



**THE RELATIONSHIP BETWEEN ENTREPRENEURIAL ORIENTATION,
COMPETITIVE ADVANTAGE AND BUSINESS PERFORMANCE
AMONG SMALL BUSINESSES IN DURBAN**

By

Sbongiseni Sanele Mtshali

**Submitted in fulfillment of part of the requirements for the Masters of Business
Administration**

in the

Faculty of Management Sciences

at the

Durban University of Technology

Supervisor: Prof. W.T. Chinyamurindi

March 2017

Declaration

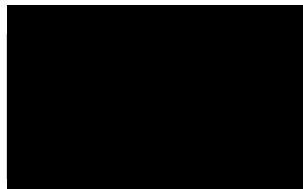
I, Sbongiseni Sanele Mtshali declare that I am a single author of this publication. This publication is a representation of my original work. Where necessary, works of other authors were used and acknowledged accordingly. As a postgraduate student at the Durban University of Technology, this publication was solely written by me under the supervision of Prof. W.T. Chinyamurindi of the University of Fort Hare in South Africa.

Signed:



Mr. Sbongiseni S. Mtshali

Date: 4 March 2017



Supervisor: Prof. W. T. Chinyamurindi

Date: 22 March 2017

Acknowledgements

Courage, tenacity, hunger for knowledge and motivation to be among the best and to be the best summarise just a portion of my earthly life. To be among the greatest, I believe, gives me power to help the least powerful and the feeble. I have to agree that, at first, this journey was interesting, full of joy and happiness. I gradually got tired, exhausted and disinterested due to the amount of work I had to do. Finally, I have recovered my joy and some earthly power to be one of the best in my field.

Well enough with me. I humble myself and am eager to thank the following people whose combined efforts have taken me thus far.

First of all, the biggest and unmatched trophy of love goes to the Lord for his unconditional love for me. Without his unfailing love this project would have been a complete disaster. Ngiyabonga Baba Simakade ngothando lwakho namandla ongiphe wona wokuqala nokuqeda lomsebenzi.

Secondly, I thank my entire family, especially my father and mother, who possess no education at all, but always give me their blessings and wish me good in all that I do. God bless you!!! And in his name, may you live longer and enjoy the fruits of my labour.

They say save the best for last. To my supervisor, Prof. Willie Chinyamurindi, I always opened your emails with fear and sometimes with worry. Not for a bad reason, but every time you sent me an email, I knew it was work and work. Your tight deadlines gave me no room for procrastination even though sometimes I could not stick to those deadlines. Nonetheless, at the deepest part of my heart, I always said thank you Lord for a supervisor like you. You offered me the best service that I am unable to describe it. May your plans for 2017 and beyond be a reality, and I wish you all that your heart desires. THANK YOU!

Dedication

I dedicate this educational and informative work to the Lord, my family and finally, to myself. I believe after this work, the doors of opportunities will open for me and my family. I have burning responsibility to ensure that all the efforts, my efforts and those of others, especially Prof. Wille, put into this project do not go to waste, but yield positive and life-changing results. Thank you to all those who realise that my future is in the Lord's hands and in my hands too. Ikusasa lami lisezandleni zikaMdali wami kanye nezami uqobo. Ngiyabonga kubobonke abakuqondayo lokho ngokuthi bangisize ukuthi izifiso zami zifezeke.

Abstract

Small businesses form the backbone of any nation's economy, especially where unemployment is extremely high. South Africa is one of the many countries that struggle with low economic growth resulting in low employment. This study investigates the relationship between entrepreneurial orientation, business performance and competitive advantage. South Africa's small business sector is under pressure as evidence exists that the failure rate is well above 70 percent, and to an extent, up to 90 percent depending on various conditions.

This study was conducted in Durban, South Africa. The study sought to answer the two questions namely: a) Is there a significant relationship between entrepreneurial orientation and business performance? and b) Is there a mediating role of competitive advantage in the relationship between entrepreneurial orientation and business performance? These questions were targeted to small business owners or managers in Durban, South Africa. Therefore, 177 participants responded, and both questions were tested and yielded positive results. Data were collected by means of a questionnaire consisting of 24 items. Indeed, the finding was that there is a positive and significant relationship between entrepreneurial orientation and business performance, and that competitive advantage does mediate the relationship between business performance and entrepreneurial orientation.

Finally, many studies examined in this study support the findings of this research pointing out that a strong positive relationship exists between business performance and entrepreneurial orientation. Similarly, there seems to be an agreement that there is some relationship between competitive advantage, entrepreneurial orientation and business performance. However, the literature reviewed did not clarify if competitive advantage does actually mediate the relationship between entrepreneurial orientation and business performance whilst this study found that mediation does exist between the entrepreneurial orientation and business performance link. Hence, small businesses need to learn more about this relationship so to take advantage of possible synergies that may arise from it. Further, both the government of South Africa and the private

sector should keep supporting small businesses by making use of research studies like this one and many more which are based on theory and practice.

Table of contents

Declaration	ii
Acknowledgements	iii
Dedication	iv
Abstract	v
List of tables	ix
List of figures	x
Chapter one	1
Introduction of the study	1
1.1 Introduction	1
1.2 Background of the study	2
1.3 Problem statement	3
1.4 Literature review	5
1.4.1 Entrepreneurial orientation and business performance	5
1.4.2 Entrepreneurial orientation, business performance and competitive advantage	8
1.5 Aim and objectives of the study	9
1.6 Significance of the study	10
1.7 Research methodology	10
1.7.1 Research approach	10
1.7.2 Research method	11
1.7.3 Sampling – research procedure	12
1.7.4 Measuring instrument	12
1.8 Data analysis	15
1.8.1 Descriptive and inferential statistics	15
1.8.2 Validity and reliability	16
1.9 Ethical considerations	16
1.10 Delimitations of the study	16
1.11 Chapter layout	17
1.12 Conclusion	17
Chapter two	19
Literature review	19
2.1 Introduction	19
2.2 Entrepreneurial orientation	19
2.3 Business performance	25
2.4 Relationship between entrepreneurial orientation and business performance	29
2.5 Competitive advantage	34
2.6 Entrepreneurial orientation and competitive advantage	36
2.7 Business performance and competitive advantage	37
2.8 Conclusion	38
Chapter three	39
Research design and methodology	39

3.1	Introduction	39
3.2	Overview of research objectives and hypotheses	39
3.2.1	Research objectives	39
3.2.2	Research hypotheses	40
3.3	Research paradigm	40
3.3.1	An interpretivist paradigm	40
3.3.2	Positivist paradigm	41
3.4	Research approach	41
3.4.1	Qualitative research	42
3.4.2	Quantitative research	42
3.5	Research design	43
3.5.1	Exploratory-descriptive design	43
3.6	Primary and secondary data	44
3.7	Sampling	44
3.7.1	Sample nature	44
3.7.2	Sampling	45
3.7.2.1	Random sampling techniques	46
3.7.2.2	Convenience sampling	46
3.8	Research instrument	47
3.8.1	Research measures	47
3.8.1.1	Entrepreneurial orientation	47
3.8.1.2	Business performance	47
3.8.1.3	Competitive advantage	47
3.9	Data preparation	48
3.9.1	Data preparation process	48
3.9.1.1	Preliminary questionnaire screening	48
3.9.1.2	Data coding	48
3.10	Data analysis techniques	48
3.10.1	Inferential data analysis	48
3.10.1.1	Correlation	48
3.10.2	Descriptive data analysis	49
3.10.2.1	Measures of central tendency	49
3.11	Reliability and validity	49
3.11.1	Reliability	50
3.11.2	Validity	50
3.11.2.1	Internal validity	50
3.11.2.2	External validity	50
3.12	Conclusion	51
Chapter four		52
Data analysis and results presentation		52
4.1	Introduction	52
4.2	Descriptive statistics	52
4.2.1	Gender of respondents	52
4.2.2	Ethnicity of participants	53
4.2.3	Home language	54

4.2.4	Industry	54
4.2.5	Age	55
4.2.6	Education level of respondents	56
4.2.7	Age of business	57
4.2.8	Capital size in rand value	57
4.2.9	Number of employees	58
4.2.10	Position in the business	59
4.3	Reliability analysis	60
4.4	Inferential results interpretation	60
4.4.1	Hypotheses testing	60
4.4.2	Correlation tests	61
4.4.3	Summary of hypotheses testing	64
4.5	Conclusion	64
Chapter five		65
Discussion and recommendations		65
5.1	Introduction	65
5.2	Discussion	65
5.2.1	Summary of literature reviewed in relation to H1 study findings	65
5.2.2	Summary of literature reviewed in relation to H2 study findings	71
5.3	Contribution of the study	73
5.4	Limitations	74
5.5	Recommendations	74
5.5.1	Recommendations to enhance entrepreneurial orientation in small businesses	74
5.5.2	Recommendations to enhance business performance in small businesses	75
5.5.3	Recommendations to enhance competitive advantage in small businesses	75
5.5.4	Recommendations for future research	75
5.6	Conclusion	75
References		76
Appendix 1: Letter of information		86
Appendix 2: Questionnaire		87

List of tables

Table 1:	Entrepreneurial orientation features and their respective definitions	6
Table 2:	Items measuring entrepreneurial orientation	13
Table 3:	Items measuring business performance	14
Table 4:	Items measuring competitive advantage	15
Table 5:	Dimensions of entrepreneurial orientation construct and their respective definitions	23
Table 6:	Sources of business performance according to some writers	29
Table 7:	Gender of participants	52
Table 8:	Ethnicity	53

Table 9:	Home language	54
Table 10:	Industry	55
Table 11:	Age of respondents	55
Table 12:	Education level of respondents	56
Table 13:	Age of business	57
Table 14:	Capital size in rand value	58
Table 15:	Number of employees	58
Table 16:	Position in the business	59
Table 17:	Cronbach's alpha results	60
Table 18:	Correlation	61
Table 19 – 24:	Model 1-3 summaries and coefficients	62
Table 25:	Summary of hypotheses testing	64

List of figures

Figure 1:	Gender of participants	53
Figure 2:	Ethnicity	53
Figure 3:	Home language	54
Figure 4:	Industry	55
Figure 5:	Age of respondents	56
Figure 6:	Education level of respondents	56
Figure 7:	Age of business	57
Figure 8:	Capital size in rand value	58
Figure 9:	Number of employees	59
Figure 10:	Position in the business	59
Figure 11:	Model 1	63
Figure 12:	Study model	63

Chapter One

Introduction of the study

1.1 Introduction

The field of entrepreneurship is broad, and many scholars have studied it. According to Hindle (2015: 15), entrepreneurship is a “process of evaluating, committing to and achieving, under contextual constraints, the new value from new knowledge for the benefits of defined stakeholders”. Entrepreneurship has been viewed to be a solution to solving socio-economic challenges faced by various societies today by contributing to economic growth, thereby fighting poverty and unemployment (Packham, Jones, Miller, Pickernell & Thomas, 2010: 568).

Hulsing (2008: 3) stated that entrepreneurship is an engine of an economy. Entrepreneurs are the ones who start businesses that create jobs and in the process, reduce unemployment and poverty levels. Furthermore, Hulsing (2008) highlighted that entrepreneurship is closely related to economic growth because of economic activity or entrepreneurial activity. In view of this, Muhammad and Fatima (2015: 2-3) define entrepreneurship as a “process of conceptualising, organising, launching, and through innovation, nurturing a business opportunity into a potentially high growth venture in a complex, unstable environment”. Moreover, the business environment is comprised of inevitable change which could mean that players in this environment who are entrepreneurs need to be fully equipped in every way to deal with business challenges. Further, entrepreneurs are creative, multi-skilled and see opportunities whilst everybody else sees confusion and trouble (Muhammad & Fatima, 2015: 2-3).

Due to the fact that small businesses form the backbone of a country's economy and its development (Cant, Wiid & Kallier, 2015: 621), this research was triggered, in part, by the fact that entrepreneurship has a potential of solving socio-economic challenges faced by South Africa and other countries, particularly developing nations. Hence, business or entrepreneurial success is paramount in the realisation of this goal (Packham *et al.*, 2010: 568).

Entrepreneurial orientation has been studied extensively, both theoretically and empirically (Mason, Floreani, Miani, Beltrame & Cappelletto, 2015: 1650). Thus, entrepreneurial orientation has become a central element in the domain of entrepreneurship. The importance of entrepreneurial orientation is widely acknowledged in the establishment of successful ventures (Ferreira, Marques, Bento, Ferreira & Jalali, 2015: 2692). Further, an individual or firm with high ratings of entrepreneurial orientation has the ability to discover and take advantage of new market opportunities (Ferreira *et al.*, 2015: 2692).

There have been various efforts over the years to better understand the correlation between entrepreneurial orientation and business performance outcomes (Ferreira *et al.*, 2015: 2692). It is, therefore, important to understand this relationship as the

performance of businesses, especially small businesses, is needed to grow the economy. Successful businesses are needed to help fight socio-economic challenges faced by South Africa. According to Matchaba-Hove and Vambe (2014: 12), in a study conducted in South Africa in the Eastern Cape Province, there was evidence that showed that the high failure rate of small businesses in the retail sector has compelled the need to identify plans that will improve their levels of business performance. Evidence existed to assume that the implementation of entrepreneurially focused strategies will lead to improved business performance. This further supported the fact that entrepreneurial orientation and business performance go hand in hand.

