing or measuring what we think we are observing or measuring (Merriam, 1995). Similar to the study by Kraus, et al. (2012), factor analysis was performed to test the multidimensionality of the EO concept and gauge construct validity. This was followed by a confirmatory factor analysis (CFA). The CFA model is a powerful method for addressing construct validity and makes fewer assumptions (Bagozzi, Yi, & Phillips, 1991). Convergent validity and discriminant validity were proposed as the two aspects of CFA to assess the construct validity (Campbell & Fiske, 1959; cited in Alarcón, et al., 2015). The convergent validity was measured using the average variance extracted (AVE). It measures the degree to which a set of indicators represents one and the same underlying construct (Ishiyaku, Kasim, & Harir A, 2016).

According to Awang (2014; cited in Ishiyaku, et al., 2016), the AVE should be ≥ 0.5 . to ensure the validity of the constructs.

3.7.3 Reliability

Reliability is concerned with estimates of the degree to which a measurement is free of random or unstable error (Cooper & Schindler, 2014). Kirk and Miller (1986, cited in Golafshani, 2003) identify three types of reliability referred to in quantitative research, which relate to (1) the degree to which a measurement, given repeatedly, remains the same (2) the stability of a measurement over time; and (3) the similarity of measurements within a given period. The most commonly accepted measure is internal consistency reliability using Cronbach's Alpha (Price & Mueller, 1986; cited in Hinkin, 1995). According to Hinkin (1998), Cronbach's alpha of .70 should serve as an absolute minimum for newly developed measures, and that through appropriate use of factor analysis, the internal consistency reliability should be considerably higher than .70. Reliability of the instrument for internal consistency was tested using reliability analysis by calculating Cronbach's alpha. The outcome of the tests was sufficient to prove that this research is replicable.

3.8 Conclusion

The research instrument utilised for data collection was a self-administered online questionnaire consisting of closed-ended questions. The questionnaire used was from a previous established entrepreneurial orientation questionnaire developed. Qualtrics survey software was used as the instrument to design the questionnaire and as the online tool to collect the data. The link to the survey was sent to the representatives of different collective investment schemes who distributed it to the rest of the members.

Descriptive analysis was used to observe and identify patterns in the data. The results of the study were then presented in both numeric and graphical views. The first step of data analysis was to provide basic summary statistics such as demographics, mean and variance of the sample data using descriptive statistics.

Thereafter further data analysis was done using descriptive statistics, exploratory principal factor analysis, and multiple linear regression. The data outputs were then summarised in the form of frequency distribution, central tendency and the measures of dispersion. A missing value analysis was done to determine the completeness of the data, with corrective action taken post the findings. Due to the volume of missing values, the deletion method was the chosen method to address the issue.

Thereafter, factor analysis was conducted to determine whether the variables that comprised the EO and NE constructs represented different variables and to confirm the need to eliminate some variables to best fit the results. Five assumptions were tested prior to conducting factor analysis. After completion of factor analysis, the next step was to test for reliability of the scale. Reliability of the instrument for internal consistency was tested using reliability analysis by calculating Cronbach's alpha. Cronbach's alpha of .70 served as an absolute minimum for newly developed measures.

CHAPTER 4: PRESENTATION OF RESULTS AND ANALYSIS

4.1 Introduction

This chapter presents the analysis and results based on the data collected from the online survey conducted. Overall, the statistical analysis was derived from the theories discussed in chapter 3. The first view to be presented in this chapter is the demographic profile of respondents, followed by the descriptive data analysis. Descriptive statistics was used to analyse various patterns in the data set. Furthermore, statistical analysis was done using exploratory factor analysis and multiple regressions. The fourth part consists of the presentation of the results of exploratory factor analysis (EFA) and reliability. The fifth part consists of multiple linear regression analysis to demonstrate the validity of the relationship between independent variables (EO), the mediate variable (new entry) and the dependent variable (business performance). Lastly, reliability and validity tests were completed.

4.2 Completeness of the data

Once the data was loaded, the questions were added to the Label column in the Variable view for more straightforward analysis. The rest of the data was already coded, except the demographic variables which were reflecting as string variables. These were then coded into numeric values. A Missing Value Analysis was done to determine the completeness of the data. Out of the 131 respondents, four cases were incomplete and one was non-responsive. According to Morgan, et al. (2014), missing values under 5% are omittable, or can assume the mean value. Therefore, the remedy applied for the missing values was to exclude them from the list; thus, the final total sample size was 126.

4.3 Demographic profile of respondents

4.3.1 Ethnic profile of the respondents

The results in figure 3 show that 97.6% of the respondents were Africans. Historically in South Africa, investment groups were established by Africans as a practical way to pool funds for financial aid. As indicated in Chapter 1, stokvels are predominantly active in black communities. In his study, Naong (2009) reported similar findings that blacks are still in a majority (84%), followed by Coloureds with (9%).

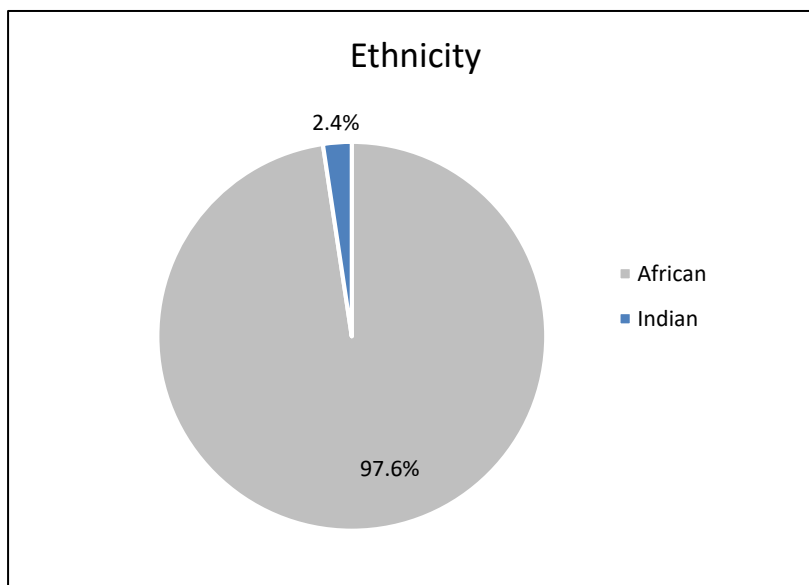


Figure 3: Ethnic profile of the respondents from the sample collected

4.3.2 Sex profile of the respondents

The results of the respondents' sex profile are presented in figure 4. The results show that 51.6% of the respondents who participated in the survey were females and 48.4% males. This is because stokvels were introduced into black urban life by women (Verhoef, 2001). At the same time, men generally do not participate in rotating savings and credit associations because they think that it is too problematic to deal with such complex procedures for small sums of money (Tsai, 2000). However, that has changed as more males are now participating in

different groups to pool funds for investment purposes and making substantial contributions.

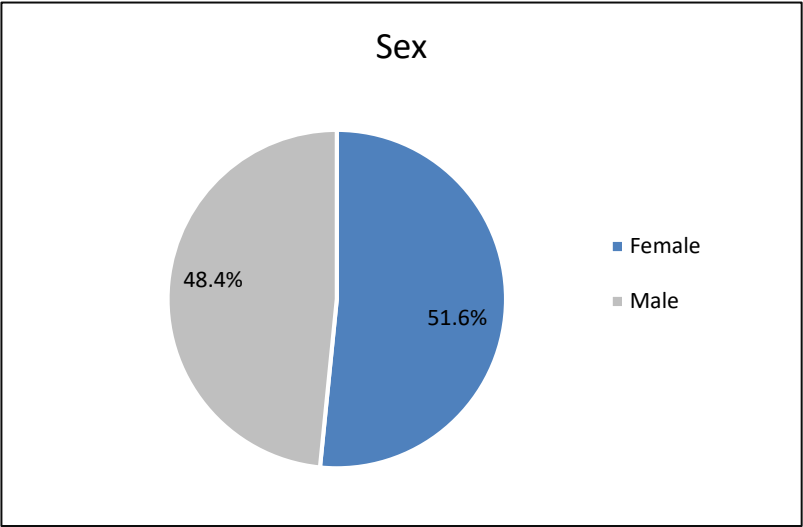


Figure 4: Gender profile of the respondents from the sample collected

4.3.3 Age profile of the respondents

The results in figure 5 indicate that 49.2% of the respondents who participated in the survey were between the ages of 26 to 35 years and 1% of them were 56 years and older.

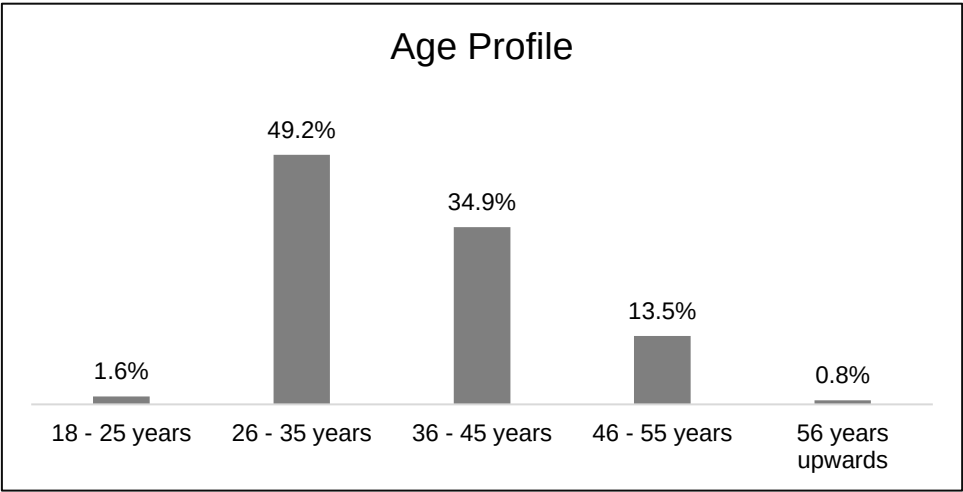


Figure 5: Age profile of the respondents from the sample collected

Table 2 reflects the cross tabulation between the respondent's age and occupation. 56% of the respondents were employed in the private sector, and

most of them are in the age group 26 and 35 years (49.2%). The respondents in the age group 26 and 35 years were predominantly employed in the private sector. The results of the Chi-square analysis show a significant relationship between the age of the respondents and their occupation at 5% significant level ($\chi^2 = 18.331$; $p < 0.019$). The results are not startling as the younger generation who have tertiary qualifications prefer to be employed in the private sector.

Table 2: Cross Tabulation of respondent's age and occupation

Age Group	Occupation			Total
	Private Sector employee	Public Sector employee	Self-employed/ Entrepreneur	
18 - 25 years	0.8%	0.8%	0.0%	1.6%
26 - 35 years	34.9%	8.7%	5.6%	49.2%
36 - 45 years	15.1%	11.9%	7.9%	34.9%
46 - 55 years	4.8%	3.2%	5.6%	13.5%
56 years upwards	0.0%	0.8%	0.0%	0.8%
Total	55.6%	25.4%	19.0%	100.0%
Chi-Square	$\chi^2 = 18.331$; $p = 0.019$			

4.3.4 Age of the Investment group

Figure 6 indicates that most (52.4%) investment groups have been operating for three to five years.