This study sought to determine the relationship between entrepreneurial orientation and small business performance; secondly, the study aimed to investigate the mediating role of competitive advantage between entrepreneurial orientation and business performance amongst small businesses in Durban, South Africa.

The key layout of this chapter includes: The background of the study, the problem statement, literature review, which informs the development of objectives and hypotheses, the methodology and importance of the current study.

The next section discusses the background of the study.

1.2 Background of the study

In South Africa, according to Cant *et al.* (2015: 621), small businesses are responsible for about half of the private Gross Domestic Product (GDP) of the country and contribute socially as well by means of job creation, income distribution, supporting monetary stability and others. Similarly, small businesses in South Africa contribute 61 percent of employment and 52 percent to 57 percent of GDP (Moliwa, Olawale & Olabanji, 2016: 67). Given that, small businesses are a crucial part of the economy and must be studied extensively to ensure that the right kind of support, which must be relevant, is made available to them. Furthermore, Chinomona and Hove (2015: 71) revealed that an increasing emphasis is put on South African growth of small businesses; their successful management and performance is paramount to the growth of the nation's economy.

The level of business discontinuance remains high compared to business start-ups and exceeded the established business rate, resulting in a net loss of small business activity and subsequently job losses (GEM 2014: 4). According to Semrau, Ambos and Kraus, (2015: 1), addressing the correlation between entrepreneurial orientation and business performance amongst small businesses looked valuable because small businesses are predominantly important for a nation's economic development and play a progressively active role within the broader trend of internationalisation. Thus, an investigation into entrepreneurial orientation, business performance and competitive advantage was significant, particularly from the South African context. As noted by Jahanshahi, Nawaser and Etemadi (2015: 35) small businesses, in order to survive the ever-changing and dynamic market place of today, have to create and sustain competitive

advantages because by doing that, they can dramatically increase their economic value. Rodriguez-Gutierrez, Moreno and Tejada (2015: 195) discovered that some agreement existed amongst scholars on the thesis that the competitiveness of a business is conditioned by three factors or sources. These are: 1) those related to a country or macroeconomic environment where the business is situated, 2) those resulting from industry in which the firm operated, and 3) those that originated from inside the company.

Hence, this study intended to determine if there is significant relationship between entrepreneurial orientation and business performance and also determine if competitive advantage does mediate the relationship between these two phenomena among small businesses in Durban, South Africa. To support the significance of this study even further, Cant *et al.* (2015: 628) found that small businesses in South Africa indicated that quality and customer demand are the most crucial elements when deciding on the product/s to sell. This particular finding could mean that small businesses need to know what their competitors are up to and need to be innovative, pro-active and risk-takers in order for their businesses to perform well. Moreover, according to Dubihlela and Omoruyi (2014: 1021), competitive advantage is the small business's ability to distinguish itself in the eyes of specific buyers and in the market, in general. In this view, competitive advantage is an important element in ensuring that the business is offering the right products or services to the right customers.

The next section discusses the problem statement

1.3 Problem statement

According to Ramukumba (2014: 19), small businesses contribute more than 90 percent of African business activities and contribute over 50 percent of African employment and Gross Domestic Product (GDP) and in South Africa, small businesses create 55 percent of all jobs. As a result of these facts, it is important to take care of small businesses as they account for more economic and social benefits than big or large corporations, and it is generally true that small businesses are the ones that create more jobs than large companies (Ramukumba, 2014: 19).

Furthermore, Ramukumba (2014: 19) indicated that the failure rates of small businesses are so high, not just in South Africa, but globally too, and also revealed that 40 percent of new businesses fail in their first year, 60 percent in their second year, and 90 percent in their ten years in business. Given these facts, the ever-high failure rate of small businesses could be a global concern, but South Africa as a developing nation faced by poverty and drastic illnesses, ensuring the success of small business must be a priority of both the public and private sector.

According to Neneh and Vanzyl (2012: 8328), South African small business failures in year 5 varied between 50 percent and 95 percent, and around 75 percent of startup businesses do not become established businesses, which is one of the highest in the world. Given that, all these figures paint a very dim and hopeless picture concerning

South Africa. Thus, the issue of small business performance in the country is one that requires aggressive attention from all spheres associated with economic development and socio-economic well-being of the country and its people.

South Africa suffers from very low entrepreneurial activity, very high unemployment, low startups rate and high rate of business discontinuance (GEM Report, 2014: 4; Adelaide & Olawale, 2016: 307). However, according to GEM (2014: 4), entrepreneurial activity in South Africa is low, but has increased marginally over the last 10 years. Further, opportunities to start a business and confidence in one's own abilities to do so was still slow compared to other African countries (GEM, 2014: 4). It is also important to mention that in South Africa, small, medium and micro enterprises failure is between 70 percent and 80 percent (Ramukumba, 2014: 19). Hence, the study is important in that it helped investigate the small business environment that is not yielding good fruits and thus impacting the nation and people's lives badly, particularly the poor. Moreover, the role of small businesses is so significant because it has the potential of improving income distribution, creating new jobs, reducing poverty and facilitating exports (Briere, Tremblay & Daou, 2014: 17; Moliwa *et al.*, 2016: 67; Ramukumba, 2014: 20; Adelaide & Olawale, 2016: 307).

Critical success factors of small businesses include the existence of a business opportunity, management ability, adequate capital and credit and the existence of modern business methods (Ramukumba, 2014: 24). Furthermore, small businesses in South Africa are faced with the following challenges: lack of management skills, finance and obtaining finance, access to markets, appropriate technology and low production capacity and a quality product and support for the role that they play in economic development (Adelaide & Olawale, 2016: 307; Ramukumba, 2014: 24). Similarly, Moliwa *et al.* (2016: 68) found that lack of collateral, lack of management skills and bad credit history are some the problems faced by small businesses when applying for bank loans from commercial banks.

On the other hand, Briere *et al.* (2014: 24) revealed that small businesses in South Africa identified networking opportunities, developing entrepreneurial skills and access to financial capital as a support system needed in order to help run their businesses effectively. However, concerning financial challenges faced by small businesses, Snyman, Kennon, Schutte and von Leipzig (2014: 161) revealed that venture capital provided the funding, but small businesses were not addressing critical factors that the venture capital looked at when considering funding proposal. In this view, this meant business planning did not satisfy the needs of potential funders in one way or the other; this then, posed at least a few questions about a particular business' entrepreneurial orientation, performance and to an extent, competitive advantage of the business in need of finance.

Therefore, the role of competitive advantage in the relationship between entrepreneurial orientation and business performance was worth the investigation.

There does not seem to be a recent study that investigated the relationship between entrepreneurial orientation, business performance and competitive advantage among small businesses in Durban. Hence, the study sought to address the existing research gap.

The next section addresses literature review.

1.4 Literature review

The literature review was made up of two sections. The first one investigated the relationship between entrepreneurial orientation and business performance and the second examined the relationship between entrepreneurial orientation, business performance and competitive advantage.

1.4.1 Entrepreneurial orientation and business performance

Entrepreneurial orientation is a significant contributor to venture and business success. In 1983, Miller developed the concept of entrepreneurial orientation which entails three dimensions: innovativeness, pro-activeness and risk-taking (Mahmood & Hanafi, 2013: 83; Ferreira *et al.*, 2015: 2692). The concept innovativeness is defined as the “firm’s ability and willingness to support creativity, new ideas and experimentation which could result in new products/services”; pro-activeness as a type of behaviour related to the pursuit of opportunities and competition in anticipation of future demand to create change and possibly influence the business atmosphere; and risk-taking explained as firm’s decision to invest its resources in projects that have high returns and could possibly involve high failure (Mahmood & Hanafi, 2013: 83).

Similarly, Reijonen, Hirvonen, Nagy, Laukkanen and Gabrielsson (2015: 2-3) explained entrepreneurial orientation as a strategic orientation that reveals how a business is organised to discover and take advantage of market opportunities. Further, entrepreneurial orientation has three dimensions, namely, risk-taking, pro-activeness and innovativeness (Reijonen *et al.*, 2015: 2-3). Innovativeness is further defined as the “firm’s willingness to change the status quo and embrace new ideas”, risk-taking as the action to invest company resources without certainty that there will be success and pro-activity relates to spotting and taking advantage of market opportunities and shaping the environment to increase chances of success (Reijonen *et al.*, 2015: 2-3). Moreover, Semrau *et al.* (2015: 2) found entrepreneurial orientation as a concept which is universal in terms of applicability and validity across various types of businesses and national contexts.

In addition, according to Mason *et al.* (2015: 1649), entrepreneurial orientation, beside innovativeness, pro-activity and risk-taking, also included aggressiveness, autonomy and competitive energy. Thus, entrepreneurial orientation is significant for business success and continuity. Further, “entrepreneurial orientation could 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 advantage”

(Mason *et al.*, 2015: 1649). According to Mason *et al.* (2015: 1650) and Ferreira *et al.* (2015: 2691), who looked at entrepreneurial orientation from a management perspective, a construct is the top management's ability to be innovative, pro-active and to take calculated risks.

It is important to note that the definitions of entrepreneurial orientation, as covered tremendously in empirical studies, included pro-activeness, risk-taking and innovativeness. However, some authors added competitive aggressiveness, competitive energy and autonomy as features of entrepreneurial orientation as well (Mason *et al.*, 2015: 1651). Rodriguez-Gutierrez *et al.* (2015: 200) noted that most people know that business success is important and without it, a company could close down; this could result in job losses, more unemployment and further, entrepreneurial orientation was viewed as an indicator of entrepreneurial quality, and, therefore, a crucial factor for business success and growth.

Table 1: Entrepreneurial orientation features and their respective definitions

Variable	Explanation	Source
Risk-taking	Involves committing significant resources to ventures in uncertain environments.	(Mason <i>et al.</i> , 2015: 1651)
	Open to risk in developing new products and services	(Ferreira <i>et al.</i> , 2015: 2691)
Innovativeness	The predisposition to engage in creativity and experimentation through the introduction of new products/services as well as technological leadership via R & D in new processes.	(Mason <i>et al.</i> , 2015: 1651)
	Having a predisposition to support new ideas and favor change.	(Ferreira <i>et al.</i> , 2015: 2691)
Pro-activeness	An opportunity-seeking, forward-looking perspective characterised by the introduction of new products/services ahead of the competition and acting in anticipation of future demand.	(Mason <i>et al.</i> , 2015: 1652)
	Reflects the ability of entrepreneurs to find and exploit new products and market opportunities in advance of any competitors.	(Rodriquez-Gutierrez <i>et al.</i> , 2015: 201)

Business performance is a multidimensional concept which depends on the indicators used to assess it; empirical literature revealed a high diversity of business performance

indicators and common distinction between financial and non-financial measures (Mason *et al.*, 2015: 1652). Rodriguez-Gutierrez *et al.* (2015: 195) stated that the performance of small businesses is very important in the economy in various ways, including job creation, economic development and poverty alleviation. The study also stated that the performance indicators of small businesses are crucial to be studied by researchers. Variables generally considered as indicators of business performance are the increase or maintenance of the firm's market share, profitability and the growth (Rodriquez-Gutierrez *et al.*, 2015: 195).

In relation to business performance factors in the context of small businesses, a variety of explanations have been provided. However, there seems to be a consensus in grouping of these factors. They are: macroeconomic and social factors related to the general business environment, sectoral factors that could affect the company according to the different nature of its productive activity (this is the industry in which the firm operated) and lastly, business factors concerning the characteristics intrinsic to the company (Rodriquez-Gutierrez *et al.*, 2015: 197). It is important for businesses when making a decision to sell a particular product or service to determine who their competitors are and how similar and unique their products are to the business' products (Cant *et al.*, 2015: 622).

Business performance is a multi-dimensional concept, and its link with entrepreneurial orientation depends on the indicators used to assess it (Mason *et al.*, 2015: 1652). The relationship between entrepreneurial orientation and business performance seemed to be positive and this was seen in many scholarly works such as Mahmood and Hanafi (2013: 83) who indicated there is a positive relationship between the two constructs. Likewise, Semrau *et al.* (2015: 1) claimed that the relationship between entrepreneurial orientation and business performance was discussed as a subject of numerous recent empirical studies. In this view, there was a possibility of a strong and significant relationship and link between entrepreneurial orientation and business performance. Moreover, Semrau *et al.* (2015: 1) revealed that addressing the correlation between entrepreneurial orientation and business performance amongst small businesses looked valuable because small businesses are predominantly important for a nations' economic development. Further, literature entailed sizeable evidence that the link and connection between business performance and entrepreneurial orientation was universally positive, regardless of a firm qualities and national context, and that a business performance benefited from entrepreneurial orientation (Semrau *et al.*, 2015: 1). Similarly, Mason *et al.* (2015: 1652) found that literature revealed there was a relationship between entrepreneurial orientation and business performance; both empirical and theoretical scholars found similar results. However, Ferreira *et al.* (2015: 2692) discovered the strength of direct link between entrepreneurship and business performance was generally less vigorous than the normative belief would suggest because of problems with operationalisation and measurement. Moreover, previous research primarily focused on objective measures to evaluate business performance outcomes without pondering on the causal relationships amongst variables (Ferreira *et al.*, 2015: 2692).