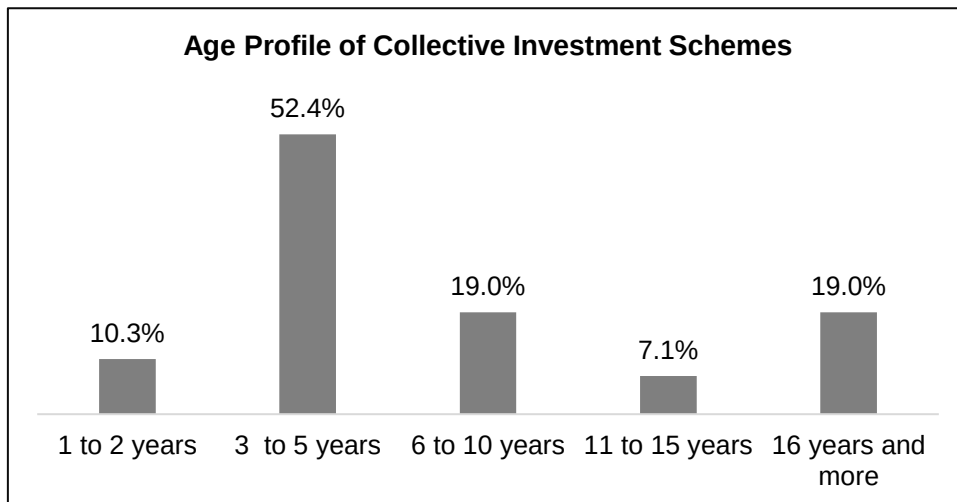


Figure 6: Age profile of the Collective Investment Schemes

4.3.5 Membership tenure

The output results from figure 7 indicate that 51% of the members had been part of the investment group for a period of three to five years. Because of the relationship formed, most members were least likely to leave the investment groups.

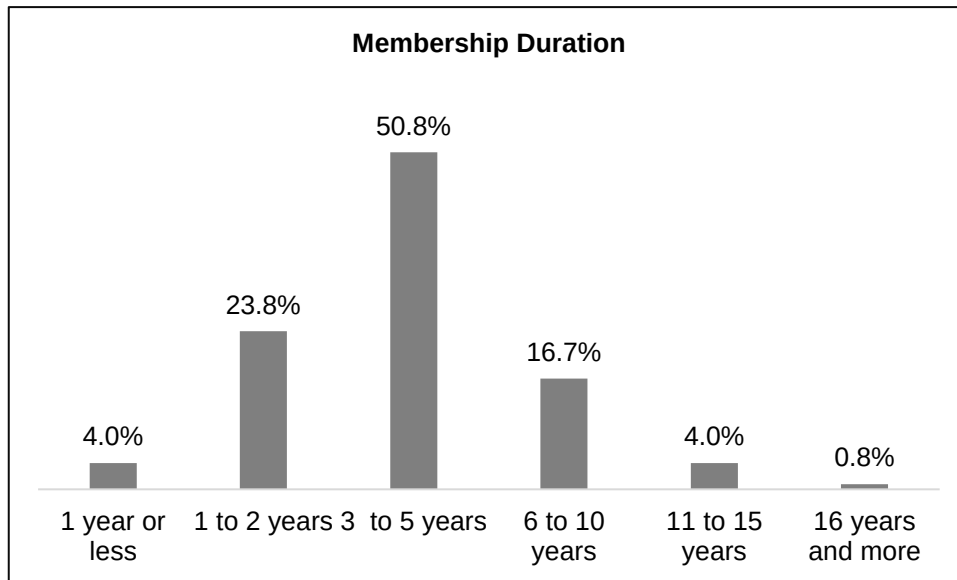


Figure 7: Membership tenure

4.3.6 Level of Education and Occupation

Table 3 reflects the cross-tabulation between the level of education and occupation. The results show that a significant proportion of respondents had a bachelor's degree and were employed in the private sector (28.0%). The Chi-Square analysis between occupation and level of education at a 5 % significance level ($X^2 = 26.759$; $p = 0.001$), show a highly significant relationship. According to Bosch (2006), the wages for workers with a postgraduate qualification are much larger in the private sector than in the public sector. As a result, people who have obtained Bachelor and Post Graduate degree qualifications are most likely to search for employment in the private sector.

Table 3: Cross Tabulation of Level of Study and occupation

Level of Education	Occupation			Total
	Private Sector employee	Public Sector employee	Self-employed/ Entrepreneur	
High School	3.2%	2.4%	2.4%	7.9%
Diploma	7.1%	10.3%	1.6%	19.0%
Bachelor Degree	27.0%	6.3%	3.2%	36.5%
Post Grad Degree	13.5%	6.3%	10.3%	30.2%
Others (Specify)	4.8%	0.0%	1.6%	6.3%
Total	55.6%	25.4%	19.0%	100.0%
Chi-Square	$\chi^2=26.759$; $p= 0.001$			

4.4 Overview descriptive analysis of the scales

This section presents the results of the descriptive analysis of different scales.

4.4.1 Entrepreneurial Orientation Scale

The results illustrate the descriptive statistics relevant to the scales for entrepreneurial orientation. The results in table 4, indicate that a high proportion of the respondents “agreed” with statements: Q2.1.1 to Q2.1.3, Q2.2.2 to Q 2.2.3, Q2.4.1, and Q2.5.3 on entrepreneurial orientation. A significant proportion of the respondents that had a high percentage on “disagree” were on the statement: Q2.3.1. to Q 2.3.3, and Q2.5.4.

Table 4: Scale item frequencies for Entrepreneurial Orientation

Scale items	Frequency of responses (%)							Total
	Strongly disagree	Disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Agree	Strongly agree	
2.1.1. The term "risk taker" is considered a positive attribute for people in our organization	10.3	11.1	5.6	5.6	10.3	36.5	20.6	100.0
2.1.2. People in our organization are encouraged to take calculated risks with new ideas	7.9	9.5	6.3	2.4	13.5	41.3	19.0	100.0
2.1.3. Our organization emphasizes both exploration and experimentation for opportunities	11.1	11.1	3.2	2.4	11.9	39.7	20.6	100.0
2.2.1. We actively introduce improvements and innovations in our organization	4.8	7.1	6.3	5.6	17.5	31.0	27.8	100.0
2.2.2. Our organization is creative in its methods of operation	4.0	12.7	4.8	5.6	16.7	31.7	24.6	100.0
2.2.3. Our organization seeks out new ways to do things	4.0	10.3	3.2	1.6	13.5	33.3	34.1	100.0
2.3.1. We always try to take the initiative in every situation (e.g. against competitors, in projects when working with others)	4.0	27.0	3.2	21.4	6.3	11.1	27.0	100.0
2.3.2. We excel at identifying opportunities	7.1	27.0	7.1	24.6	6.3	7.1	20.6	100.0
2.3.3. We initiate actions to which other organizations respond	8.7	19.8	15.9	14.3	8.7	15.9	16.7	100.0
2.4.1. Our organization is intensely competitive	5.6	10.3	4.0	10.3	17.5	35.7	16.7	100.0
2.4.2. In general, our organization takes a bold or aggressive approach when competing	7.9	7.1	8.7	15.1	17.5	29.4	14.3	100.0
2.4.3. We try to undo and out-manuever the competition as best as we can	6.3	12.7	7.1	12.7	20.6	29.4	11.1	100.0
2.5.1. Members are permitted to act and think without interference	2.4	12.7	7.1	3.2	14.3	29.4	31.0	100.0
2.5.2. Members perform jobs that allow them to make and instigate changes in the way they perform their work tasks	5.6	11.9	9.5	10.3	19.0	26.2	17.5	100.0
2.5.3. Members are given freedom and independence to decide on their own how to go about doing their work	9.5	15.1	10.3	6.3	7.9	28.6	7.9	100.0
2.5.4. Members are given authority and responsibility to act alone if they think it to be in the best interests of the business	17.5	27.0	9.5	7.1	7.9	20.6	7.9	100.0
2.5.5. Members have access to all vital information	1.6	7.9	1.6	7.1	11.9	31.7	38.1	100.0

Table 5 illustrates the descriptive statistics of the entrepreneurial orientation scale items. The results from the table illustrate that most of the scale items have a mean value of 4.4, except for the scale items Q2.1.1, Q2.2.1 to Q2.2.2 and Q2.3.2 to Q2.3.3, and the distribution of all the scales is negatively skewed with a negative kurtosis.

Table 5: Descriptive Statistics of Entrepreneurial Orientation

Scale items	Descriptive Statistics					
	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
2.1.1. The term "risk taker" is considered a positive attribute for people in our organization	3.4	2.3	0.3	0.2	-1.6	0.4
2.1.2. People in our organization are encouraged to take calculated risks with new ideas	4.8	2.3	-0.4	0.2	-1.5	0.4
2.1.3. Our organization emphasizes both exploration and experimentation for opportunities	3.3	2.3	0.3	0.2	-1.6	0.4
2.2.1. We actively introduce improvements and innovations in our organization	4.4	2.2	0.0	0.2	-1.6	0.4
2.2.2. Our organization is creative in its methods of operation	4.6	2.1	-0.2	0.2	-1.5	0.4
2.2.3. Our organization seeks out new ways to do things	4.4	2.3	0.0	0.2	-1.7	0.4
2.3.1. We always try to take the initiative in every situation (e.g. against competitors, in projects when working with others)	4.4	2.1	0.0	0.2	-1.5	0.4
2.3.2. We excel at identifying opportunities	4.0	2.0	0.3	0.2	-1.2	0.4
2.3.3. We initiate actions to which other organizations respond	4.1	2.0	0.1	0.2	-1.3	0.4
2.4.1. Our organization is intensely competitive	4.8	2.1	-0.4	0.2	-1.2	0.4
2.4.2. In general, our organization takes a bold or aggressive approach when competing	4.6	2.0	-0.2	0.2	-1.2	0.4
2.4.3. We try to undo and out-maneuver the competition as best as we can	4.8	1.9	-0.4	0.2	-1.0	0.4
2.5.1. Members are permitted to act and think without interference	5.3	1.8	-0.9	0.2	-0.5	0.4
2.5.2. Members perform jobs that allow them to make and instigate changes in the way they perform their work tasks	4.5	2.0	-0.1	0.2	-1.3	0.4
2.5.3. Members are given freedom and independence to decide on their own how to go about doing their work	4.7	2.0	-0.4	0.2	-1.1	0.4
2.5.4. Members are given authority and responsibility to act alone if they think it to be in the best interests of the business	4.5	2.2	-0.4	0.2	-1.3	0.4
2.5.5. Members have access to all vital information	5.7	1.6	-1.4	0.2	1.1	0.4

4.4.2 Business Performance Scale

Table 6 illustrates the descriptive statistics of the business performance scale. The results indicate that a high proportion of the respondents “neither agreeing” with statements Q3.1.3, Q2.2.1, and Q3.3.1 on business performance. A significant proportion of the respondents that had a high percentage on “strongly agree” were on the statement: Q3.1.1 to Q3.13 and Q3.3.2 to Q3.3.3.

Table 6: Scale item frequencies for Business Performance

Scale items	Frequency of responses (%)							Total
	Strongly disagree	Disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Agree	Strongly agree	
3.1.1 My organization is usually satisfied with return on investment	4.0	12.7	4.8	23.0	10.3	4.0	41.3	100.0
3.1.2 My organization is usually satisfied with return on equity	3.2	11.9	4.8	17.5	18.3	5.6	38.9	100.0
3.1.3 My organization is usually satisfied with return on assets	4.0	10.3	7.1	25.4	21.4	4.8	27.0	100.0
3.2.1 My organization is usually satisfied with sales growth	4.8	4.0	7.1	24.6	19.8	18.3	21.4	100.0
3.2.2 My organization is usually satisfied with employee growth	17.5	1.6	11.1	15.9	19.8	21.4	12.7	100.0
3.2.3 My organization is usually satisfied with market share growth	19.8	1.6	10.3	13.5	26.2	18.3	10.3	100.0
3.3.1 My organization is usually satisfied with return on sales	4.8	4.0	7.1	27.8	15.1	19.8	21.4	100.0
3.3.2 My organization is usually satisfied with net profit margin	6.3	7.9	9.5	21.4	15.1	16.7	23.0	100.0
3.3.3 My organization is usually satisfied with gross profit margin	7.1	8.7	4.8	19.8	17.5	17.5	24.6	100.0

Table 7 shows the descriptive statistics of the entrepreneurial orientation scale items. The results from the table illustrate that most of the scale items have a mean value above 4.5. The distribution of all the scales is negatively skewed with a negative kurtosis.