On the basis of the literature reviewed, the next primary hypothesis was developed.

H1: There is a positive and significant relationship between entrepreneurial orientation and business performance among small businesses in Durban, South Africa

1.4.2 Entrepreneurial orientation, business performance and competitive advantage

As noted by Jahanshahi *et al.* (2015: 35), small businesses, in order to survive the ever changing and dynamic market place of today, have to create and sustain competitive advantage because by doing so they could dramatically increase their economic value. Snyman *et al.* (2014: 165) indicated that businesses have three unique resources: physical, human and network. These resources are to be used in strategy development to ensure that the business gains sustainable competitive advantage. Rodriguez-Gutierrez *et al.* (2015: 195) discovered that some agreement existed amongst researchers on the notion that the competitiveness of a business is conditioned by three factors or sources. The factors include: 1) those related to a country or macro-economic environment where the business is situated 2) those resulted from industry in which the firm operated, and 3) those that originated from inside the company.

Small businesses could not afford to benefit from the advantages of being flexible in order to compete with large competitors because of financial limits (Liao, Rice & Lu, 2015: 470). This further indicated the fact that as an entrepreneur running a small business, competitive advantage is important, and could have a direct or indirect impact on business performance. Hence, studies looking at entrepreneurial orientation and business performance in terms of competitive advantage are paramount in order to find a relationship and link so to help small businesses compete in a way that could bring long-term success. The competitive advantage construct of Mahmood and Hanafi (2013: 84) was used in this study. It consisted of the following three factors: differentiated products, market sensing and market responsiveness.

According to Semrau *et al.* (2015: 1), decision makers in various contexts and settings needed to cultivate and promote entrepreneurial orientation to create a competitive advantage. Furthermore, competitive advantage could be created via entrepreneurial orientation through entrepreneurial strategy-making processes (Mason *et al.*, 2015: 1650). This then suggested the relationship between competitive advantage and entrepreneurial orientation and also the significance of competitive advantage in entrepreneurial orientation. Ferreira *et al.* (2015: 2692) found that increasing competitiveness have put new demands on firms and individuals, thus making flexibility, innovativeness, and the search for entrepreneurial activities more fundamental to achieving competitive advantages. According to Liao *et al.* (2015: 469), “competitive advantage requires concomitant interaction between innovation and effective market engagement”. Since entrepreneurial orientation is composed of innovativeness and some market engagement in terms of risk and pro-activeness, this suggested a link between competitive advantage and entrepreneurial orientation. Thus, a link between competitive advantage and entrepreneurial orientation was worth the interrogation.

Rodriguez-Gutierrez *et al.* (2015: 200) found that innovativeness became a subject of great interest within small business academic literature and was often associated with achieving and maintaining competitive advantage and the business performance. Studies have been undertaken to determine the relative importance of each of these sources (those related to a country or macro-economic environment where the business was situated, those resulted from industry in which the firm operated, and those originating from inside the company) of competitiveness and growth, and, as a result, the importance of characteristics of the firm was established and confirmed in explaining business performance (Rodriguez-Gutierrez *et al.*, 2015: 195). Furthermore, “the success of a business and its ability to achieve sustainable competitive advantages depended primarily on those resources and capabilities that were crucial for improvement in its performance, and specific success strategies used in one business may not work for another” (Rodriguez-Gutierrez *et al.*, 2015: 198). According to Liao *et al.* (2015: 469), “competitive advantage could be temporarily constrained, reflecting a firm’s short-term market performance from time to time”. Further, in order to measure competitive advantage effectively, research generally focused on short-term outcome measures and was usually based upon examination of cross-sectional data showing a single point in time; this could result in both a firm growth and market relative strength featured at least in part in the measurement of business performance, including measures of competitive advantage generally included growth in sales and firm productivity (Liao *et al.*, 2015: 469).

On the basis of the literature reviewed, the next secondary hypothesis was formed.

H2: Competitive advantage mediates the relationship between entrepreneurial orientation and business performance among small businesses in Durban, South Africa

1.5 Aim and objectives of the study

The following research questions were set:

- Is there a significant relationship between entrepreneurial orientation and business performance among small businesses in Durban, South Africa?
- Is there a mediating role of competitive advantage between entrepreneurial orientation and business performance relationship among small businesses in Durban, South Africa?

The overall aim of this study was to investigate the relationship between entrepreneurial orientation, business performance and competitive advantage amongst small businesses in Durban. This aim included the following objectives:

Primary objective:

- To investigate the relationship between entrepreneurial orientation, competitive advantage and business performance among small businesses in Durban

Secondary objectives:

- To determine the influence of entrepreneurial orientation on competitive advantage among small businesses in Durban
- To establish the influence of entrepreneurial orientation on business performance among small businesses in Durban
- To examine the influence of competitive advantage on business performance among small businesses in Durban

1.6 Significance of the study

Whilst the stimulation of entrepreneurship and small business is critical to South Africa, the worldwide competitive race and moves taking place in various parts of the globe require us to quicken towards the development and adoption of policies that encourage innovation and entrepreneurship. There appeared to be a concentration of efforts at interventions aimed at entrepreneurship for the purposes of poverty alleviation and job creation (Cassim, Soni & Karodia, 2014: 29). It was important to look at entrepreneurship not only in terms of what we want to solve as a country but also to keep up with globalisation as this could hinder all the efforts we have made. Hence, this study aimed to look at entrepreneurship from three perspectives namely, entrepreneurial orientation, business performance and competitive advantage. The results of this study could help policy-makers develop more effective policies, entrepreneurs will definitely learn more about the subject under scrutiny, and any other party, including scholars in the field of entrepreneurship and students alike. According to Sandada, Pooe and Dhurup (2014: 659), many small businesses in South Africa try their best to understand how they can improve their business performance. This shows the importance of small business performance, especially now where competition is very strong among businesses as they fight towards limited resources and uncompromising customers.

1.7 Research methodology

1.7.1 Research approach

Due to the nature of this research in terms of its aims and research questions, a quantitative approach was suitable for this study. According to Hopkins (2008), quantitative research approaches are either descriptive or experimental in nature. In order to get accurate results, a sample needed to be in hundreds of subjects or more plus the estimation of the relationship is less likely to be biased if there are many participants involved (Hopkins, 2008). Moreover, variables are things such as weight, performance, time and treatment; these variables could be measured on sample of subjects such as animals, humans, or cells and tissues, and relationship between variables were indicated using effect statistics such as correlations, relative frequencies or differences between means (Hopkins, 2008). Further, it was noted that non-response bias is important when collecting data via questionnaire, and this happens when there

are significant differences between answers of those who respond and those who do not (Mahmood & Hanafi, 2013: 84).

1.7.2 Research method

Since this study sought to find a relationship between variables, a descriptive-exploratory approach was appropriate for use (Hopkins, 2008). In addition, a quantitative research approach and a survey research design was used.

Research population for this study included the general population of small businesses in and around Durban, South Africa. Data were collected by means of questionnaire surveys which were completed by small business owners/managers in and around Durban, South Africa. Small businesses were systematically selected from a general pool in a metropolitan area of Durban and its surrounding areas. A convenience sampling method of collecting data was used in order to keep the cost of research as low as possible. This convenience method did not compromise the quality of data collected and its statistical interpretation because the instrument used was reliable and was previously used by Ndubisi and Agarwal (2014: 461) and Deutcher, Zapkau, Schwens, Baum and Kabst (2015: 7). The unit of analysis of this study were small business owners and or managers.

A structured questionnaire was used. The demographic section sought to obtain information concerning respondents' age, gender, education, position occupied in the business, as well as business characteristics such as number of years in business and number of employees. The study also investigated the firm's characteristics such as:

1. Type of industry

- a) Manufacturing
- b) Service
- c) Construction
- d) Agriculture and
- e) Other

1. Age of the firm

- a) Less than 1 year
- b) 1 to 3 years
- c) 4 to 6 years
- d) 7 years and above

2. Firm capital size in rand value

- a) Less than R10 000
- b) R10 000 – R50 000
- c) R51 000 – R99 000
- d) R100 000 and above

1.7.3 Sampling – research procedure

Potential participants were identified through referrals and free databases for small businesses. Potential participants (through their contacts) were approached in person, by phone or by electronic communication. Targeted participants were invited to participate, and reasons for undertaking the study were explained to them and a letter of intent with a university stamp was shown. It was made clear that participation is by one's own discretion and can be discontinued at any time during the survey process. The targeted sample size was 250 small businesses, and the actual number of business sampled was 177. A response rate of 71 percent was achieved.

1.7.4 Measuring instrument

The study used a measuring instrument that was used in prior studies which was then tested for reliability (Mahmood & Handafi, 2013).

Constructs:

Entrepreneurial orientation

This research used scales validated to have sufficient rating of reliability. For instance, entrepreneurial orientation was measured using a 9 item scale developed from previous research (e.g. Mahmood & Hanafi, 2013; Ndubisi & Agarwal, 2014: 461). The entrepreneurial orientation scale was measured using a 5 point Likert (from strongly agree to strongly disagree). The overall rating of the entrepreneurial orientation was 0.813. This was above the required threshold for reliability and validity, as set aside by Nunally (1978).

Table 2: Items measuring entrepreneurial orientation

Items	Cronbach's Alpha for entire scale	Source
For the last 3 years, our firm has produced many products/services.	0.813	Mahmood and Hanafi (2013)
In general, our firm is very often the first to introduce new products/services.		
Facing competition, our firm normally engages aggressive actions over the competitors.		
In general, our firm adopts a very competitive posture to beat the competitors.		
In general, our firm has a strong emphasis on high risk projects with uncertain returns.		
In order to achieve the firm's objectives, the impact of the business environment implies our firm to adopt strong and fearless measures.		
In case of insecure decision-making situations, our firm adopts a fearless and aggressive position to increase the chance of exploring potential opportunities.		
Our firm puts on strong emphasis on R&D and innovation instead of focusing on marketing of current products/services.		
The changes in new products/services in our firm are quite dramatic.		

Business performance

This research used scales validated to have sufficient rating of reliability. For instance, business performance was measured using a 4 item scale developed from previous research (e.g. Deutscher *et al.*, 2015). The business performance scale was measured using a 5 point Likert (from very good to very poor). The overall rating of the business performance was 0.821. This was above the required threshold for reliability and validity as set aside by Nunally (1978).

Table 3: Items measuring business performance

Items	Cronbach's Alpha for entire scale	Source
How successful was your firm compared to your strongest competitor in the last fiscal year with regards to sales growth?	0.821	(Deutscher <i>et al.</i> , 2015)
How successful was your firm compared to your strongest competitor in the last fiscal year with regards to profit growth?		
How successful was your firm compared to your strongest competitor in the last fiscal year with regards to market share growth?		
How successful was your firm compared to your strongest competitor in the last fiscal year with regards to employee growth?		

Competitive advantage

The research used scales validated to have sufficient rating of reliability. For instance, competitive advantage was measured using an 11 item scale developed from previous research (e.g. Mahmood & Hanafi, 2013). The competitive advantage scale was measured using a 5 point Likert (from strongly agree to strongly disagree – and were coded with 5 being very good and 1 being very poor). The overall rating of the competitive advantage was 0.790. This was above the required threshold for reliability and validity, as set aside by Nunally (1978).

Table 4: Items measuring competitive advantage

Items	Cronbach's Alpha for entire scale	Source
Our products/services are difficult for competitors to copy. Our response to competitive moves in the market place is good. Our ability to track changes in customer needs and wants is good. We are quick to respond to customer complaints. Our collection of strategic information about customers and competitors for use with strategic planning is good. Our speed of disseminating information in-house about competitors is good. Our analysis of customer satisfactions with the products is good. We make effort for products changes to overcome customer dissatisfaction with existing products. Our products have a significant advantage over those of our competitors. Our product designs are unique. We are quick to respond in meeting changes to customer needs and wants.	0.790	Mahmood and Hanafi, 2013: 88-89

Cronbach's Alpha values below 0.6 showed weak and unreliable measure whilst values around 0.6 showed moderate conditions which is acceptable and values higher than 0.7 showed a very strong reliability measure and internal consistency (Mahmood & Hanafi, 2013).

1.8 Data analysis

1.8.1 Descriptive and inferential statistics

According to Trochim (2006), descriptive statistics provide a concise summary of data. Data were summarised numerically and graphically. Descriptive statistics were used to describe basic features in the study. They provided simple summaries about the sample and the measures. They formed the basis of virtually every quantitative analysis of data. Furthermore, Trochim (2006) indicated that with inferential statistics, the researcher tries to reach conclusions that go beyond the immediate data alone. For example, we make use of inferential statistics to try to infer from the sample data what the population might think. Alternatively, we use inferential statistics to make judgments of the probability that an observed difference between groups is a dependable one or one that might have happened by chance in this study. Consequently, we use inferential statistics to make inferences from our data to more general conditions.

Descriptive statistics are typically distinguished from inferential statistics. With descriptive statistics you are simply describing what was or what the data showed. With inferential statistics, researcher tries to reach conclusions that extend beyond the immediate data alone (Trochim, 2006). The study recognised the importance of descriptive and inferential statistics and has used necessary and relevant tools for data collection and analysis.

Data were analysed by means of the Statistical Packages for the Social Sciences (SPSS version 23.0). Demographic details of respondents were analysed using descriptive statistics. Linear relationships between constructs were analysed using Pearson Correlations. Predictions between dependent and independent variables were analysed using regression analysis.

1.8.2 Validity and reliability

Reliability and validity were key quality indicators of a measuring process. The process used in creating and validating an instrument was largely focused on decreasing errors in the measurement process (Kimberlin & Winterstein, 2008). Moreover, validity indicated how well a variable measured what it was supposed to measure while reliability represented how reproducible measures are when retest is conducted under the same conditions (Hopkins 2008; Kimberlin & Winterstein, 2008). Further, reliability coefficients were given a range between 0.00 and 1.00, with higher coefficients showing higher levels of reliability (Kimberlin & Winterstein, 2008).

According to Kimberlin and Winterstein (2008), validity includes content validity, construct validity and criterion-related validity. The study ensured that the validity types were observed and adhered to.

1.9 Ethical considerations

According to Gajjar (2013: 8), ethical norms are so ever-present that one might be tempted to disregard them and undermine their significance in research. Furthermore, people recognise some common ethical norms, but different individuals interpret, apply, and balance these norms in different ways in light of their own values and life experiences. According to Gajjar (2013: 9-10), ethical principles such as honesty, integrity, carefulness, openness, respect, confidentiality, responsible publication, social responsibility, non-discrimination, legality, competence and others are important when one undergoes a research project. Furthermore, full understanding and disclosure of information needed from participants is important and their responses in terms of knowledge regarding the subject matter (Fossey, Harvey, McDermott & Davidson, 2009: 724). In this view, the study has ensured that the said ethical principles have been duly considered.

1.10 Delimitations of the study

Although this research investigated the relationship between entrepreneurial orientation and business performance and also competitive advantage as a possible mediator

between business performance and entrepreneurial orientation, measures of business performance are distinguished into two categories: objective and subjective measures. This research used subjective measures so that respondents can feel free to provide information rather than objective measures where owners and managers are sometimes unwilling to provide confidential information such as financial records including actual profit, turnover, return on capital employed and inventory turnover (Mahmood & Hanafi, 2013: 84). Further, subjective measures rely on perceptions of business performance of key role players such as owners and managers (Sandada *et al.*, 2014: 660) whilst objective measures are often incomplete and inaccurate (Sandada *et al.*, 2014: 660). Therefore, the acknowledgement here is of the influence of objective measures of business performance on the constructs under-study. Though this is important, consideration in this work was given to subjective measures.

Moreover, the study was conducted in Durban. Durban is a metropolitan city located in KwaZulu-Natal (KZN) Province in South Africa. The city was chosen because it offers a range of benefits that attract small businesses. These benefits include better infrastructure, easy access to markets, easy access to support services etc. Other cities in the Province are less attractive to small business owners because of poor infrastructure and low economic activity. Further, the study covered small businesses only.

1.11 Chapter layout

Chapter One -
Introduction and brief foundation of the study

Chapter Two -
Literature Review – Review of the Constructs under-study

Chapter Three -
Research Design and Methodology

Chapter Four -
Data analysis and Results presentation

Chapter Five -
Discussion and Recommendations

1.12 Conclusion

The main topics covered in this chapter included, but were not limited to, the introduction, background of the study, problem statement, literature review, research methodology and delimitations of the study. This chapter mainly discussed the rationale for the study and provided a detailed literature review on the subjects under the investigation. The next chapter focuses primarily on the literature review concerning entrepreneurial orientation, business performance and competitive advantage. Hence, the relationship between entrepreneurial orientation and business performance, and the

mediating role of competitive advantage between the entrepreneurial orientation and business performance relationship will be investigated further.

Chapter Two

Literature review

2.1 Introduction

This chapter reviews different kinds of literature focusing on the relationship between entrepreneurial orientation and business performance. Further, this chapter also reviews literature concerning competitive advantage as a possible facilitator in the entrepreneurial orientation and business performance correlation. Moreover, this chapter is guided by two research aims namely: to establish a relationship between entrepreneurial orientation and business performance as a primary objective, and to establish the mediating role of competitive advantage between entrepreneurial orientation and business performance amongst small businesses in Durban as a secondary objective.

The literature review begins first with extensive discussion on each variable, followed by the review on the relationship between variables namely: entrepreneurial orientation, business performance and competitive advantage. The background to each variable is undertaken in order to provide a clear understanding of the concepts before linking them.

The first variable to be discussed is entrepreneurial orientation.

2.2 Entrepreneurial orientation

Gellynck, Cardenas, Pieniak and Verbeke (2015: 3) reveal that entrepreneurship consists of a wide range of activities that encompass attitudinal and behavioral aspects rather than a one-time entrepreneurial acts. Moreover, to be entrepreneurially oriented, a business should portray higher values of autonomy, pro-activeness, risk-taking, aggressiveness and innovativeness (Gellynck *et al.*, 2015: 3). Similarly, there is evidence that innovativeness, pro-activeness and risk-taking are key dimensions of entrepreneurial orientation (e.g. Hussain, Ismail & Akhtar, 2015: 1; Al-Dhaafri, Al-Swidi & Yusoff, 2016: 90). Other studies have also added two other dimensions, namely, autonomy and competitive aggressiveness as also key dimensions of entrepreneurial orientation (Lumkin & Dess, 2016: 90).

Even though some studies include additional dimensions of entrepreneurial orientation (Adb-Hamin, Azizan & Sorooshian, 2015: 3; Hussain *et al.*, 2015: 1; Al-Dhaafri *et al.*, 2016: 90), innovativeness, pro-activeness, and risk-taking seem to be present in almost all research works (Taylor, 2013: 1929). Therefore, this study, to operationalise entrepreneurial orientation, employs dimensions such as risk-taking, innovativeness, and pro-activeness as measuring variables.

Further, entrepreneurial orientation, from a firm level view, can be reasoned as a psychological measure of an individual; this psychological outlook seems fitting in the small business sector, where the business manager-owner often determines the firm's competitive strategy (Gellynck *et al.*, 2015: 3). According to Gellynck *et al.* (2015: 3), in a small business, entrepreneurial orientation refers to the owner's or manager's willingness to be open to and embrace new ideas and try out unique methods to do better.

Describing entrepreneurial orientation, Uddin, Bose and Yousuf (2015: 343) indicate that entrepreneurial orientation is a construct that has more than one factor or dimension that form it, with the tendency of entrepreneurs in decision-making activities; in addition, entrepreneurial orientation provides organisations with the basis for entrepreneurial decision and activities through strategy-making processes. Moreover, according to Uddin *et al.* (2015: 345), entrepreneurial orientation can be defined as a "firm's strategic orientation, acquiring specific entrepreneurial aspects of decision-making styles, practices, and methods." Furthermore, a firm should frequently be engaging in risky projects or activities, be innovative and try new things, and be pro-active and future focused in order to become or labeled as entrepreneurial (Uddin *et al.*, 2015: 345). Thus, Su, Xie and Wang (2015: 230) define pro-activeness as activities related to seeking new opportunities which may or may not be linked to the present line of operations, introducing new products/services ahead of competitors, and strategically avoiding and removing operations which are in the declining phases of a life cycle. Innovativeness refers to the tendency to embrace and support new ideas, novelty, experimentation, and creative processes that may result in new products, services, or technological processes; on the other hand, risk-taking denotes a willingness to commit resources to operations with high failure rates and unknown outcomes (Su *et al.*, 2015: 230).

According to Kurtulmus and Warner (2015: 740), entrepreneurial orientation's impact in different countries may vary; for example, aggressive entrepreneurial orientation activities may be seen either as positive or negative attitudes due to cultural differences. Furthermore, all three components of entrepreneurial orientation (innovativeness, pro-activeness and risk-taking) reveal robust relationship between each other as calculated " $r=.39$ to $r=.75$ " from previous empirical research (Kurtulmus & Warner, 2015: 741), thus, many studies group these dimensions into one factor called entrepreneurial orientation. However, Aliyu, Rogo and Mahmood (2015: 142) assert that despite the popularity and attention given by many scholars to entrepreneurial orientation, scholars in the field have not come up with a universally accepted meaning, and this disagreement has caused debates in the literature on the nature of the entrepreneurial orientation construct and its dimensionality. Taking this argument into consideration, it can be presumed that the dimensions of entrepreneurial orientation, diverse as they

are, show significant evidence in the development of the entrepreneurial orientation construct.

Su *et al.* (2015: 229) indicate that entrepreneurial orientation refers to the processes, practices, and decision-making activities that lead to new entry. Entrepreneurial orientation consists of three dimensions: innovativeness, pro-activeness and risk-taking (Kurtulmus & Warner, 2015: 741; Su *et al.*, 2015: 229; Martin & Javalgi, 2015: 3). According to Martin and Javalgi (2015: 1), entrepreneurial orientation can be resource-consuming; further, entrepreneurial orientation can be conceptualised as a business' strategic orientation and refers to the decision-making activities, processes, and practices that lead to new market entry (Martin & Javalgi, 2015: 1; Eموke-Szidonia, 2015: 187). Similarly, Aliyu *et al.* (2015: 142) define entrepreneurial orientation as a process and decision-making activities that lead to new business or developments.

Palalic and Busatlic (2015: 15) claim that small businesses, in general, have a more positive effect if they use entrepreneurial orientation as a strategy, and a firm's upward growth could be related and linked to the entrepreneurial orientation. Hussain *et al.* (2015: 1) and Al-Dhaafri *et al.* (2016: 90) posit that entrepreneurial orientation is considered as a managerial attitude focusing on the strategy-making processes that give businesses a basis for entrepreneurial decisions and actions. Ginting (2015: 57) states that possessing high entrepreneurial orientation is one of the dominant facets to be able to prepare business actors who are ready to compete in global market. Entrepreneurial orientation is a coherent effect or consequence of innovative, pro-active and risk-taking behaviours that are critical for the growth of small businesses (Ginting, 2015: 59). Additionally, Brouthers, Nakos and Dimitratos (2015: 1164) reveal similar views that entrepreneurial orientation is particularly significant for small businesses because of their size. It is also important to highlight that small businesses usually possess restricted financial, technical, and managerial resources, which is a disadvantage compared to large companies who have more of these resources (Brouthers *et al.*, 2015: 1164). Thus, in general, it can be stated that entrepreneurial orientation has a potential of improving the operations of small businesses due to the fact that entrepreneurial orientation represents the firm's innovative, pro-active, and risk-taking behaviours.

According to Al-Dhaafri *et al.* (2016: 91), the effectiveness of adopting entrepreneurial orientation as a multi-dimensional variable rather than a uni-dimensional construct is suggested. Adb-Hamin *et al.* (2015: 3) state that entrepreneurial orientation is one way of defining and operationalising the concept of a company's strategic position. Furthermore, entrepreneurial orientation refers to the firm-level construct that is related to a firm's success characterised by firm-level processes, practices, and decision-making styles (Adb-Hamin *et al.*, 2015: 3). Thus, entrepreneurial orientation can be viewed in various ways depending on the context of the subject in question.

It is important to highlight that entrepreneurial orientation is the most validated and integral construct, which is positively associated with the firm's profitability and growth (Adb-Hamin *et al.*, 2015: 3). Entrepreneurial orientation refers to a firm's strategic orientation, capturing precise entrepreneurial features of decision-making styles, methods, and practices (Al-Dhaafri *et al.*, 2016: 90). As such, entrepreneurial orientation reflects how a business operates rather than what it does (Al-Dhaafri *et al.*, 2016: 90). In this view, small business owners and managers can benefit in a considerable way if they could find an effective way of incorporating and harnessing entrepreneurial orientation in their businesses. Further, the innovativeness component of entrepreneurial orientation is important to the success of a new business venture (Al-Dhaafri *et al.*, 2016: 90; Taylor, 2013: 1927).

Furthermore, Taylor (2013: 1927) discovered that entrepreneurial orientation is a significant factor to a business' success, and businesses that adopt a strong entrepreneurial orientation perform much better than those that do not. Entrepreneurial orientation is a multi-dimensional paradigm which typifies a business' entrepreneurial behaviour (Taylor, 2013: 1927). Additionally, from an entrepreneurial orientation composition perspective, Murimbika and Urban (2013: 1524) configure entrepreneurial orientation as a formative construct and advise that as a variable, entrepreneurial orientation cannot be decomposed into its principal elements, that is, businesses can only be categorised as entrepreneurial if they simultaneously depict risk-taking, innovativeness, and pro-activeness. Thus, the significance of each entrepreneurial orientation construct is important and has its own contribution. Moreover, and negatively, businesses without entrepreneurial orientation as a strategy adopt a "wait and see" position which is not entrepreneurial and is a risky and costly move to the business (Al-Dhaafri *et al.*, 2016: 91).