Table 7: Descriptive Statistics of Business Performance

Scale items	Descriptive Statistics					
	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
3.1.1 My organization is usually satisfied with return on investment	5	1.98	-0.427	0.216	-1.141	0.428
3.1.2 My organization is usually satisfied with return on equity	5.08	1.891	-0.527	0.216	-0.929	0.428
3.1.3 My organization is usually satisfied with return on assets	4.72	1.783	-0.234	0.216	-0.836	0.428
3.2.1 My organization is usually satisfied with sales growth	4.91	1.644	-0.538	0.216	-0.258	0.428
3.2.2 My organization is usually satisfied with employee growth	4.34	1.964	-0.482	0.216	-0.899	0.428
3.2.3 My organization is usually satisfied with market share growth	4.21	1.965	-0.467	0.216	-0.956	0.428
3.3.1 My organization is usually satisfied with return on sales	4.9	1.658	-0.497	0.216	-0.364	0.428
3.3.2 My organization is usually satisfied with net profit margin	4.73	1.835	-0.406	0.216	-0.819	0.428
3.3.3 My organization is usually satisfied with gross profit margin	4.83	1.864	-0.563	0.216	-0.679	0.428

4.4.3 New Entry Scale

The results in table 8 illustrate the descriptive statistics of the new entry scale. It indicates that a high proportion of the respondents said no to all statements on new entry.

Table 8: Scale item frequencies for New Entry

Scale items	Frequency of responses (%)		Total
	Yes	No	
4.1.1 Has your Organization founded any other firm during the past 12 months?	27.8	72.2	100.0
4.1.2 If we disregard any subsidiaries, have you established operations on any new location during the past 12 months (e.g. office, sales office)	25.4	74.6	100.0
4.1.3 Have you started exporting your products or services to any new foreign country?	11.1	88.9	100.0
4.1.4 Have you over the past 12 months changed your line of products/service or in other ways changes what you offer the customers?	28.6	71.4	100.0
4.1.5 Have you developed any new product or service that you now offer your customers?	45.2	54.8	100.0

The results from table 9 illustrate that most of the scale items have a mean value above 1.5. The distribution of all the scales is negatively skewed with a negative kurtosis on the scales except for item 4.1.3.

Table 9: Descriptive Statistics of New Entry

Scale items	Descriptive Statistics					
	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
4.1.1 Has your Organization founded any other firm during the past 12 months?	1.72	0.45	-1.004	0.216	-1.008	0.428
4.1.2 If we disregard any subsidiaries, have you established operations on any new location during the past 12 months (e.g. office, sales office)	1.75	0.437	-1.114	0.216	-0.702	0.428
4.1.3 Have you started exporting your products or services to any new foreign country?	1.89	0.316	-2.505	0.216	4.343	0.428
4.1.4 Have you over the past 12 months changed your line of products/service or in other ways changes what you offer the customers?	1.71	0.454	-0.960	0.216	-1.096	0.428
4.1.5 Have you developed any new product or service that you now offer your customers?	1.55	0.500	-0.194	0.216	-1.994	0.428

4.5 Validity testing of the scale

This section presents the results of Exploratory Factor Analyses (EFA). The analysis was performed on the different scales using Principal Axis Factor Analysis (PFA) to test their validity. According to Osborne (2015), the pattern matrix is examined for factor/item loadings and the factor correlation matrix reveals any correlation between the factors. For sampling adequacy, the KMO with the result above 0.6 are accepted as adequate. Bartlett's (1954) test of sphericity ($X^2 = 377.141$; $p < 0.001$) revealed that the correlations between items were significant enough for a PFA. The results for each scale are presented below.

4.5.1 Factor Analysis of EO

PFA was carried out on all items of EO scale which remained after testing for validity, using oblique (Promax) rotation.

Table 10 provides a view of the correlation matrix of entrepreneurial orientation. Only two variables had a correlation coefficient higher than 0.30.

Table 10: Correlation Matrix of Entrepreneurial Orientation

Correlation Matrix ^a														
	2.1 Risk_taking1	2.1 Risk- taking_2	2.1 Risk_taking_3	2.2 Innovatiness_1	2.2 Innovatiness_2	2.2 Innovatiness_3	2.3 Proactiveness_1	2.3 Proactiveness_2	2.4 Competitive aggr_1	2.4 Competitive aggr_2	2.4 Competitive aggr_3	2.5 Autonomy_1	2.5 Autonomy_3	2.5 Autonomy_4
Correlation	2.1 Risk_taking1	0.596												
	2.1 Risk-taking_2	0.476	0.407											
	2.1 Risk_taking_3	0.132	0.118	0.289										
	2.2 Innovatiness_1	0.246	0.267	0.283	0.478									
	2.2 Innovatiness_2	0.264	0.221	0.210	0.388	0.556								
	2.2 Innovatiness_3	0.260	0.284	0.192	0.247	0.496	0.449							
	2.3 Proactiveness_1	0.177	0.291	0.202	0.163	0.359	0.232	0.493						
	2.3 Proactiveness_2	0.025	0.083	0.017	-0.095	0.077	-0.012	0.073	0.208					
	2.4 Competitive aggr_1	0.191	0.288	0.182	0.095	0.239	0.041	0.182	0.293	0.447				
	2.4 Competitive aggr_2	0.112	0.186	-0.090	-0.055	-0.002	0.106	0.046	0.158	0.439	0.454			
	2.4 Competitive aggr_3	-0.152	-0.133	-0.216	-0.232	-0.170	-0.120	-0.194	-0.028	0.007	0.078	0.091		
	2.5 Autonomy_1	0.023	0.071	0.138	0.149	0.108	0.040	0.152	-0.004	-0.112	0.159	-0.019	0.236	
	2.5 Autonomy_3	0.081	0.105	0.021	0.010	0.127	0.179	0.141	0.125	-0.063	0.146	-0.004	0.160	0.325
	2.5 Autonomy_4													

a. Determinant = ,023

The Kaizer-Mayer-Olkin (KMO) measure was used to verify the sampling adequacy for the analysis with KMO = 0.70. This exceeded the minimum recommended value of 0.6. The Bartlett's test of sphericity ($X^2 = 450.894$; $p < 0.001$) is statistically significant.

Table 11: KMO and Bartlett's Test for Entrepreneurial Orientation

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.70
Bartlett's Test of Sphericity	Approx. Chi-Square	450.894
	df	91
	Sig.	0.000

PFA results in Table 12 indicated four factors with an eigenvalue above one, together explaining 59.60% of the variance.

Table 12: Total Variance Explained for Entrepreneurial Orientation

Total Variance Explained							
Factor	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings ^a
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	
1	3.526	25.186	25.186	3.012	21.515	21.515	2.597
2	1.946	13.897	39.084	1.405	10.033	31.548	2.250
3	1.538	10.988	50.072	0.931	6.649	38.197	1.675
4	1.335	9.534	59.605	0.832	5.942	44.139	1.002
5	0.957	6.839	66.445				
6	0.838	5.985	72.430				
7	0.724	5.175	77.604				
8	0.641	4.576	82.180				
9	0.577	4.120	86.301				
10	0.494	3.529	89.830				
11	0.418	2.985	92.815				
12	0.390	2.782	95.597				
13	0.332	2.369	97.967				
14	0.285	2.033	100.000				

Extraction Method: Principal Axis Factoring.

a. When factors are correlated, sums of squared loadings cannot be added to obtain a total variance.

Applying Cattell (1966)'s scree test, the scree plot in Figure 8 shows that the point of inflexion is on the fourth factor, where the curve flattens, and the differences between the eigenvalues decline to less than 1.0.

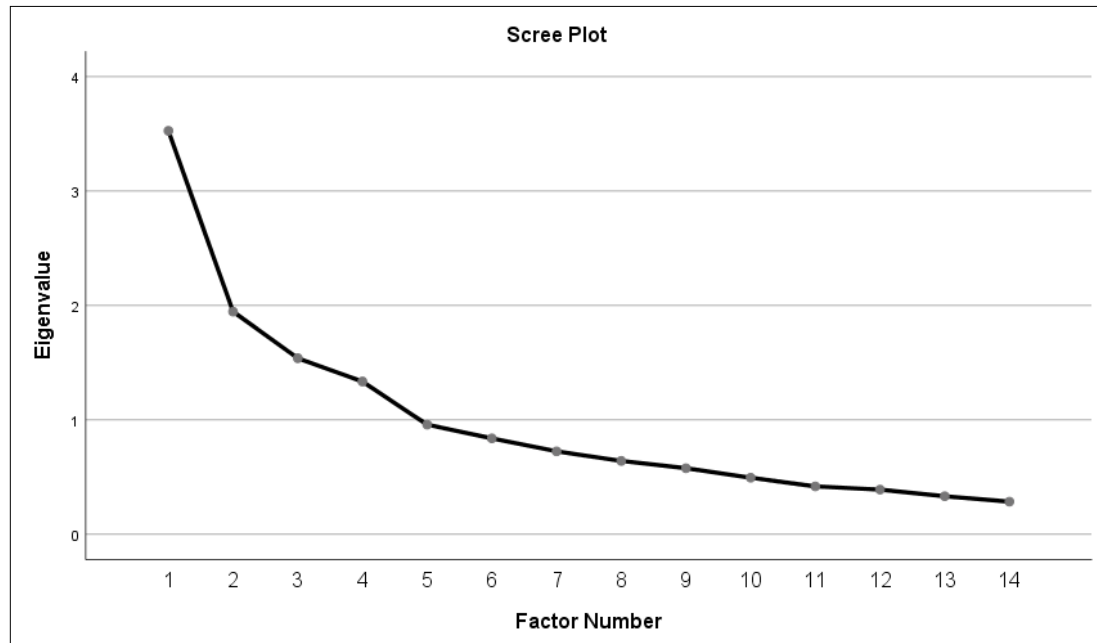


Figure 8: Scree Plot test of Entrepreneurial Orientation

Table 13 shows the four components after Promax rotation was applied. The results indicate that the scale items load into four factors: **factor 1** (scale items: EO1); **factor 2** (scale items: EO2) **factor 3** (scale items: EO3) and **factor4** (scale items: 4).

Table 13: Factor loadings of the final model for Entrepreneurial Orientation

Pattern Matrix ^a					
Scale items		Factor			
		1	2	3	4
EO1	Q2.2.2	0.839			
	Q2.2.3	0.660			
	Q2.3.1	0.626			
	Q2.2.1	0.570			
	Q2.3.2	0.405			
EO2	Q2.1.1		0.839		
	Q2.1.2		0.729		
	Q2.1.3		0.568		
EO3	Q2.4.1			0.723	
	Q2.4.3			0.657	
	Q2.4.2			0.636	
EO4	Q2.5.3				0.661
	Q2.5.4				0.483
	Q2.5.1				0.435

Extraction Method: Principal Axis Factoring.

Rotation Method: Promax with Kaiser Normalisation.^a

a. Rotation converged in 5 iterations.

Based on the rotated matrix in table 13, four factors were extracted. Applying Costello and Osborne (2005)'s theory, all factors were kept as they had the recommended a minimum of three variables.