Some authors indicate that entrepreneurial orientation refers to the entrepreneurial process, which includes experimenting with new promising technologies, being willing to grab new opportunities and undertaking risky ventures (e.g. Taylor, 2013: 1929; Yu, 2012: 1714). Moreover, Al-Swidi and Mahmood (2012: 4719) indicate that entrepreneurial orientation refers to the process and decision-making activities that lead to new businesses and developments. Entrepreneurial orientation adds value to an organisation due to the emphasis on identifying the causes of a customers' dissatisfaction and to develop proper solutions that eliminate them (Al-Swidi & Mahmood, 2012: 4720). Given the definitions of entrepreneurial orientation and its potentials, it may be true that increased focus on entrepreneurial orientation features by small businesses can make customers happy and, in return, bring positive returns for the business as a result of higher market share.

A comprehensive review of the entrepreneurship literature indicates that entrepreneurial orientation has been operationalised through five dimensions namely: innovativeness,

pro-activeness, risk-taking, autonomy and competitive aggressiveness (Al-Swidi & Mahmood, 2012: 4720). However, the majority of the entrepreneurial orientation relevant studies focused only on innovativeness, pro-activeness and risk-taking as the dominant dimensions to explain the variance in the entrepreneurial orientation construct (Al-Swidi & Mahmood, 2012: 4720). On the other hand, each of the variables which comprise the entrepreneurial orientation construct defines only a single dimension of the construct and cannot be taken alone (Taylor, 2013: 1928). In light of this, the composition of entrepreneurial orientation or rather, features of entrepreneurial orientation may be viewed differently due to the application of entrepreneurial orientation in different contexts such as nationality, culture and so forth.

Additionally, Joachim and Stephen (2014: 496) show that entrepreneurial orientation is a key driving force for a free market economy, thereby having a major influence on the demand and supply factors of the economy. Other scholars measure the entrepreneurial orientation construct by employing the three core dimensions of innovativeness, pro-activeness, and risk-taking (Taylor, 2013: 1929). It is also important to note that each of the variables echo the exclusive contributions that each sub-dimension offers to the entrepreneurial process (Taylor, 2013: 1928). As indicated earlier on, this study employs three core dimensions of entrepreneurial orientation in order to operationalise the construct as many, if not all, studies use these basic variables.

Table 5 details the three entrepreneurial orientation constructs that are used to measure the entrepreneurial orientation variable in this study.

Table 5: Dimensions of entrepreneurial orientation construct and their respective definitions

It is important to define the variables used in this study in the operationalisation of the entrepreneurial orientation construct. Various scholars define the key dimensions of entrepreneurial orientation as follows:

Dimension	Explanation	Source
Innovativeness	The innovation dimension of the entrepreneurial orientation reflects propensity to engage in and support new ideas.	Gellynck <i>et al.</i> (2015: 3)
	Refers to the implementation of new, creative ideas that facilitate the company's survival within intensely competitive markets.	Kurtulmus and Warner (2015: 740)

	<p>Innovativeness refers to the tendency to embrace and support new ideas, novelty, experimentation, and creative processes that may result in new products, services or technological processes.</p> <p>Innovativeness implies the usual act of creating new things, creativity in processes and experiments that result to development of new products or services or even a new set of technological processes.</p> <p>Innovativeness refers to a general willingness to depart from a proven practices or a tendency of a firm to engage in and support new ideas, novelty, experimentation, and creative processes that may result in new products, services, or technological processes.</p> <p>Innovativeness represents the willingness and tendency of the organisation to adopt activities aimed at innovation in terms of strategies, processes and behaviors.</p>	<p>Su <i>et al.</i> (2015: 230)</p> <p>Palalic and Busatlic (2015: 16)</p> <p>Hussain <i>et al.</i> (2015: 2)</p> <p>Al-Dhaafri <i>et al.</i> (2016: 91)</p>
Pro-activeness	<p>Pro-activeness permits a firm to predict the future demands of a market, thereby devising first mover advantages for their companies.</p> <p>Pro-activeness defines activities of seeking new opportunities which may or may not be linked to the present line of operations, introduction of new products/services and brands ahead of competitors, and strategically avoiding and removing operations which are in the declining stages of life cycle.</p> <p>The pro-active firm is always first entrant into a new market and or pioneer in that particular business.</p>	<p>Kurtulmus and Warner (2015: 740)</p> <p>Su <i>et al.</i> (2015: 230)</p> <p>Palalic and Busatlic (2015: 16)</p>

	<p>Pro-activeness is the ability to take the initiative, especially at the opportune moment. It refers to a forward looking perspective and a firm's tendency to initiate new products faster than its rivals by anticipating and pursuing new opportunities and by participating in the emerging market.</p> <p>Pro-activeness is related to first mover advantage in terms of gaining the best opportunity, shaping environment and creating change, and acting in expectation of the future demand.</p>	<p>Hussain <i>et al.</i> (2015: 2)</p> <p>Al-Dhaafri <i>et al.</i> (2016: 91)</p>
Risk-taking	<p>Defines the appropriation of the firm's resources and assets to major projects that, in a case of failure, could harm the firm's future.</p> <p>Risk-taking denotes a willingness to commit resources to operations with high failure rates and unknown outcomes.</p> <p>Risk-taking is related largely to the risk of turnover or commitment of major financial assets and other valuable resources that are likely to result in massive failure or above average positive outcomes or returns.</p> <p>Risk-taking refers to the propensity of the organisation's top management to take bold decisions.</p> <p>Risk-taking is the organisation's tendency to take an action which may lead to ambiguous results that contains high risk of failure or unbelievable successfulness.</p>	<p>Kurtulmus and Warner (2015: 740)</p> <p>Su <i>et al.</i> (2015: 230)</p> <p>Palalic and Busatlic (2015: 15)</p> <p>Hussain <i>et al.</i> (2015: 2)</p> <p>Al-Dhaafri <i>et al.</i> (2016: 91)</p>

2.3 Business performance

Uddin *et al.* (2015: 345) indicate that business performance is important to any business firm. Liu, Ge and Wang (2014: 140) state that business performance is the basic

embodiment of enterprise management, effectiveness and efficiency. Further, to attract satisfactory business performance is the basis for the enterprise's survival and the principal reason for the existence of the firm (Liu *et al.*, 2014: 140). Research suggests that business performance can be measured in perceived financial terms, perceived non-financial terms, and or the combination of both financial and non-financial measures (e.g. Liu *et al.*, 2014: 140; Palalic & Busatlic, 2015: 17; Wang, 2014: 675). However, the explanation and measurement of business performance has been one of the most discussed subjects which domestic and foreign scholars and business circles always focused on, but, consensus was not reached regarding the standard definition and measures of business performance (Liu *et al.*, 2014: 140; Matchaba-Hove, Farrington & Sharp, 2015: 41).

According to Kurtulmus and Warner (2015: 741), measuring business performance can be a complicated issue because the term is used in the context of various levels of analysis, and each academic field most likely has its own requirements. Business performance measurement may be a single most powerful mechanism at management's disposal to the profitability of successful strategy implementation (Kurtulmus & Warner, 2015: 741). Moreover, Eموke-Szidonia (2015: 188) depicts that the multi-dimensional approach to business performance demonstrates differential effect on certain outcome components. Given that, measures of business performance, diverse as they can be, all have meaningful contribution in one way or the other.

Ibrahim and Madichie (2014: 88) indicate that ownership and control can influence small business performance. Wang (2014: 675) states that contingency theory assumes that organisations fashion their structures in order to maintain fit with dynamic contextual factors so as to gain improved business performance, and it acknowledged that business performance is a multi-dimensional and extremely complex phenomenon (Wang, 2014: 675). Therefore, assessment of business performance can be a difficult and complicated act (Wang, 2014: 675).

Business performance can be viewed in terms of a business' sales growth, return on investment, profit and market share (Wang, 2014: 677). Additionally, business performance can be measured both financially and strategically (Wang, 2014: 675). Mat and Razak (2013) reveal that innovation and risk-taking are some of the ways to maintain growth and attain needed business performance. Furthermore, Murimbika and Urban (2013: 1524) postulate that there are numerous different methods to achieve high entrepreneurial performance. According to Taylor (2013: 1931), some research has found a positive correlation to exist between business performance and innovation measures. Moreover, for market entry to result in high business performance, businesses must have a strong entrepreneurial orientation (Taylor, 2013: 1931). In this view, business performance, as an outcome variable, can be influenced by various factors depending on the level of involvement and analysis.

Indicators such as market share, customer retention, firm reputation, corporate social responsibility, customer satisfaction, and attaining quality control targets and so on, are all measures of business performance from a non-financial standpoint of an entrepreneurial firm (Murimbika & Urban, 2013: 1526). Moreover, financial controls are the most popular form of business performance measurement across all firms, and they measure business performance using objective indicators such as ROI and ROA (Murimbika & Urban, 2013: 1526). According to Amabeigi, Malek Mohammadi, Asadi and Zarei (2012: 380), contingency theorists advise that successful business performance is achieved when appropriate alignment of strategy and structure is in place. Additionally, contextual contributions of firms and industries should be considered meaningful to business performance effects (Mello, Marcon, Goldszmidt & Zambaldi, 2012: 3328). Therefore, it can be asserted that environmental factors play a vital role in the realisation of satisfactory business performance.

Al-Swidi and Mahmood (2012: 4719) postulate that total quality management is a source of better business performance. Ribeiro, Joao, Neto, Polo and Stettiner (2014: 589) posit that according to resource-based view, resources that have a potential of yielding superior business performance are either tangible or intangible, so it is significant to assess both. Thus, it may be assumed that different kinds of organisational assets or resources have some sort of impact on business performance.

Due to the number of stakeholders involved with an organisation, there is no standard (or even method) of measuring business performance that cannot be questioned (Ribeiro *et al.*, 2014: 589). Moreover, papers published in some of the major management journals had different constructs for measuring business performance (Ribeiro *et al.*, 2014: 589). Given that, therefore, measuring a business' performance can be difficult since there is no single standard for measurement (Ribeiro *et al.*, 2014: 589).

Furthermore, the definition of resources is broad, making it difficult to point out exactly which one is responsible for superior business performance (Ribeiro *et al.*, 2014: 589). Four principal resources exist as sources of superior business performance, and these are organisational culture, trust, human resources and capability to manage information technology (Ribeiro *et al.*, 2014: 589). Interestingly, Rahman and Ramli (2014: 130) posit that the performance of the small business sector is closely linked with that of the country, and it is becoming a central focus for high-income nation through nurturing more dynamic entrepreneurs. In this outlook, better performing businesses, particularly small businesses, are crucial in order to create jobs, reduce poverty and prosper the nation and its citizenry.

According to Rahman and Ramli (2014: 133), non-financial measures of business performance include autonomy, customer satisfaction, sales growth, employee's

growth, market growth, and job satisfaction. Partly, and similarly, Joachim and Stephen (2014: 496) indicate that studies focusing on market orientation emphasise the important role of customer satisfaction in achieving greater customer loyalty, which, in turn, result in better business performance. Brindha (2013: 1155) posits that “uncertainty on performance measurement creates a higher incentive for opportunistic behaviour”. Moreover, the performance of businesses encompasses both qualitative and quantitative variables such as profit, cost, number of clients, and more (Joachim & Stephen, 2014: 498). Thus, creativity and thoughtfulness may be significant factors when businesses decide on which measures of business performance to employ. Given that view, small businesses as small firms seeking growth, must ensure that they use appropriate measures of business performance in order to achieve their growth-oriented objectives.

Joachim and Stephen (2014: 496) unveil that business performance is the firm's capacity to procure its goals by using resources in an efficient and effective manner. Furthermore, business performance measurement systems play a significant role in the development of the company strategy and in the overall assessment and evaluation of the achievement of the organisational goals (Rahman & Ramli, 2014: 130). In addition, it is found that the accounting-based financial measurement systems are no longer useful and efficient in the measurement of business performance (Rahman & Ramli, 2014: 130). Therefore, measuring business performance by employing only financial data has its constraints (Rahman & Ramli, 2014: 130).

Moreover, the business performance is denoted as the dependent variable and can be viewed in relation to financial and non-financial perspectives (Rahman & Ramli, 2014: 134). It is important to stress that the resource-based view is not the only theoretical school that tries to explain the differences in business performance between firms (Ribeiro *et al.*, 2014: 589; Gaya, Struwig & Smith, 2013: 2051). Therefore, according to this revelation, it may then be noted and maybe acknowledged that business performance can be scrutinised and measured in various ways which could be contextually oriented.

Gaya *et al.* (2013: 2049) postulate that as it is a desire of every business competing to be a market leader, the pursuit of superior business performance in the industry remains a subject of focused interest. The resource-based view is currently utilised as a paradigm and theory to analyse and determine if the source of superior business performance resides within a firm and not the industry or market in general (Gaya *et al.*, 2013: 2049). Additionally, Waheed, Gureshi, Khan and Hijazi (2013: 537) indicate that organisations always focus on increasing their business performance. Businesses can enhance their performance by sharing knowledge (Waheed *et al.*, 2013: 539), while Mirzahassan and Imani (2013: 2852) indicate that the customer will exhibit the business' future performance. It is, therefore, important for small business owners and managers

to plan for business performance in order to achieve growth and sustainability of their operations. Some sources of business performance are identified in the table below.

Table 6: Sources of business performance according to some writers:

Source of business performance	Reference
Total Quality Management – TQM	Al-Swidi and Mahmood (2012: 4719)
Organisational Culture	Ribeiro <i>et al.</i> (2014: 589)
Trust	Ribeiro <i>et al.</i> (2014: 589)
Human Resources	Ribeiro <i>et al.</i> (2014: 589)
Capability to management information technology	Ribeiro <i>et al.</i> (2014: 589)

2.4 Relationship between entrepreneurial orientation and business performance

Gellynck *et al.* (2015: 5) assert that entrepreneurial orientation and innovation outcome will have a positive effect on business performance. Likewise, Uddin *et al.* (2015: 344) unveil that high entrepreneurial orientation level enhances the probability of business performance. Given the importance of entrepreneurship to business performance, entrepreneurial orientation can be a crucial measure of how a business is arranged to discover and exploit market opportunities (Uddin *et al.*, 2015: 344). Thus, businesses must consider entrepreneurial orientation with a view that it has a potential to enhance business performance (Adb-Hamin *et al.*, 2015: 3).

According to Kurtulmus and Warner (2015: 739), entrepreneurial orientation is considered as the predecessor of business performance and growth (Kurtulmus & Warner, 2015: 739). Furthermore, entrepreneurial orientation literature indicates that there is a relationship between entrepreneurial orientation attitudes of firms and business performance (Kurtulmus & Warner, 2015: 739; Aliyu *et al.*, 2015: 142). Moreover, Su *et al.*, (2015: 228) reveal that entrepreneurial orientation mediates the quest for new opportunities to improve business performance. Thus, theoretically, it can be maintained that businesses possessing high entrepreneurial orientation can manage the environment better, and that ultimately leads them to perform higher and better than others (Uddin *et al.*, 2015: 344; Adb-Hamin *et al.*, 2015: 3).

To benefit from its business performance consequences, entrepreneurial orientation demands large resource commitments (Su *et al.*, 2015: 228). Some studies found that entrepreneurial orientation capacitates small businesses or new ventures, which are termed as new businesses or businesses less than 10 years old, to perform better than rivals and improve businesses performance (Uddin *et al.*, 2015: 344). However, due to

resource constraints, new businesses normally fail to satisfy this resource criterion (Su *et al.*, 2015: 228). Thus, access to key resources play a considerable role in whether new businesses can interpret and translate entrepreneurial orientation into higher business performance (Su *et al.*, 2015: 228).

Entrepreneurial orientation is among important factors for business expansion and productivity (Uddin *et al.*, 2015: 345). There is a strong propensity towards a belief that entrepreneurial orientation's contribution to business performance is much more visible in small businesses (Kurtulmus & Warner, 2015: 741). In addition, the correlation between entrepreneurial orientation and business performance is situation dependent (Yu, 2012: 1711), and the degree of this link is affected by both external and internal organisational processes (Uddin *et al.*, 2015: 346). Further, each dimension of business performance can be affected by entrepreneurial orientation separately and in different ways, that is, one could be affected positively and the other negatively (Kurtulmus & Warner, 2015: 742).

The positive impact of entrepreneurial orientation on business performance tends to increase after some time, and the relationship between entrepreneurial orientation and business performance is extensively discussed (Uddin *et al.*, 2015: 3446. Moreover, related literature has a consensus on the existence of the relationship between entrepreneurial orientation and business performance, but this correlation is not eternal and there is a limit (Kurtulmus & Warner, 2015: 742). Further, excessive entrepreneurial orientation does not always lead to high business performance as the context and environment is also significant for businesses (Kurtulmus & Warner, 2015: 742). In this view, it seems that the correlation between entrepreneurial orientation and business performance is important but not always enjoyed by small businesses (Al-Dhaafri *et al.*, 2016: 90; Gellynck *et al.*, 2015: 5).

Interestingly, entrepreneurial orientation does not produce a negative or positive impact on business performance for businesses older than 11 years (Kurtulmus & Warner, 2015: 742). However, small businesses enjoy a positive contribution from entrepreneurial orientation (Kurtulmus & Warner, 2015: 739; Aliyu *et al.*, 2015: 142). Theoretically, innovativeness, pro-activeness and risk-taking all facilitate and assist in the search for new opportunities that enhance business performance; thus, entrepreneurial orientation should have a considerable business performance implication in new businesses (Su *et al.*, 2015: 230). Therefore, the entrepreneurial orientation and business performance relationship amongst small businesses is important so to increase their operations that, in turn, will hopefully contribute positively to the nation's economy (Aliyu *et al.*, 2015: 142).

Even though many studies report a robust positive relationship between entrepreneurial orientation and business performance (Emoke-Szidonia, 2015: 188; Shan, Song & Ju

(2016: 683; Al-Swidi & Mahmood, 2012: 4719); Aliyu *et al.*, 2015: 142), other studies reveal weak correlations (Su *et al.*, 2015: 230; Martin & Javalgi, 2015: 4). Businesses may benefit from embracing an entrepreneurial orientation because efforts to project demand to position new product or service offerings often result in solid business performance (Martin & Javalgi, 2015: 4). Although differences are reported in entrepreneurial orientation and business performance correlation, such variations reflect the fact that entrepreneurial orientation may sometimes, but not always, lead to improved business performance due to a number of reasons which include, but not limited to, research design, methodology etc (Su *et al.*, 2015: 230). However, there is considerable amount of evidence that support the relationship between entrepreneurial orientation and business performance.

Over and above that, without enough resources, the business performance implication of entrepreneurial orientation will be limited (Su *et al.*, 2015: 230). Palalic and Busatlic (2015: 15) suggest that business performance is affected positively by entrepreneurial orientation and that entrepreneurial orientation helps the business to grow. Furthermore, small businesses with high entrepreneurial orientation level have a better business performance contrasted to those having weak or low entrepreneurial orientation (Palalic & Busatlic, 2015: 15). However, while some studies reveal that businesses adopting a strong entrepreneurial orientation perform much better than those that do not (Shan *et al.*, 2016: 683); other studies denote lower correlation between entrepreneurial orientation and business performance or are unable to find a considerable relationship between entrepreneurial orientation and business performance (Martin & Javalgi, 2015: 4). In this view, thus, literature indicates that there are mixed findings on the entrepreneurial orientation and business performance relationship (Shan *et al.*, 2016: 683).

Entrepreneurial orientation is imperative to all small business owners and managers because of its positive impact (Palalic & Busatlic, 2015: 16). Moreover, the effect of entrepreneurial orientation to business performance may vary from nation to nation (Palalic & Busatlic, 2015: 15). Nonetheless, Palalic and Busatlic (2015: 16) report that there is a constructive relationship between entrepreneurial orientation and business performance, but only for established businesses and an inverse correlation toward new businesses. On the other hand, in general, Eموke-Szidonia (2015: 188) reveals that early studies dispute for an upbeat influence of entrepreneurial orientation on business performance. Given that, the view that entrepreneurial orientation may be universally beneficial may require more research from various contexts (Emoke-Szidonia, 2015: 188).

According to Ginting (2015: 57), entrepreneurial orientation reflects the audacity to take risks, be innovative, pro-active and have an ability to compete aggressively and independently in order to find new opportunities which will enable small businesses to

grow and gain improved business performance. It is important to note that opportunities exist regularly in dynamic and changing environments. In times of uncertainty, entrepreneurially oriented firms can achieve superior business performance because of pro-activity and competitive aggressiveness while flaccid or reactive behaviours are damaging to business performance (Emoke-Szidonia, 2015: 188). Moreover, Hussain *et al.* (2015: 6) claim that entrepreneurial orientation has become a crucial concept for the survival, growth and superior business performance for small businesses of today, and that entrepreneurial orientation facilitates small businesses in attaining growth, performing better and guaranteeing long-term success. For that reason, small businesses should embrace entrepreneurial orientation efforts in order to be successful in business, which, in turn, might result in higher business performance (Shan *et al.*, 2016: 683; Aliyu *et al.*, 2015: 142).

While Shan *et al.* (2016: 683) describe entrepreneurial orientation as a new entry undertaken through key entrepreneurial processes (e.g., innovativeness, risk-taking, pro-activeness, competitive aggressiveness, and autonomy) that unequivocally have a relationship with business performance. According to Brouthers *et al.* (2015: 1161), on a global context, relevant international studies hold a strong view that businesses with solid entrepreneurial orientation expand to international economies to business performance. Additionally, the resource-based view assumes that businesses possess capabilities (e.g., entrepreneurial orientation) that they combine creatively to generate superior business performance (Brouthers *et al.*, 2015: 1162). Thus, a growing body of knowledge is developing to understand and explore the enormity and scale of entrepreneurial orientation and business performance relationship (Shan *et al.*, 2016: 683).

Adb-Hamin *et al.* (2015: 3) state that entrepreneurial orientation is viewed as a prominent predictor of business performance. Moreover, the link between entrepreneurial orientation and business performance has been evaluated following numerous approaches such as meta-analysis, empirical, conceptual or literature review (Al-Dhaafri *et al.*, 2016: 91). Furthermore, many research works attribute correlation contradictions to factors that prospectively moderate the entrepreneurial orientation and business performance relationship, particularly external factors such as environmental conditions (Shan *et al.*, 2016: 683). In this view, varying findings on entrepreneurial orientation and business performance relationship may suggest that more research still needs to be undertaken.

Entrepreneurial orientation variables such as innovation and risk-taking have huge effects on business performance (Shan *et al.*, 2016: 687; Gellynck *et al.*, 2015: 5; Yu, 2012: 1711). Innovativeness enhances the benefits of risk-taking and pro-activeness often involved when taking risks and, therefore, indirectly affects business performance via its effect on risk taking (Adb-Hamin *et al.*, 2015: 3; Yu, 2012: 1713). Furthermore, all

three entrepreneurial orientation dimensions (innovativeness, pro-activeness and risk-taking) used in this study to measure entrepreneurial orientation have a positive correlation with business performance, but for dissimilar reasons Adb-Hamin *et al.*, 2015: 3). Also, entrepreneurial orientation and business performance relationship has been broadly acknowledged in other countries (Al-Dhaafri *et al.*, 2016: 90), in this regard, therefore, it is important to consider entrepreneurial orientation dimensions and their individual impact on business performance.

The challenge of not achieving the required business performance outcomes through entrepreneurial orientation is due to the lack of other corresponding strategies and processes (Al-Dhaafri *et al.*, 2016: 91). In addition, entrepreneurial orientation as a lonesome resource is inadequate to enhance business performance (Al-Dhaafri *et al.*, 2016: 93). Furthermore, Murimbika and Urban (2013: 1526) show that the relationship between entrepreneurship and business performance has been the subject of considerable discussion and debate for several decades. Nonetheless, according to Adb-Hamin *et al.* (2015: 3), from the statistical data analysis, a considerable connection between entrepreneurial orientation and business performance is evident (e.g., $r = 0.18$, $p \leq 0.001$). Therefore, small businesses might have a greater chance for success if they invest heavily in entrepreneurial orientation so to benefit from an entrepreneurial orientation and business performance relationship.

According to Al-Swidi and Mahmood (2012: 4719), despite the fact that a sizeable amount of literature involving the effect of entrepreneurial orientation on business performance established the positive impact, few studies reported contrary results. For example, it is important to note that, the positive entrepreneurial orientation and business performance correlation depicted in the USA is often not duplicated in emerging and developing economies since businesses are operating in different contexts (YU, 2012: 1711). Thus, the link between entrepreneurial orientation and business performance may be complicated than just a simple main-effects-only relationship (Yu, 2012: 1711).

Most scholars have the same view that there is a positive link between entrepreneurial orientation and business' profitability and growth (Murimbika & Urban, 2013: 1526). Moreover, Ibrahim, and Madichie (2014: 93) postulate that business performance construct proposes that entrepreneurial orientation helps organisations to be successful in the marketplace as a result of growth in market share, profit and sales revenue. Given that, therefore, entrepreneurial orientation efforts enable businesses to enhance business performance and continue to grow.

It is also important to highlight that fostering innovation, pro-activeness, and tolerating risk might help organisations to lead the market and attract loyal and excited customers (Al-Swidi & Mahmood, 2012: 4719). Similarly, it has been long argued that if a business

possesses a risky and innovative entrepreneurial spirit, it can acquire its own position in the market, create its advantage and obtain a good business performance (Yu, 2012: 1711). Thus, innovation, risk-taking and pro-activity are key components of entrepreneurial orientation.

On the basis of the literature reviewed, the next primary hypothesis is formulated.

H1: There is a positive and significant relationship between entrepreneurial orientation and business performance among small businesses in Durban, South Africa.

2.5 Competitive advantage

Amponsah-Tawiah and Mensah (2015: 395) indicate that attracting and retaining highly skilled, quality and healthy personnel as the critical component of the competitive advantage of businesses is gaining significance amongst many businesses. On the other hand, Turyakira and Mbidde (2015: 44) suggest that prior studies recognise that joining a strategic network has an advantage for small businesses striving to achieve a sustainable competitive advantage within their organisational sphere. Moreover, according to Ganapavarapu and Prathigadapa (2015: 1) competitive advantage denotes a firm's capacity to attain superiority over its rivals, which, in the long run, provides above-average business performance. Therefore, it may be asserted that competitive advantage is important to the organisation, and it can be sourced from diverse organisational capabilities.