4.5.2 Reliability indicator for Entrepreneurial Orientation

Table 14 provides the Cronbach's alpha test results of the reliability for the different constructs. The results indicate that scales of all constructs, excluding autonomy, was reliable as the alpha score was above the minimum required value of 0.7. In the final EO scale, autonomy was deleted from further analysis as it was unreliable.

Table 14: Reliability indicator for Entrepreneurial Orientation

Item-Total Statistics Before Adjustment			
Construct	Scale Items	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Innovativeness	We actively introduce improvements and innovations in our Organisation	0.426	0.752
	Our Organisation is creative in its methods of operation	0.674	0.662
	Our Organisation seeks out new ways to do things	0.561	0.703
	We always try to take the initiative in every situation (e.g., against competitors, in projects when working with others)	0.580	0.697
	We excel at identifying opportunities	0.407	0.755
	Cronbach's Alpha	0.759	
Risk-taking	The term "risk taker" is considered a positive attribute for people in our Organisation	0.638	0.579
	People in our Organisation are encouraged to take calculated risks with new ideas	0.583	0.644
	Our Organisation emphasises both exploration and experimentation for opportunities	0.494	0.747
	Cronbach's Alpha	0.744	
Competitive aggressiveness	Our Organisation is intensely competitive	0.519	0.624
	In general, our Organisation takes a bold or aggressive approach when competing	0.531	0.609
	We try to undo and out-manoeuvre the competition as best as we can	0.525	0.617
	Cronbach's Alpha	0.707	

The exclusion of autonomy and risk-taking from the final EO model is not startling. Lumpkin and Dess (1996) argued that although all five dimensions are central to understanding the entrepreneurial process, they may occur in different combinations, depending on the type of entrepreneurial opportunity a firm pursues. Collective Investment Schemes are founded on the principal of

collectiveness where decisions and actions are taken as a group. Therefore, individual decision making is absent. At the same time, stokvels in their traditional form are not risk takers; as a result, their EO dimensions will differ with that of other entrepreneurs. According to Naldi, et al. (2007), firms can vary in degree of innovativeness, proactiveness, and risk-taking so that they are not equally entrepreneurial across all dimensions.

4.5.3 Factor Analysis for Business Performance

PFA was carried out on a 9-item questionnaire used to measure three dimensions (efficiency, growth, and profit) of business performance. Table 15 provides the results of the correlation matrix of the scale items.

Table 15: Correlation Matrix for Business Performance

Correlation Matrix ^a											
		Q3.1.1	Q3.1.2	Q3.1.3	Q3.2.1	Q3.2.2	Q3.2.3	Q3.3.1	Q3.3.2	Q3.3.3	
Correlation	Q3.1.1										
	Q3.1.2	0.624									
	Q3.1.3	0.440	0.476								
	Q3.2.1	0.054	0.059	0.065							
	Q3.2.2	-0.148	-0.233	-0.094	0.029						
	Q3.2.3	-0.072	-0.075	-0.093	0.330	0.419					
	Q3.3.1	0.146	0.232	0.193	0.287	0.094	0.208				
	Q3.3.2	0.181	0.071	0.141	0.347	-0.039	0.178	0.367			
	Q3.3.3	0.165	0.129	0.089	0.321	0.119	0.276	0.450	0.548		

a. Determinant = .114

The Kaizer-Mayer-Olkin (KMO) measure was used to verify the sampling adequacy for the analysis with KMO = 0.703. This is slightly above 0.7 and exceeds the minimum recommended value of 0.6.

Table 16: KMO and Bartlett's Test for Business Performance

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.70
Bartlett's Test of Sphericity	Approx. Chi-Square	206.278
	df	21
	Sig.	0.000

The intention is to extract factors with eigenvalues greater than one. PFA results in table 15 indicated three factors with an eigenvalue above one, together explaining 63.32% of the variance.

Table 17: Total Variance Explained for Business Performance

Total Variance Explained							
Factor	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings ^a
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
1	2.558	36.541	36.541	2.052	29.318	29.318	1.729
2	1.665	23.787	60.328	1.178	16.832	46.149	1.733
3	0.737	10.522	70.850				
4	0.673	9.613	80.463				
5	0.601	8.584	89.048				
6	0.427	6.104	95.152				
7	0.339	4.848	100.000				

Extraction Method: Principal Axis Factoring.

a. When factors are correlated, sums of squared loadings cannot be added to obtain a total variance.

Applying Cattell (1966)'s scree test, the scree plot in Figure 9 illustrates that the point of inflexion is on the second factor, where the curve flattens, and the eigenvalues decline to less than 1.0

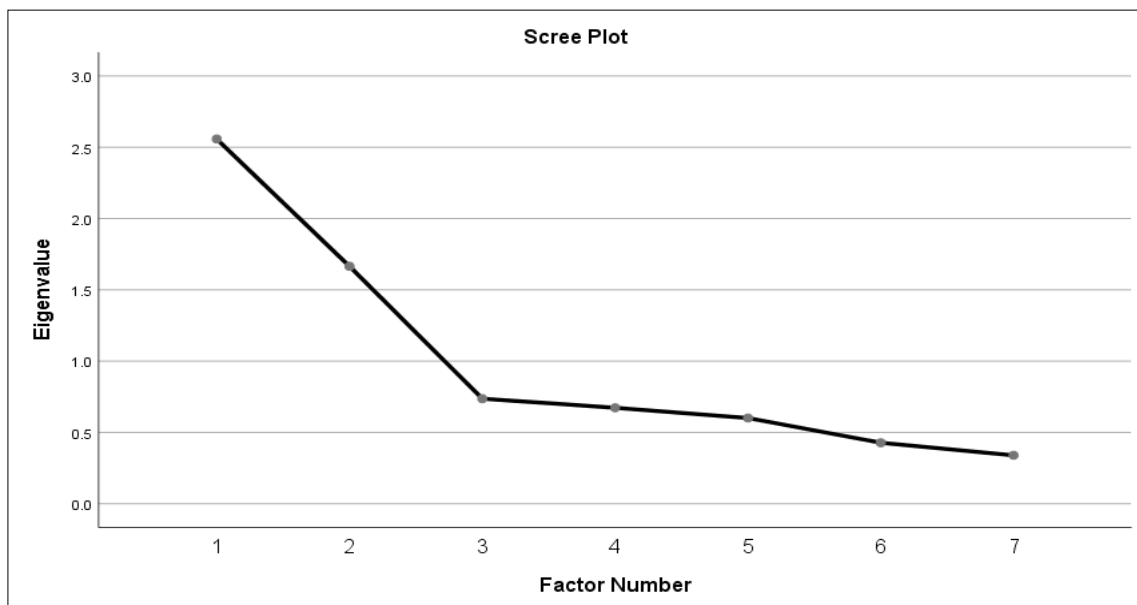


Figure 9: Scree Plot test of Business Performance

Table 18 shows the factors after Promax rotation was applied. The results indicated that the scale items load into three factors: **factor 1** (*scale items: BP1*); and **factor 2** (*scale items: BP2*).

Table 18: Summary of EFA for Business Performance Scale items

Pattern Matrix ^a			
Scale items		Factor	
		1	2
BP1	Q3.1.2	0.850	
	Q3.1.1	0.736	
	Q3.1.3	0.574	
BP2	Q3.3.3		0.765
	Q3.3.2		0.713
	Q3.3.1		0.539
	Q3.2.1		0.477

Extraction Method: Principal Axis Factoring.
Rotation Method: Promax with Kaiser Normalisation.^a

a. Rotation converged in three iterations.

4.5.4 Reliability indicator for Business Performance

Table 19 provides the Cronbach's alpha test results of the reliability for the different constructs. The initial results of the Cronbach coefficient Alpha of the efficiency and profit constructs were 0.761 and 0.719 respectively. The results indicated that the scale is reliable as the alpha score for the scale was higher than the minimum required value of 0.7.

Table 19: Reliability indicator for Proactiveness, Innovativeness and Competitive aggressiveness

Item-Total Statistics			
Construct	Scale Items	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Efficiency	3.1.1. My organisation is usually satisfied with return on investment	0.622	0.645
	3.1.2 My organisation is usually satisfied with return on equity	0.653	0.608
	3.1.3. My organisation is usually satisfied with return on assets	0.508	0.768
	Cronbach's Alpha	0.761	
Profit	3.2.1. My organisation is usually satisfied with sale growth	0.400	0.716
	3.3.1. My organisation is usually satisfied with return on sales	0.476	0.675
	3.3.2. My organisation is usually satisfied with net profit margin	0.564	0.621
	3.3.3. My organisation is usually satisfied with gross profit margin	0.594	0.601
	Cronbach's Alpha	0.719	

4.5.5 Factor Analysis for New Entry

PFA was carried out on the four items of the scale. Table 20 provides a view of the correlation matrix of new entry. Only two variables had a correlation coefficient higher than 0.30.

Table 20: Correlation Matrix for New Entry

		Correlation Matrix ^a				
		Q4.1	Q4.2	Q4.3	Q4.4	Q4.5
Correlation	Q4.1					
	Q4.2	0.656				
	Q4.3	0.401	0.490			
	Q4.4	0.392	0.438	0.280		
	Q4.5	0.540	0.495	0.389	0.555	

a. Determinant = ,184

The Kaiser-Mayer-Olkin (KMO) measure was used to verify the sampling adequacy for the analysis with KMO = 0.74. This is above 0.7 and therefore exceeds the minimum recommended value of 0.6. Bartlett's (1954) test of sphericity ($X^2 = 377.141$; $p < 0.001$) revealed that the correlations between items were significant enough for a PFA.

Table 21: KMO and Bartlett's Test for New Entry

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.785
Bartlett's Test of Sphericity	Approx. Chi-Square	207.572
	df	10
	Sig.	0.000

PFA results in Table 22 indicated one factor with an eigenvalue above one, together explaining 57.44% of the variance

Table 22: Total Variance Explained for New Entry

Total Variance Explained						
Factor	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.872	57.444	57.444	2.375	47.494	47.494
2	0.775	15.499	72.943			
3	0.599	11.989	84.932			
4	0.442	8.834	93.766			
5	0.312	6.234	100.000			

Extraction Method: Principal Axis Factoring.

Applying Cattell (1966)'s scree test, the scree plot in Figure 10 shows that the point of inflexion is on the second factor, where the curve flattens, and the differences between the eigenvalues decline to less than 1.0. The solution cannot be rotated as there is only one factor that was extracted.

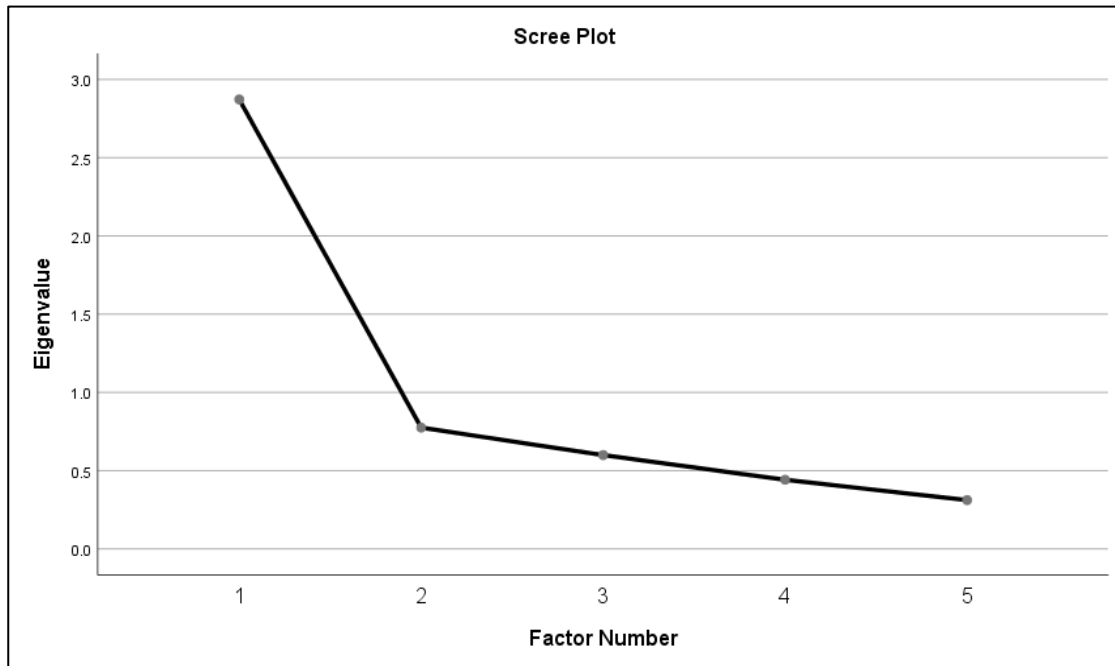


Figure 10: Scree Plot test of New Entry

4.5.6 Scale Reliability testing for New Entry

The output from table 23 provides the Cronbach's alpha test results for the reliability of the entrepreneurial orientation scale and the adjusted values of each scale. The initial result of the Cronbach coefficient alpha of entrepreneurial orientation score was 0.811. The scale was reliable as the alpha score of the scale was above the minimum required value of 0.7.

Table 23: Reliability indicator for New Entry

Item-Total Statistics			
Construct	Scale Items	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
New Entry	4.1 Has your Organisation founded any other firm during the past 12 months?	0.655	0.757
	4.2 If we disregard any subsidiaries, have you established operations on any new location during the past 12 months (e.g. office, sales office)	0.682	0.749
	4.3 Have you started exporting your products or services to any new foreign country?	0.488	0.807
	4.4 Have you over the past 12 months changed your line of products/service or in other ways changes what you offer the customers?	0.542	0.793
	4.5 Have you developed any new product or service that you now offer your customers?	0.655	0.758
	Cronbach's Alpha	0.811	

4.6 Regression Assumption Testing

In order to predict the hypothesis, hierarchical multiple regression analysis was conducted to test the relationship between the independent variable (entrepreneurial orientation), the mediate variable (new entry) and the dependent variable (business performance). The following assumptions had to be met in order to conduct the regression analysis:

- Normality
- Multicollinearity
- Homoscedasticity
- Linearity
- Independent errors

Section 4.6.1 provides the results of the analysis.

4.6.1 Normality testing for Business Performance

Table 24 shows the descriptive results of profit and efficiency. The results for Profit showed the skewness to be -0.056 and kurtosis value of -0.454. Efficiency has the skewness and kurtosis values of -0.153 and -0.689 respectively. Dividing each value by its Std. Error, Z values for both skewness and kurtosis are all within ± 1.96 limits for profit and efficiency. Therefore, the EO data is normally distributed.

Table 24: Business Performance Description Stats

Descriptives				
			Statistic	Std. Error
Profit	Mean		4.86	0.111
	95% Confidence Interval for Mean	Lower Bound	4.63	
		Upper Bound	5.08	
	5% Trimmed Mean		4.87	
	Median		5.05	
	Variance		1.562	
	Std. Deviation		1.250	
	Minimum		2	
	Maximum		7	
	Range		5	
	Interquartile Range		2	
	Skewness		-0.056	0.216
	Kurtosis		-0.454	0.428
Efficiency	Mean		4.9342	0.12931
	95% Confidence Interval for Mean	Lower Bound	4.6783	
		Upper Bound	5.1902	
	5% Trimmed Mean		4.9719	
	Median		4.8683	
	Variance		2.107	
	Std. Deviation		1.45146	
	Minimum		1.74	
	Maximum		7.12	
	Range		5.38	
	Interquartile Range		1.98	
	Skewness		-0.153	0.216
	Kurtosis		-0.689	0.428

Figure 11 and figure 12 illustrate a histogram of BP with the normal distribution overlaid on it. The results indicate that the data is normally distributed across the sampled population.

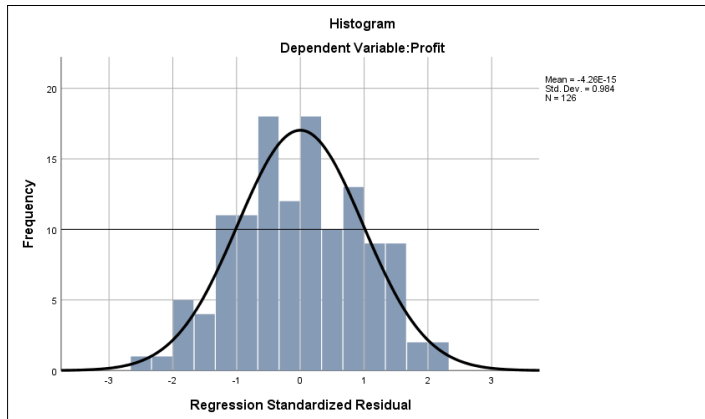


Figure 11: Normal Distribution curve for Profit

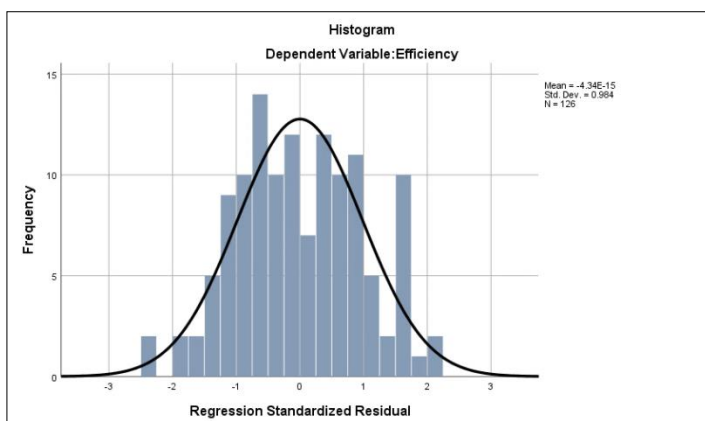


Figure 12: Normal Distribution curve for Efficiency

4.6.2 Multicollinearity and Linearity testing for EO, New Entry and Profit

Table 25 from the regression analysis output was used to assess multicollinearity and linearity.

For multicollinearity, the Pearson correlation coefficient between the predictors (new entry, innovativeness, risk-taking, and competitive aggressiveness) is less

than 0.7. Therefore, none of the independent variables have multicollinearity and will not produce the same output.

Table 25: Correlation for Hypothesis testing: Profit

Correlations						
		Profit	New Entry	Innovativeness	Risk Taking	Competitive Aggressiveness
Pearson Correlation	Profit					
	New Entry	-0.111				
	Innovativeness	0.152	-0.037			
	Risk Taking	0.132	-0.210	0.384		
	Competitive Aggressiveness	0.194	-0.072	0.175	0.161	
Sig. (1-tailed)	Profit		0.109	0.045	0.071	0.015
	New Entry	0.109		0.338	0.009	0.210
	Innovativeness	0.045	0.338		0.000	0.025
	Risk Taking	0.071	0.009	0.000		0.036
	Competitive Aggressiveness	0.015	0.210	0.025	0.036	
N	Profit	126	126	126	126	126
	New Entry	126	126	126	126	126
	Innovativeness	126	126	126	126	126
	Risk Taking	126	126	126	126	126
	Competitive Aggressiveness	126	126	126	126	126

In order to get linearity, the predictors have to be positively or negatively correlated with the dependent variable at a value above 0.3. Figure 14 shows the diagnostic fit for the regression model estimation using profit as the dependent variable. The P-P plot indicates that the data the relationship between IV and DV is linear. Thus, the regression assumption of linearity is not violated.

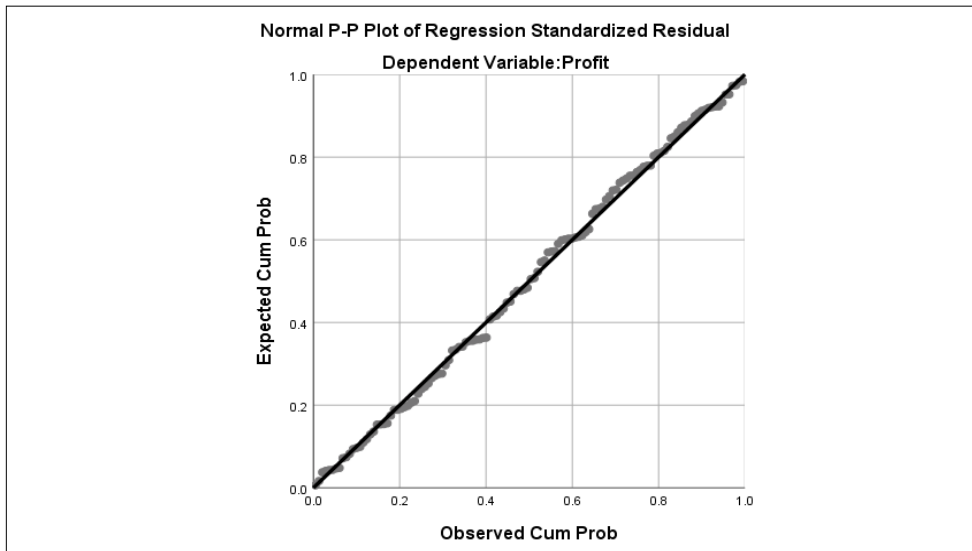


Figure 13: P-P Plot for Profit

Figure 15 was used to test for homoscedasticity and independence of residuals, to ensure that the regression analysis assumptions are met. Based on the observation on the visual observation, the IV and DV do not violate the regression assumption.

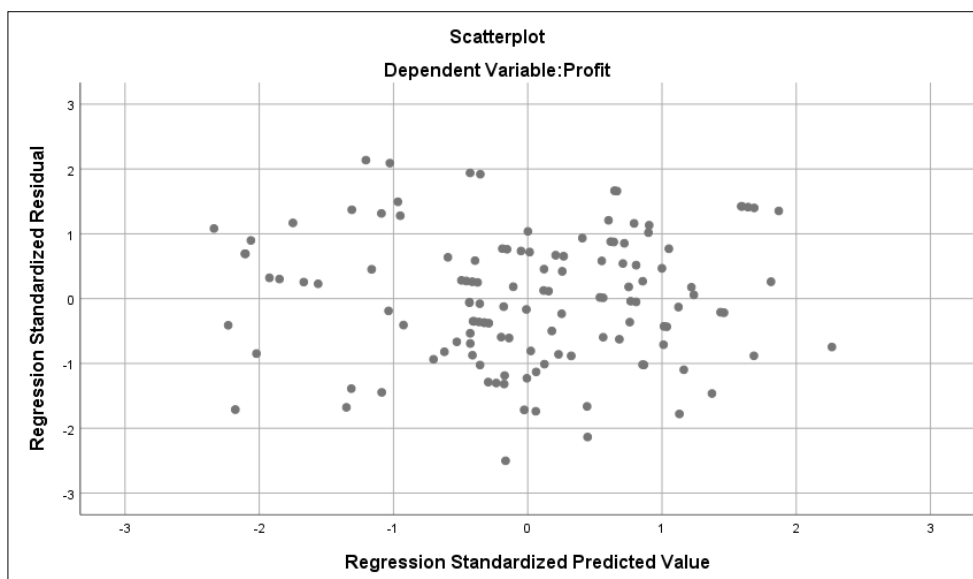


Figure 14: Scatterplot for Profit

4.6.3 Multicollinearity and Linearity testing for EO, New Entry and Efficiency

For efficiency, the Pearson correlation coefficient between the predictors (new entry, innovativeness, risk-taking, and competitive aggressiveness) is less than 0.7. Therefore, none of the independent variables have multicollinearity and will not produce the same output.