Product and process technology, access to financial markets, developing economies etc, as early sources of competitive advantage, have become less important over time (Amponsah-Tawiah & Mensah, 2015: 395). Classic literature on competitive strategy assumes that an organisation can possess two fundamental types of competitive advantage, low cost and differentiation (Ganapavarapu & Prathigadapa, 2015: 2). According to Al-Dhaafri *et al.* (2016: 89), in the current global competitive environment, businesses must implement an advanced management philosophy that can help them compete successfully in order to achieve competitive advantages. Thus, it is imperative for businesses, small and big, to plan how they will deal with their rivals in terms of new customer attraction and retention of existing clientele (Ganapavarapu & Prathigadapa, 2015: 1).

Shan *et al.* (2016: 684) and Waheed *et al.* (2013: 536) state that with constant reduction in product life cycle times, innovation speed is now a highly esteemed organisational resource and a catalyst by which businesses can devise their competitive advantage. According to Ibrahim and Madichie (2014: 106) and Mirzahassan and Imani (2013: 2855), product differentiation can be the source of competitive advantage because of the unique designs offered. Furthermore, Ganapavarapu and Prathigadapa (2015: 1) posit that "competitive strategy is driven by customer wants and needs," and it should

provide value to customers that competition does not (Mirzahassan & Imani, 2013: 2855). Therefore, it is evident that competitive advantage may be achieved through clear understanding of the target market manifested via corresponding products and or services offered. Hence, businesses of all sizes need to constantly review their offerings so to keep abreast with current trends.

Esu (2015: 576) assumes that it is an imperative that businesses should increase and make effective use of their competitive advantage in the environment. Wang (2014: 676) and Adeniran and Johnston (2012: 4089) state that the resource-based view perceives the business as a combination of strategic resources which are diversely distributed across organisations to achieve a sustained competitive advantage. Whereas, the activity-based view is at the core of evaluating a company's competitive advantage in a way that defines the basis of competitive advantage and its sustainability (Gaya *et al.*, 2013: 2052). Further, a competitive strategy should match the organisation's unique resources with the opportunities in the environment (Ganapavarapu & Prathigadapa, 2015: 1). Thus, businesses, especially small business should attract resources and assets that will positively contribute to their competitiveness (Ganapavarapu & Prathigadapa, 2015: 1).

Murimbika and Urban (2013: 1523) indicate that a growing body of literature acknowledges that a sustainable competitive advantage is at the center of entrepreneurship. Some scholars postulate that through capability-based theory, it is proposed that businesses can attain sustained competitive advantage through idiosyncratic capabilities (e.g. Mat & Razak, 2013: 928; Mirzahassan & Imani, 2013: 2853). Whereas, Murimbika and Urban (2013: 1525) stipulate that competitive advantage can be achieved through scanning or environmental scanning. Therefore, it is vital for businesses to be capable to change a mix of company resources into capabilities that will enable the business to compete effectively and efficiently (Mat & Razak, 2013: 928).

Competitive advantage is strengthened by innovation (Mat & Razak, 2013: 928; Adeniran & Johnston, 2012: 4090). Taylor (2013: 1927) states that decision-makers in a firm use entrepreneurial orientation efforts in conjunction with organisational purpose to create competitive advantages. Moreover, competitive advantage depends on identifying new and emerging opportunities in the marketplace where conventional strategic thinking based on predictable environments is no longer effective (Murimbika & Urban, 2013: 1526). In this view, business owners and managers should be super innovative and proactive in determining apt mechanisms to be used in order to remain competitive.

A high degree of planning flexibility allows an organisation to respond proactively to environmental changes, thereby allowing opportunity and exploitation in search for a

sustainable competitive advantage (Murimbika & Urban, 2013: 1525). A competitive strategy provides a starting point for further improvement owing to volatilities in the marketplace (Ganapavarapu & Prathigadapa, 2015: 1). Additionally, from a dynamic capabilities outlook, competitive advantage is attained through continuous development and reconfiguration of valuable resources (Adeniran & Johnston, 2012: 4090). Similarly, resources that are important, unique and non-substitutable make it probable for businesses to create and maintain competitive advantages (Horng & Huang, 2012: 7589; Liu *et al.*, 2014: 140). Given that, the environment within which the business is operating and its resources should be well considered when mapping out a robust competitive strategy that will yield positive results.

2.6 Entrepreneurial orientation and competitive advantage

Hussain *et al.* (2015: 1) postulate that the importance of entrepreneurial activities has increased for attaining the competitive advantage. Ginting (2015: 57) states that in companies where there is high entrepreneurial orientation level, there seems to be courage to take risks, be innovative and be pro-active, which, in turn, create a competitive advantage. Further, Neto, Souza, Gallego, Pareira, Bono and Lopez (2015: 2204) indicate that when entrepreneurial orientation is practiced in the company and conceived as the power of originality and creativity, it reflects the competitive actions to support new ideas, discoveries, experiences, and the creation of market offerings different from those already in the market. Thus, entrepreneurial orientation is a competitive feature; therefore, it can create a competitive advantage for small businesses if used appropriately.

In addition, entrepreneurial orientation is seen as the predecessor that enhances competitive advantage, growth and superior business performance (Al-Dhaafri *et al.*, 2016: 90). Likewise, Adb-Hamin *et al.* (2015: 3) state that entrepreneurial orientation is an entrepreneurial strategy-making process that businesses create to achieve a competitive advantage. From an entrepreneurial orientation dimension view, pro-activeness (entrepreneurial orientation dimension) in the entrepreneurship context is connected to the first mover advantage in terms of procuring the best opportunity, shaping the environment and creating changes, and acting well in advance to project future demand (Al-Dhaafri *et al.*, 2016: 91). However, entrepreneurial orientation applied in isolation is insufficient resource to enhance business performance and achieve competitive advantages (Al-Dhaafri *et al.*, 2016: 90). Hence, it is advisable to combine entrepreneurial orientation with other resources and assets to create sustainable competitive advantage.

According to Ibrahim and Madichie (2014: 87), a study undertaken in Ghana on small business unveils that there is a strong link between the three dimensions of entrepreneurial orientation (innovativeness, risk-taking and pro-activeness) and

competitive advantage. Moreover, Al-Swidi and Mahmood (2012: 4719) reveal that entrepreneurial orientation has been among the most recognised international strategies for survival and growth of many businesses in the present competitive environment. On the other hand, Brindha (2013: 1152) denotes that faster technological development, shorter product life-cycles, and more robust global competition have changed the current competitive environment for most businesses. Therefore, given the complexity and dynamism in competitive environments, businesses should embrace innovation in order to achieve a competitive advantage (Brindha, 2013: 1152).

2.7 Business performance and competitive advantage

Su *et al.* (2015: 230) reveal that business performance and competitive advantage are affected by the extent to which owners or managers develop and nurture relationships with their counterparts in external entities. Similarly, Gaya *et al.* (2013: 2051) state that the resource-based view links superior business performance to the ownership and control of unique competitive resources that create a source of sustainable competitive advantage for businesses. Nonetheless, Neto *et al.* (2015: 2203) mention that to obtain enhanced competitive advantage and remain in business, a set of actions are needed to explore opportunities, adjust and adapt production processes and products to customers' needs resulting in a better business performance. In addition, Brouthers *et al.* (2015: 1162) assume that competitive advantage can yield better business performance via the application of entrepreneurial orientation capabilities. In light of this, it can be maintained that there is a relationship between business performance and competitive advantage.

Moreover, Asiedu (2015: 1) states that most organisations aim to retain their workers and raise their business performance level to achieve a competitive advantage. Likewise, Amankwaa and Anku-Tsedu (2015: 7) highlight that businesses treating employees as core assets and productive resources, and not as an expense, tend to gain a competitive advantage in their operating industry. Thus, competitive advantage can be realised through the effective use of human capital which, as a result of higher productivity, might yield higher business performance.

Generally, today's changing business environment has caused entrepreneurship to be at the centre of business operations because of its positive effect on business performance and sustainable competitive advantage (Al-Dhaafri *et al.*, 2016: 90). In addition, the more small businesses adopt an entrepreneurial orientation, the better chances for them to achieve competitive advantage and enhance business performance (Taylor, 2013: 1927).

According to Al-Swidi and Mahmood (2012: 4718), total quality management has been extensively studied as critical determinant of a better business performance and

competitive advantage. Moreover, Ribeiro *et al.* (2014: 589) found that in strategy, the expression “superior performance” is usually linked to competitive advantage. Further, resources that are valuable, uncommon, incomparable and non-substitutable enable businesses to develop and maintain competitive advantages and increase business performance (Horng & Huang, 2012: 7589). In the same way, a business enjoying sustainable competitive advantage records a consistent superior business performance (Gaya *et al.*, 2013: 2051). Therefore, resources can be tailored and fashioned in ways that will promote competitiveness and finally result in better business performance.

Mirzahassan and Imani (2013: 2855) posit that already developed literature has well-established the positive effect of competitive advantage on business performance due to the fact that a business can outperform its rivals through competitive advantage. Further, Ribeiro *et al.* (2014: 590) describe competitive advantage as the case in which a business has a profit rate higher than its sector or industry average. Over and above that, competitive advantage is the business’ capability to create more economic value and return than the marginal competitor in a market (Ribeiro *et al.*, 2014: 590). In this regard, businesses should utilise their resources in a manner that will generate profitable returns, both for the company and other stakeholders.

On the basis of the literature reviewed, the next secondary hypothesis is developed.

H2: Competitive advantage mediates the relationship between entrepreneurial orientation and business performance among small businesses in Durban, South Africa.

2.8 Conclusion

Given the extensive and detailed discussion of entrepreneurial orientation, business performance and competitive advantage, the link between these three variables seems possible provided all the literature examined indicates such correlation. Although some studies suggested weak correlation between entrepreneurial orientation and business performance, the majority support the assumption of this study. The following chapter details the design and the methodology used in this research.

Chapter Three

Research design and methodology

3.1 Introduction

This chapter presents the methods and techniques that were applied in the study for the collection of data and the analysis thereof. Raich, Muller and Abfalter (2014: 737) posit that a major purpose of empirical research is to observe and describe phenomena, to define causes and effects of these phenomena, and ultimately to anticipate future developments and actions. Thus, this chapter identified various research methods and approaches, defined them and then selected the appropriate and relevant approaches for this study.

3.2 Overview of research objectives and hypotheses

When filling out the questionnaire, according to Wright and Ogbuehi (2014: 44), completeness of responses are paramount to assist the researcher to arrive at sound conclusions or recommendations concerning the study's objectives, questions and hypotheses.

Overview of the study's objectives and hypotheses is outlined below.

3.2.1 Research objectives

The overall aim of this study was to investigate the relationship between entrepreneurial orientation, business performance and competitive advantage amongst small businesses in Durban. The aim included the following objectives:

Primary objective:

- To investigate the relationship between entrepreneurial orientation, competitive advantage and business performance among small businesses in Durban

Secondary objectives:

- To determine the influence of entrepreneurial orientation on competitive advantage among small businesses in Durban
- To establish the influence of entrepreneurial orientation on business performance among small businesses in Durban
- To examine the influence of competitive advantage on business performance among small businesses in Durban

3.2.2 Research hypotheses

This research sought to investigate the following hypotheses:

- H1: There is a positive and significant relationship between entrepreneurial orientation and business performance among small businesses in Durban, South Africa
- H2: Competitive advantage mediates the relationship between entrepreneurial orientation and business performance among small businesses in Durban, South Africa

3.3 Research paradigm

Johnston (2014: 208) indicates that research approach may be used to indicate two things; it defines how a researcher conducts the research activity, such as the methods the researcher decides to utilise. Further, it may be used to explain why the researcher adopts a particular method when conducting such a study (Johnston, 2014: 208). According to Malsch and Salterio (2016:3), the philosophy of science recommends there are two ways that research is undertaken, that is, deductive (top-down) and inductive (bottom-up). There are two main schools of thought concerned with how knowledge is created through induction (Malsch & Salterio, 2016:3). Linked with these two philosophies are two paradigms: interpretivism and positivism.

3.3.1 An interpretivist paradigm

In an interpretivist approach, Grochal-Brejdak (2015: 53) posits that knowledge is an outcome of subjective understanding of the reality whilst the reality is complicated and relative. Furthermore, a scientist has no easy access to the reality, thus the procurement of knowledge of that reality emanates from accurate application of interpretive research procedures (Grochal-Brejdak, 2015: 53). Data is collected through the utilisation of qualitative, non-structured methods and not to foretell but rather to explain (Grochal-Brejdak, 2015: 53). Malsch and Salterio (2016: 3) indicate that the “interpretivist researcher believes that social reality is constantly emergent and subjectively created”.