Table 26: Correlation for Hypothesis testing: Efficiency

Correlations						
		Efficiency	New Entry	Innovativeness	Risk Taking	Competitive Aggressiveness
Pearson Correlation	Efficiency					
	New Entry	0.086				
	Innovativeness	0.238	-0.037			
	Risk Taking	0.081	-0.210	0.384		
	Competitive Aggressiveness	0.186	-0.072	0.175	0.161	
Sig. (1-tailed)	Efficiency		0.170	0.004	0.185	0.018
	New Entry	0.170		0.338	0.009	0.210
	Innovativeness	0.004	0.338		0.000	0.025
	Risk Taking	0.185	0.009	0.000		0.036
	Competitive Aggressiveness	0.018	0.210	0.025	0.036	
N	Efficiency	126	126	126	126	126
	New Entry	126	126	126	126	126
	Innovativeness	126	126	126	126	126
	Risk Taking	126	126	126	126	126
	Competitive Aggressiveness	126	126	126	126	126

In order to get linearity, the predictors have to be positively or negatively correlated with the dependent variable at a value above 0.3. Figure 15 shows the diagnostic fit for the regression model estimation using efficiency as the dependent variable. The P-P plot indicates that the relationship between IV and DV is linear. Thus, the regression assumption of linearity is not violated.

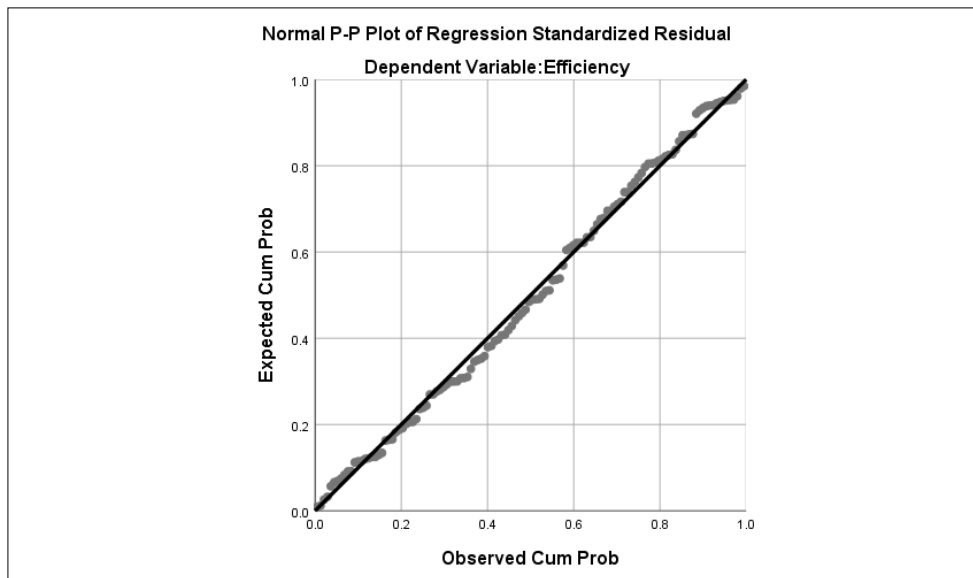


Figure 15: P-P Plot for Efficiency

Figure 16 was used to test for homoscedasticity and independence of residuals, to ensure that the regression analysis assumptions are met. Based on the observation on the visual observation, the IV and DV do not violate the regression assumption.

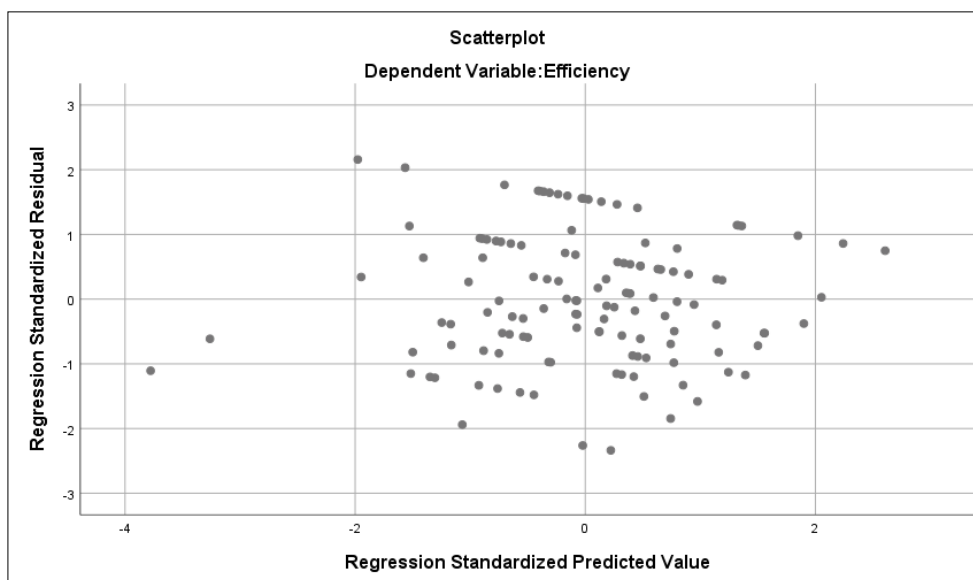


Figure 16: Scatterplot for Efficiency

4.7 Hypothesis Testing

4.7.1 Hypothesis 1: Entrepreneurial Orientation and New Entry

Hypothesis 1a: *CIS' that are entrepreneurially orientated are more likely to invest in a new product or idea.*

Hypothesis 1b: *CIS' that are entrepreneurially orientated are more likely to enter into new markets*

Hypothesis 1c: *CIS' that are entrepreneurially orientated are more likely to establish new ventures*

Table 27 summarises the results of the regression analysis, innovativeness and competitive aggressiveness dimensions of EO. They have no significant impact on new entry as their p-value is not statistically significant ($p > 0.05$) at 5% significant level. Risk taking was the only dimension in the model that was statistically significant ($p < 0.05$) at 5% significant level. The Beta values in the model highlight that all dimensions have a negative effect on new entry. For every increase of one standard deviation in increasing the business innovativeness, risk taking, and competitive aggressiveness decreases by 0.037, 0.210 and 0.072 standard deviations respectively. Therefore, we can conclude three dimensions of EO negatively influences new entry, with risk-taking being the only significant dimension.

Table 27: Multiple regression table for Hypothesis 2

Regression model	Independent variables	Dependent variables	Standardized Coefficients Beta	Sig.	Adjusted R Square	F-Value	Model Sig.
1	Innovativeness	New Entry	-0.037	0.677	-0.007	0.175	.677 ^b
	Risk Taking		-0.210	0.018	0.037	5.746	.018 ^b
	Competitive Aggressiveness		-0.072	0.421	-0.003	0.653	.421 ^b

4.7.2 Hypothesis 2: Entrepreneurial Orientation, New Entry, and Business Performance

The mediating effect of new entry was tested on EO and business performance. Stone-Romero and Rosopa (2004) defined the mediator as a variable that transmits the effects of an independent variable to a dependent variable. A hierarchical regression was computed to examine the significance of the mediating variable on EO and BP. Below is the hypothesis being tested:

Hypothesis 2a: *The relationship between entrepreneurial orientation and business performance is mediated by launching new products.*

Hypothesis 2b: *The relationship between entrepreneurial orientation and business performance is mediated by entering new markets.*

Hypothesis 2c: *The relationship between entrepreneurial orientation and business performance is mediated by launching new ventures*

To examine mediation the approach displayed in figure 13 was followed:

1. Examine the relationship between EO and New Entry
2. Examine the relationship between New Entry and Business Performance
3. Examine the relationship between EO and Business Performance
4. Examine the mediating effect of New Entry on EO and Business performance

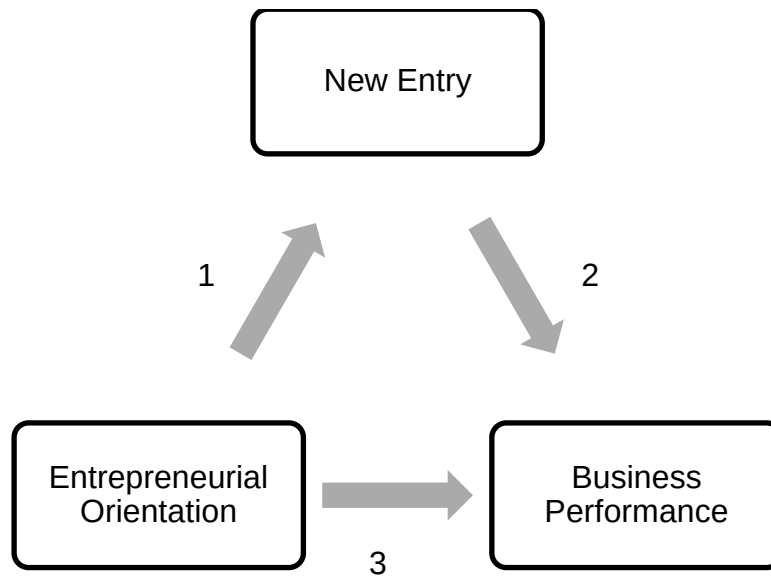


Figure 17: Mediation approach

1. Examining the relationship between EO and new entry, the result from the outcome of the regression analysis of hypothesis 1 was used to conclude that the dimensions of EO have no significant impact on new entry.
2. Examining the relationship between new entry and business performance, the results of the test for the relationship between new entry and business performance is provided in table 28. The results of the regression model show that the mediating variable 'new entry' has no significant influence on profit (**F=1.536, p= 0.217**) and on efficiency (**F=0.916, p= 0.340**). The Beta value also indicates that new entry has a negative effect on business profit. Therefore, it is concluded that new entry does not lead to higher levels of CIS business performance

Table 28: Multiple regression table for EO and New Entry

Regression model	Independent variables	Dependent variables	Standardized Coefficients Beta	Sig.	Adjusted R Square	F-Value	Model Sig.
1	New Entry	Profit	-0.111	0.217	0.004	1.536	.217 ^b
		Efficiency	0.086	0.340	-0.001	0.916	.340 ^b

3. Examine the relationship between EO and Business Performance, model 3 and 7 in table 29 provides the result of the analysis. From the result, it is evident that innovativeness, risk-taking and competitive aggressiveness dimensions of EO have no significant impact on profit but significantly influence business efficiency.

A summary of the results of the multiple linear regression analysis is provided in table 29 to examine the strength of the mediating effect.

- In the first regression output, the results show that competitive aggressiveness has a positive and strong relationship with business profit. The regression model (**F=4.873, p= 0.029**) is significant at 5% significance level. Therefore, we can conclude that competitive aggressiveness is a significant contributor to the profit of Collective Investment Schemes.
- Observing the second regression model results, the two dimensions of EO (Innovativeness and competitive aggressiveness) have no significant impact on business profit; however competitive aggressiveness has a direct and significant effect on profit. It is the only predictor of profit. The adjusted R-square at 0.037 indicates that the two independent variables represent only 3% of the variance for the dependent variable. The total regression model (**F=3.382, p= 0.037**) is significant at 5% significance level. Therefore, we can conclude that innovativeness and competitive aggressiveness dimensions are strong predictors of business profit.
- In the third regression model, Innovativeness, risk-taking and competitive aggressiveness dimensions of EO have no significant impact on profit. Competitive aggressiveness is the only dimension in the model that is statistically significant. The Beta value also indicates that competitive aggressiveness accounts for the variation of 16% in the profit dimension of performance. The total model (**F=2.411, p= 0.07**) is slightly greater than 0 and is not statistically significant at 5% significance level.

- In the fourth regression model, the mediating variable (new entry) was added to the model. The results show that the mediating variable has no statistical impact (**p>0.05**) on profit at 5% significant level. The Beta value also indicates that new entry has a negative effect on business profit. This indicates that for every increase of one standard deviation in entry into a new market, business profit decreases by 0.4 standard deviations. The total model (**F=2.028, p= 0.095**) is not statistically significant at 5% significance level. Therefore, we can conclude that new entry does not mediate EO-business profit relationship.
- On Efficiency, all four regression models (regression model 5 to 8) are statistically significant at 5% significance level. This means all the independent and mediating variables predict the dependent variable (efficiency). In total, 5.9% ($R^2 = 0.059$) of the variation of business efficiency is explained by the independent and mediating variables. Each EO dimension is statistically significant on efficiency at 5% significant level. The total regression model (**F=3.478, p= 0.018**) is significant at 5% significance level. The Beta value in model 7 highlights that risk-taking has a negative effect on business efficiency. For every increase of one standard deviation in increasing the business risk, business efficiency decreases by 0.029 standard deviations. The results from model 8 highlight that when new entry is added to the model, the coefficient estimates (Adjusted R Square) between the EO dimensions and new entry slightly increases but it is still close to zero. According to Song and Lim (2015), if the coefficient estimate between the variables X and Y is reduced to zero, the mediating variable M is in full mediation. Also, all individual variables must be significantly correlated to satisfy the mediation condition (Hair et al., 2010; cited in Song & Lim, 2015). The assumption of correlation was tested and fully met. Therefore, we can conclude that the mediating variable is in full mediation. In conclusion, the relationship between new entry EO and efficiency is mediated by new entry, therefore Hypothesis 2 is accepted.

Table 29: Regression Analysis results

Regression model	Independent variables	Dependent variables	Standardized Coefficients Beta	Sig.	Adjusted R Square	F-Value	Model Sig.
1	Competitive Aggressiveness	Profit	0.194	0.029	0.030	4.873	0.029
2	Competitive Aggressiveness		0.173	0.054	0.037	3.382	0.037
	Innovativeness		0.122	0.175			
3	Competitive Aggressiveness		0.167	0.066	0.033	2.411	0.07
	Innovativeness		0.097	0.316			
	Risk Taking		0.068	0.482			
4	Competitive Aggressiveness		0.163	0.073	0.032	2.028	0.095
	Innovativeness		0.102	0.294			
	Risk Taking		0.049	0.621			
	New Entry		-0.085	0.349			
5	Competitive Aggressiveness	Efficiency	0.186	0.037	0.027	4.449	0.037
6	Competitive Aggressiveness		0.149	0.093	0.063	4.449	0.037
	Innovativeness		0.212	0.018			
7	Competitive Aggressiveness		0.152	0.090	0.056	3.478	0.018
	Innovativeness		0.222	0.021			
	Risk Taking		-0.029	0.758			
8	Competitive Aggressiveness		0.157	0.080	0.059	2.957	0.023
	Innovativeness		0.217	0.024			
	Risk Taking		-0.006	0.951			
	New Entry		0.104	0.245			

4.8 Summary of the results

This chapter presented the results of the response collected from the members of different Collective Investment Schemes in Gauteng. The results were summarised in both graphical views and cross-tabulation. The outcomes indicated that 49.2% of the respondents who participated in the survey were between the age group 26 and 35 years and 1% of them were 56 years and older.

The respondents that are in the age group 26 and 35 years are predominantly employed in the private sector. The results of the Chi-square analysis show a significant relationship between the age of the respondents and their occupation at 5% significant level ($X^2 = 18.331$; $p < 0.019$). The results also revealed that the distribution of EO scales was negatively skewed with a negative kurtosis. According to Bosch (2006), the wages for workers with a postgraduate qualification are much larger in the private sector than in the public sector. As a result, people who have obtained Bachelor and Post Graduate degree qualifications are most likely to search for employment in the private sector.

A construct validity test was conducted on EO, BP and NE scales using Principal Axis Factoring, using oblique (Promax) rotation. PFA results for EO indicated four factors with an eigenvalue above one, that together, explained 59.60% of the variance while PFA results for business performance indicated three factors with an eigenvalue above one, that together, explained 63.32% of the variance. After conducting a reliability test, EO dimensions were reduced to three, with autonomy being excluded from further analysis as it was unreliable. The three remaining dimensions were innovativeness, risk-taking, and competitive aggressiveness.

The last part of the analysis was done to test the conceptual framework, i.e., hypothesis testing using linear and hierarchical multiple regression. The linear regression analysis was conducted to test hypothesis 1 while hierarchical multiple regression was used to test hypothesis 2. The three remaining factors of EO (innovativeness, risk taking and competitive aggressiveness) were used as independent variables, while two factors of business performance (profit and efficiency) were used as dependent variables. New entry was the mediating variable.

For hypothesis 1: the results show that individual dimensions of EO influence new entry differently. Risk-taking had a significant negative impact on new entry while innovativeness and competitive aggressiveness did not influence new entry.

For hypothesis 2: the results indicated that when new entry is added to the model the coefficient estimates (Adjusted R Square) between the EO dimensions and new entry slightly increases but it is still close to zero. Also, all independent and mediating variables were significantly correlated. In the end, the conditions for mediation were fully met. Therefore, the relationship between EO and business performance is mediated by new entry. Hypothesis 2 is accepted.

The results and implications of the findings from this chapter are discussed and explained further in the next chapter.

CHAPTER 5: DISCUSSION OF THE RESULTS

5.1 Introduction

This chapter discusses the empirical results and findings from chapter 4 and these are then compared to the content from literature relating to this study.

5.2 Discussion pertaining to Hypothesis 1

The hypothesis being tested was to assess the impact of EO on the ability of CIS to invest in new ventures. The derived hypothesis was:

Hypothesis 1a: *CIS' that are entrepreneurial orientated are more likely to invest in a new product or idea.*

Hypothesis 1b: *CIS' that are entrepreneurial orientated are more likely to enter into new markets*

Hypothesis 1c: *CIS' that are entrepreneurial orientated are more likely to establish new ventures*

According to Wales, et al. (2015), firms with higher EO, are likely to search for and identify new markets, launch new products and are more likely to identify opportunities to launch new ventures. The results show that individual dimensions of EO influence new entry differently, with risk-taking being the only dimension to influence new entry significantly. Based on the results from the regression analysis in Chapter 4, the hypothesis to test the impact of EO on the ability of CIS to invest in new ventures was rejected. It is then concluded that EO does not influence on Collective Investment Schemes launching a new product, entering into a new market and establishing a new venture. The results indicate that the level of EO does not improve CIS business performance by undertaking new entry. Its average return on investment remains the same or decreases. This outcome could be affected by various factors such as entry strategy and competition, especially when entering a new market.

5.3 Discussion pertaining to Hypothesis 2

The mediating effect of new entry was tested on EO and business performance. This hypothesis was derived to answer whether the relationship between entrepreneurial orientation and business performance of Collective Investment Schemes is mediated by new entry. The derived hypothesis was:

Hypothesis 2a: *The relationship between entrepreneurial orientation and business performance is mediated by launching new products.*

Hypothesis 2b: *The relationship between entrepreneurial orientation and business performance is mediated by entering new markets.*

Hypothesis 2c: *The relationship between entrepreneurial orientation and business performance is mediated by launching new ventures*

It was adopted from Lumpkin and Dess (1996)'s conceptual model, where EO is the antecedent variable, New Entry is the mediating variable, and firm performance is the outcome variable.

The results indicate that new entry explains the relationship between EO and business performance. Lumpkin and Dess (1996) describe new entry as the action that distinguishes entrepreneurial behaviour from other types of business activity that might be undertaken to capitalise on an opportunity. With the presence of EO, entrepreneurs can exhibit behaviour that can allow them to exploit and capitalise on opportunities around them innovatively. Overall, the results of the regression analysis supported the hypothesised effects of the three dimensions (innovativeness, risk-taking, and competitive aggressiveness) of entrepreneurial orientation and new entry.

The findings of this study further revealed that risk-taking negatively influences Collective Investment Schemes' business performance. Revenue generated by CIS is predominantly from members' contributions and interest earned from their savings. The results of the study show that this is still the case. As a result, the presence of EO amplifies their investment strategy to seek opportunities within

their familiar investment environment, which carries less risk. Therefore, they are likely to not be innovative. In fact, the majority of new, independent ventures are not innovative at all (Autio, Kenney, Mustar, Siegel, & Wright, 2014). This type of business performance originates from the social background of the original foundation of Collective Investment Schemes. As Anderson, Park, and Jack (2007) alluded, entrepreneurs are a product of their social environment, they will be conditioned by that environment and may even perceive opportunities in a manner that is influenced by their social background. If the social environment promotes innovativeness, proactiveness, and risk-taking, individuals and SMEs are more likely to adopt these attitudes than in an environment that is not entrepreneurial (Filser & Eggers, 2014).

5.4 Conclusion

The results from the study did not find supporting evidence of hypothesis 1, that there is a positive relationship between entrepreneurial orientation and new entry. However, the results indicated that new entry plays a mediating role in the relationship between Entrepreneurial Orientation and Business Performance of Collective Investment Schemes. This revealed that EO has an impact on Collective Investment Schemes transitioning to new entry and that new entry leads improve CIS business performance. As Lumpkin and Dess (1996) alluded, an entrepreneurial orientation, as reflected in the organisational processes and decision-making style of a firm, can be a source of competitive advantage or strategic renewal, even for firms that are not involved in launching new ventures.

CHAPTER 6: CONCLUSIONS, IMPLICATIONS, AND RECOMMENDATIONS

6.1 Introduction

This final chapter provides the results and the implications of the findings, thereafter ending with recommendations, implications, and limitations to the study along with areas for further research

6.2 Conclusions of the study

The primary purpose of the study was to investigate the Entrepreneurial Orientation (EO) of Collective Investment Schemes (CIS) or stokvels, and their ability to invest in entrepreneurial activities. From the results, the research revealed that:

- EO has no impact on the ability of CIS to invest in new ventures and
- New entry has no impact on CIS' business performance. This revealed that New Entry does not mediate the relationship between Entrepreneurial Orientation and Business Performance.

Table 30: Summary of the results

Hypothesis 1	<i>Hypothesis 1a:</i> CIS' that are entrepreneurially orientated are more likely to invest in a new product or idea. <i>Hypothesis 1b:</i> CIS' that are entrepreneurial orientated are more likely to enter into new markets <i>Hypothesis 1c:</i> CIS' that are entrepreneurial orientated are more likely to establish new ventures	Rejected
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Hypothesis 2 (Mediating effect of New Entry)	Hypothesis 2a: <i>The relationship between entrepreneurial orientation and business performance is mediated by launching new products.</i>	Accepted
	Hypothesis 2b: <i>The relationship between entrepreneurial orientation and business performance is mediated by entering new markets.</i>	
	Hypothesis 2c: <i>The relationship between entrepreneurial orientation and business performance is mediated by launching new ventures.</i>	

Wiklund and Shepherd (2005) highlighted that small business performance is also positively influenced by access to financial capital. Collective Investment Schemes have access to financial capital where a significant part of it is still invested through traditional investment methods. However, this does not foster wealth creation. An entrepreneurial orientation will only facilitate wealth creation when firms strategically acquire, develop, and leverage resources that foster both opportunity and advantage-seeking behaviours (Ireland et al., 2003; Stam & Elfring, 2008).

In the end, this study contributes to the literature by demonstrating that, despite limited research of EO in other business cultures, its theory is applicable universally and remains an active driver of business performance. Chapter 2 of this research highlighted that the most common components of EO are proactiveness, risk-taking, and innovation. However, the proactiveness variable converged with innovativeness to form a new factor which was one of the factors omitted from the analysis. This reaffirms the need to do further research in other business cultures and informs the theory by suggesting that not all EO dimensions apply to specific EO studies, mainly due to business cultures.

6.3 Implications and Recommendations

The results from the research indicated that EO does not lead to New Entry behaviours which contribute to business performance. Despite the rejections of the hypothesis, the research has shown a positive relationship between Entrepreneurial Orientation and Business Performance.

6.3.1 Implications

Possible implications are that, based on their strategy, CIS can continue to place a significant part of their funds in a savings and investment account and yield acceptable results. As a result, members would be happy with business performance. As highlighted in Chapter 1, the use of money from stokvels in South Africa appears to contrast with poor people in other places such as Ghana, Kenya, and Bangladesh where a significant percentage of the funds from micro credit and saving schemes are invested in SMME activities (Arko-Achemfuor, 2012). By not pursuing opportunities through New Entry, the results from the study show that the gap still exists with modern CIS in South Africa. Their operational model is still shaped by their institutional roots and has not deviated to new settings. This is supported by evidence, which suggests that many of the stokvels are now becoming more formal, upmarket saving schemes (Groenewald, 2017). As such, the underlying operating model is still the same as the old investment stokvel model, but with a significant capital contribution by members, funds are now invested in high yielding investment funds but are not able to generate wealth. This can be attributed to the deep entrenchment in their institutional roots and management, where they have low risk appetite to venture into new territory. Naldi, et al. (2007) argued that the relationship between risk taking and performance is better understood by taking into account the organizational context, and especially the relationship between and nature of ownership, governance, and management.

6.3.2 Recommendations

As an upmarket saving scheme, opportunity still exists for them to enter the entrepreneurial world through venture capital service. By transitioning to a venture capital service, CIS have the prospect to become entrepreneurs, own businesses and create wealth. This is mainly because venture capitalists aim to rapidly grow businesses so that they earn a high rate of return from their investment (Davila, Foster, & Gupta, 2003). According to van Deventer and Mlambo (2008), sourcing funds for start-ups firms in South Africa is problematic in that there are not enough funds to go around

Consequently, CIS as venture capitalists can play a significant role in the entrepreneurial environment as they have significant resources by providing resource capabilities in the form of funding and human capital for both start-ups and established firms. CIS through its crowd of members, could present itself as a viable source of funding to entrepreneurs in return for equity or provide funding in terms of debt financing. According to Vismara (2016), crowdfunders are typically first-time entrepreneurs. Breedon (2012, cited in Bruton et al. 2015) highlighted that innovators are designing new financial instruments to provide entrepreneurs with financial services that are otherwise difficult to access. Despite the substantial capital they hold, Collective Investment Schemes are not yet fully interlinked into the mainstream economy. For them to realise their full potential and generate wealth, they must be able to tap into entrepreneurial opportunities that exist in the country.

6.4 Limitations of the study

Without the financial results being provided, the accuracy of business performance is based on the respondents' interpretation of how they performed. Reliance on financial measures without the support of actual data may lead to predispositions, thus making it difficult to generalise the findings, and in this case, it is subjective to how the respondents measure their level of performance. As Keh, et al. (2007) emphasised, the lack of objective financial performance data limits us to use perceptual firm performance measures.

Secondly, some of the Collective Investment Schemes could have had their plans and intentions of not pursuing opportunities by New Entry but instead limit themselves to investments such as the stock market or investing in higher interest-bearing investment accounts offered by financial institutions. Therefore, their return on such investments could be the positive results they expected. In the end, they would be happy with the final business performance based on their chosen investment path. Krueger, et al. (2000, cited in Koe, 2016) indicated, entrepreneurship is an intentional and planned behaviour. By being able to identify the different groups, one could, therefore, compare the two groups and measure the relationship between EO and BP with new entry as the mediating variable.

6.5 Suggestions for further research

The research did not look into the level of CIS' EO over a period of time and then observe the action taken. In so doing, one could easily measure their EO and Business Performance over time by looking at their Entrepreneurial activity. Therefore, further study could be explored to look at Collective Investment Scheme's entrepreneurial orientation over time, their investments in entrepreneurial activities and their overall Business Performance. The research should also not be limited to one region.

This study also revealed that more members have tertiary qualifications and work experience, therefore, future studies need to look at the relationship of Collective Investment Schemes' human capital, entrepreneurial orientation, and their entrepreneurial activities. According to Davidsson and Honig (2003), previous research tends to support the existence of a positive relationship between human capital and entrepreneurial activity.

Furthermore, future studies should also investigate the presence of all EO dimensions across different business cultures. In this study, only three dimensions were strong predictors for the analysis. This supports Lumpkin and Dess (1996)'s argument that researchers should also investigate whether some

dimensions of EO are always present, whereas others vary depending on the context.

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APPENDIX A

Research instrument

1. Demographic Information	Age Group	17 years or less	18 – 25 years	26 – 35 years	36 - 45 years	46 - 55 years	56 years upwards
	Sex	M		F			
	Racial Group	African	Colored	Indian	Asian	White	
	Present Occupation	Student	Private Sector employee	Public sector employee	Self-employed or entrepreneur	Retired	Unemployed Other
	Level of studies	Primary school	High School	Diploma	Degree	Post Grad	Other (Specify)
	How old is the Investment club (<i>Age group</i>)	1 year or less	1 – 2 years	3 – 5 years	6 - 10 years	11 - 15 years	16 years upwards
	How long have you been part of the Investment club (<i>Age group</i>)	1 year or less	1 – 2 years	3 – 5 years	6 - 10 years	11 - 15 years	16 years upwards

2. Entrepreneurial Orientation	2.1 Risk-taking	Indicate your level of agreement with the following sentences from 1 (Strongly disagree) to 7 (Strongly agree)	Strongly disagree Strongly agree						
			1	2	3	4	5	6	7
		The term "risk taker" is considered a positive attribute for people in our Organisation							
		People in our Organisation are encouraged to take calculated risks with new ideas							
		Our Organization emphasizes both exploration and experimentation for opportunities							
	2.2 Innovatiness	Indicate your level of agreement with the following sentences from 1 (Strongly disagree) to 7 (Strongly agree)	Strongly disagree Strongly agree						
			1	2	3	4	5	6	7
		We actively introduce improvements and innovations in our Organisation							
		Our Organisation is creative in its methods of operation							
		Our Organisation seeks out new ways to do things							
	2.3 Proactiveness	Indicate your level of agreement with the following sentences from 1 (Strongly disagree) to 7 (Strongly agree)	Strongly disagree Strongly agree						
			1	2	3	4	5	6	7
		We always try to take the initiative in every situation (e.g., against competitors, in projects when working with others)							
		We excel at identifying opportunities							
		We initiate actions to which other organisations respond							
	2.4 Competitive aggressiveness	Indicate your level of agreement with the following sentences from 1 (Strongly disagree) to 7 (Strongly agree)	Strongly disagree Strongly agree						
			1	2	3	4	5	6	7
		Our Organisation is intensely competitive							
		In general, our Organisation takes a bold or aggressive approach when competing							
		We try to undo and out-manoeuver the competition as best as we can							
	2.5 Autonomy	Indicate your level of agreement with the following sentences from 1 (Strongly disagree) to 7 (Strongly agree)	Strongly disagree Strongly agree						
			1	2	3	4	5	6	7
		Members are permitted to act and think without interference							
		Members perform jobs that allow them to make and instigate changes in the way they perform their work tasks							
		Members are given freedom and independence to decide on their own how to go about doing their work							
		Members are given freedom to communicate without interference							
		Members are given authority and responsibility to act alone if they think it to be in the best interests of the business							
		Members have access to all vital information							

3. Business Performance	3.1 Efficiency	Indicate your level of agreement with the following sentences from 1 (Strongly disagree) to 7 (Strongly agree)	Strongly disagree Strongly agree						
			1	2	3	4	5	6	7
		My organisation is usually satisfied with return on investment							
		My organisation is usually satisfied with return on equity							
		My organisation is usually satisfied with return on assets							
	3.2 Growth	Indicate your level of agreement with the following sentences from 1 (Strongly disagree) to 7 (Strongly agree)	Strongly disagree Strongly agree						
			1	2	3	4	5	6	7
		My organisation is usually satisfied with sale growth							
		My organisation is usually satisfied with employee growth							
		My organisation is usually satisfied with market share growth							
	3.3 Profit	Indicate your level of agreement with the following sentences from 1 (Strongly disagree) to 7 (Strongly agree)	Strongly disagree Strongly agree						
			1	2	3	4	5	6	7
		My organisation is usually satisfied with return on sales							
		My organisation is usually satisfied with net profit margin							
		My organisation is usually satisfied with gross profit margin							

4. New Entry		Yes	No
	Has your Organisation founded any other firm during the past 12 months?		
	If we disregard any subsidiaries, have you established operations on any new location during the past 12 months (e.g. office, sales office)		
	Have you started exporting your products or services to any new foreign country?		
	Have you over the past 12 months changed your line of products/service or in other ways changes what you offer the customers?		
	Have you developed any new product or service that you now offer your customers?		

APPENDIX B

Consistency matrix

Main Problem: Investigate Entrepreneurial Orientation (EO) of Collective Investments Schemes (CIS) or (Stokvels,) and their ability to invest in entrepreneurial activities							
Sub-problem	Literature Review	Hypotheses or Propositions	Research questions	Variables(Independent & Dependent)	Source of data	Type of data	Analysis
Assess the impact of EO on the ability of CIS to invest in new ventures	(Lumpkin & Dess, 2001; Lee et al., 2001; Lumpkin & Dess, 1996; Shane & Venkataraman, 2000; Li, et al., 2009; Naldi, et al., 2007; Wales, et al., 2013)	H1a: CIS' that are entrepreneurially orientated are more likely to invest in a new product or idea.. H1b: CIS' that are entrepreneurially orientated are more likely to enter into new markets H1c: CIS' that are entrepreneurially orientated are more likely to establish new ventures	Main research question: To what extend are Collective Investment Schemes entrepreneurial and how does their EO affect their activities and decision making? Sub-question 1: What is the impact of EO dimensions on the entrepreneurial activities of Collective Investment Schemes?	IV1= Innovativeness IV2= Pro-activeness IV3= Risk-taking IV4= Competitive aggressiveness IV5= Autonomy DV1= New Entry (Launching a New Product/Idea, Entry into a New Market, Establishing a New Venture)	Online survey questionnaire sent to different leaders of Collective Investment Schemes	Ordinal	Descriptive analysis, Factor analysis, Hierarchical multiple regression Regression analysis
Assess the impact of New Entry on CIS' business performance	(Wiklund,1999; Mahmood & Hanafi, 2013; Lumpkin & Dess,1996; Wales, et al., 2013; Murphy et al.,1996; Tajudin, et al., 2014; Gautam , 2016)	H2a: The relationship between entrepreneurial orientation and business performance is mediated by launching new products. H2b: The relationship between entrepreneurial orientation and business performance is mediated by entering new markets. H2c: The relationship between entrepreneurial orientation and business performance is mediated by launching new ventures.	Main research question: Does EO leads to new entrepreneurial initiatives that contribute to CIS business performance Sub-question 1: Does new entry lead to higher levels of CIS business performance?	IV1= Innovativeness IV2= Pro-activeness IV3= Risk-taking IV4= Competitive aggressiveness IV5= Autonomy MV1= New Entry (Launching a New Product/Idea, Entry into a New Market, Establishing a New Venture) DV2= Business Performance (Efficiency, Growth and Performance)			