On the other hand, Hepworth, Grunewald, and Walton (2014: 1042) suggest that interpretivist explanations normally follow a continuum in terms of access to and belief in an objective, knowable reality and entail epistemologies such as critical realism, cognitive constructionism and social constructionism. Hence, the scientist, using this approach, freely harnesses his experience and previously gained knowledge (Grochal-Brejdak, 2015: 53). This study did not use this method because there are issues linked to standards, validity, reliability and rigour (Mukhopadhyay & Gupta, 2014: 109;

Reksoatmodjo, Utomo, Hartono & Djunaedi, 2012: 20). Given this fact, this study did not use an interpretivist paradigm.

3.3.2 Positivist paradigm

According to Grochal-Brejdak (2015: 52), “knowledge of positivism is a statistically generalised conclusion referring to the population”, developed based on outcomes of the statistical evaluation of the observation of the conveniently accessible reality. Further, mainstream research methods used to attain the hypotheses of the positivist theory include quantitative and statistical methods while the intention of research itself is to elucidate the essence of a problem through induction and deduction (Grochal-Brejdak, 2015: 53). Malsch and Salterio (2016: 3) postulate that the “researcher’s primary concern is to generalise via developing cause-and-effects-based theories of some phenomena of interest and by studying inductively, the researcher can develop causal theories”.

Parker (2014: 13) reveals that research works in business disciplines centre around the dominant positivist quantitative research paradigm. In addition, theory in positivist field studies entails mobilising the study’s rich description with an intention of explaining what has been observed in the field (Malsch & Salterio, 2016: 5). Moreover, Grochal-Brejdak (2015: 57) suggests that positivist approach focuses on the clarification of dependencies between variables. The study needs to explain why the research questions put forward are best answered by conducting a field study (Malsch & Salterio, 2016: 5). This study used this method because it is the broadly used methodology in science. Secondly, it is also the leading methodology used for investigative studies in social sciences and management (Mukhopadhyay & Gupta, 2014: 109; Reksoatmodjo, Utomo, Hartono & Djunaedi, 2012: 20; Davoudi, 2012: 31). Moreover, ‘evidence is understood as synonymous with facts, and credible evidence is interpreted as quantitative, measurable and capable of establishing clear cause-and-effect relations through scientific methods’ (e.g. Davoudi, 2012: 36). In this light, it was more appropriate and meaningful to use the positivist paradigm than the interpretative one. Further, the objectives of the research made it appropriate to use this method.

3.4 Research approach

Grochal-Brejdak (2015: 52) and Mukhopadhyay and Gupta (2014: 110) espouse that the selection of a method should be based upon the paradigm used by a scientist, in the case of management sciences, derived from such areas of philosophy as epistemology and ontology. According to Evans III, Feng, Hoffman, Moser and Van Der Stede (2015: 1178), fieldwork is usually exploratory and used in theory creation; it can also be employed to test theory. Additionally, field research is closely related to existing literature, and it “contributes to that literature by either developing theory or by using

field data to examine testable propositions from the literature” (Evans III *et al.*, 2015: 1178).

Crisan and Borza (2015: 38) and Magruk (2015: 234) indicate that selecting relevant research methodologies to engage in a documented research activity involves not only a complex documentation, but also calls for the instruments and methods that can better present and measure the studied phenomenon. Thus, the intention of the research methodology is to provide the structure and support for ensuring planning and operational activities that proceed after the implementation process of scientific procedures (Crisan & Borza, 2015: 38; Magruk, 2015: 234).

Lopes (2015: 14) highlights that scientific and academic research is long-established in two distinct dimensions, namely, ontological dimension (linked to the objectivity/subjectivity level) and the epistemological dimension (as the method to acquire knowledge). Magruk (2015: 236) suggests that significant attributes of research methods include: intelligibility, clarity, advisability, efficiency and reliability. Moreover, Raich *et al.* (2014: 737) and Johnston (2014: 212) discuss that the choice of an appropriate analysis method depends largely on the complexity of the research question and the capability of a data set or method to answer the research question.

The study adopted a positivist/quantitative paradigm for this study.

3.4.1 Qualitative research

Malsch and Salterio (2016: 1) assume that qualitative studies can comprise of research interviews, group discussions, direct observation of organisational actors and actions. Moreover, Johnson (2015: 334) states that qualitative methods are usually applied to generate insight and theory in an inductive way through different non-statistical approaches. Similarly, Johnson (2015: 262) and Guercini (2014: 662) posit that qualitative research uses an inductive approach and an essentially different role of the researcher and interpretation of findings. Moreover, the researcher is active, both in the generation and interpretation of insight, and a more subjective approach or perspective on the nature of reality is embraced.

This study did not use this method because the approach is questionable, subjective, and unstructured (e.g. Park & Park, 2016: 3; Graue, 2015: 6). Further, the qualitative approach, because of open-ended questions used, can result in information overload on the participants as well as unfocused attention by the respondents (Graue, 2015: 7).

3.4.2 Quantitative research

Mukhopadhyay and Gupta (2014: 109) and Uprichard (2013: 2) define quantitative research as the mainstream and commonly used methodology in science and is also

the leading methodology used for investigative studies in social science and management, and that quantitative methodologies make use of the positivist paradigm. Furthermore, Johnson (2015: 334) states that quantitative methods are often employed to empirically test theory-based hypothesis in a deductively manner with various forms of statistical analysis.

Johnson (2015: 262) states that “quantitative research is a deductive process whereby theoretically based hypotheses are tested using numerically measured variables and some form of statistical analysis”. Further, Blumenstein (2015: 25) posits that the ability to interpret data and apply numerical evidence systematically is central in science. In a similar fashion, Buckley (2015: 17) indicates that quantitative analysis techniques with statistical controls are utilised to analyse data in a quantitative study. In a quantitative case, Raich *et al.* (2014: 738) reveal that “considering the frequency of responses or clustering concepts, researchers simply count or apply statistics”.

Moreover, positivist framework becomes the basis for quantitative method, and quantitative method discounts the individual and collective biases of the researcher as well as the subjects (Mukhopadhyay & Gupta, 2014: 109). Bezzina and Saunders (2014: 34) point out that generalisability and accuracy of measurement are some of the advantages of quantitative methods. Furthermore, Weller and Monroe-Gulick (2014: 473) found that out of the five most common research methods, quantitative approach tops the list.

According to Frels and Onwuegbuzie (2013: 186), quantitative approach uses different forms of descriptive and inferential statistics for making external statistical generalisations. This research adopted this type of approach since it is ‘objective, the researcher is independent of research, value free and unbiased, structured and accurate and reliable through reliability and validity testing, and also used to recommend a final course of action’ (e.g. Park & Park, 2016: 3-4). Quantitative research is often easier to investigate compared to qualitative analysis because it uncovers correlations and regressions between two variables (e.g. Marzooqi, 2015: 112), and it provides concrete, factual data (e.g. Barnham, 2015: 837).

3.5 Research design

3.5.1 Exploratory-descriptive design

Exploratory and descriptive research allows researchers to get answers that will help businesses create more value (e.g. Talebzadeh, 2016: 27). Hence, this approach is best for this particular study. Evans III *et al.* (2015: 1179) suggest that even though field research may be exploratory in nature, it must uphold a vivid topical focus and be grounded in theory. This study used an exploratory-descriptive approach. In this study,

hypotheses were generated for exploratory purposes and then tested against empirical data (Varadhan, Segal, Boyd, Wu & Weiss, (2013: 824; Johnson, 336).

Furthermore, in order to understand the statistical analysis of the assumptions or hypotheses, a descriptive cross sectional strategy is applied (e.g. Marzooqi, 2015: 111). As an initial step in gaining a full understanding of a fundamental aspect of a study's primary data, it is important to verify that all relevant variables (including control variables) are listed with means, standard deviations, number of cases (respondents), and (where appropriate) projected score reliabilities for each multi-item measure (Bedeian, 2014: 124). Moreover, a complete correlation matrix (including sample sizes, means and standard deviations) is significant as input for others who may want to reproduce a study's results (Bedeian, 2014: 124). Therefore, this research design was ideal for this type of research.

3.6 Primary and secondary data

Researchers use primary methods to generate data directly from the field, while secondary data refer to data collected by researchers from published previous studies (McDonald, Gan, Fraser, Oke & Anderson, 2015: 300). This study sought to solicit data from recent studies (2012-2016 where possible) and from small business owners and or managers. Primary data were collected using a structured questionnaire, and secondary data were collected using trusted online sources such as ProQuest, Google Scholar, E Journal Portal and many other databases provided by the Durban University of Technology.

Additionally, in order to provide the cases with which to conduct comparison, researchers apply theoretical sampling. Theoretical sampling encompasses selecting sources with intimate and extensive knowledge relevant to the research questions to inform the research process, and the sources from which to collect future data are ascertained based on insights provided by the data already collected (Johnson, 2015: 263). Given that, both primary and secondary data are paramount.

3.7 Sampling

3.7.1 Sample nature

Generally, it is common to believe that the bigger the sample size the better because of higher statistical power (Malsch & Salterio, 2016: 6). In addition, when conducting field research, the main aim is to tap into the knowledge possessed by those who have requisite experience, first-hand knowledge and understanding to provide meaningful insight into the matter being probed (Malsch & Salterio, 2016: 6). Thus, the objective is to locate and find organisations and individuals that have that knowledge and experience (Malsch & Salterio, 2016: 6).

Moreover, one potent criterion for finding out if enough data have been collected is called data saturation (Malsch & Salterio, 2016: 7). Further, saturation normally occurs when many interviews or observations in a row do not give the researcher any new insights into the research question nor turn up any new atypical observations (Malsch & Salterio, 2016: 7). Additionally, Landers and Behrend (2015: 142) suggest that “sampling strategy has critical implications for the validity of a researcher’s conclusions.” Sampling is easily understood in methodological concepts of range restriction and omitted variables bias (Landers & Behrend, 2015: 142).

According to Landers and Behrend (2015: 144), researchers, when conducting studies, typically use whatever sample conveniently available to them. However, Roulin (2015: 190) stresses that it is substantially important to carefully and empirically inspect the advantages and risks linked with using each sampling strategy before categorising as suitable or not. In this light, the study ensured that the convenience method applied is relevant and suitable. Furthermore, McGonagle (2015: 208) indicates that researchers should seriously consider their type of sample in light of the specific research question before data collection.

Ran, Liu, Marchiondo and Huang (2015: 202) emphasise that unsubstantiated favouritism toward particular sampling strategies can limit choices in methodology, which, in turn, may negatively affect the answering of certain research questions. This view further suggests that it is important for researchers to think critically and have sound reasons behind their selected sampling method.

3.7.2 Sampling

Uprichard (2013: 1) notes that sample design is a well-known subject in social science. A fundamental requirement of sample design includes: sample size, sample error, representativeness, and generalisability and access (Uprichard, 2013: 2). According to Wright and Ogbuehi (2014: 41), when deciding on the type of sampling method, researchers must also consider and deal with resource constraints such as time, budget and human resources. Thus, the decision on the type of sampling method applied in this study needed to be well-thought out, both in terms of benefits and risks.

Bezzina and Saunders (2014: 31) posit that a small sample is likely to statistically yield insufficient precision and makes the statistical test insensitive because of low statistical power. However, if the sample is too big, this leads to an increase in precision, and the statistical test may be overly sensitive (Bezzina & Saunders, 2014: 31). It is, therefore, important to choose the right sample size (Bezzina & Saunders, 2014: 31). On the other hand, determining sample size depends largely upon whether the test involves tests of controls or tests of details (Elder, Akresh, Glover, Higgs & Liljegren, 2013: 117). Furthermore, Elder *et al.* (2013: 111) indicate that the one benefit of statistical sampling

is the fact that it enables the researcher to explicitly quantify the degree of sampling risk.

Elder *et al.* (2013: 111) state that if a sampling strategy uses statistical methods, it is more defensible than a non-statistical sampling strategy. Moreover, sampling methods are usually organised into probability methods (utilising some form of random selection) and non-probability methods (Bezzina & Saunders, 2014: 31). The size of a sample depends on the needed confidence level, tolerable deviation rate and expected population rate (Elder *et al.*, 2013: 117).

3.7.2.1 Random sampling techniques

According to Bezzina and Saunders (2014: 31), random sampling is a small replica of the population. Statistical representativeness is normally acquired via random sampling. This study did not use this type of sampling strategy.

3.7.2.2 Convenience sampling

Landers and Behrend (2015: 143) assume that using obvious convenience sampling, in particular, attracts criticism regarding study generalisability. Further, researchers must seriously think about the population of interest, identify a sample, and then approach that sample with research participation invitations (Landers & Behrend, 2015: 143).

Moreover, according to Landers and Behrend (2015: 146), convenience samples must meet two criteria: sample relevance and sample prototypicality. Sample relevance means the degree to which the unit of analysis is defined similarly to the population whilst sample prototypicality is defined as the degree to which a particular study is commonplace within a broader research paradigm (Landers & Behrend, 2015: 146). This study identified the unit of analysis by means of the location, population representativeness and quality of information that is possessed. The study was conducted on 177 small business owners and or managers doing business in and around Durban, South Africa.

Blumenstein (2015: 28) postulates that the unit of analysis is selected to participate in a particular study because it represents the population, that is, participants are “information rich and illuminative” (they provide useful manifestations of the studied phenomenon of interest). Therefore, it is critical that researchers from the academic communities understand the influence the choice of data collection methodology has towards their respondents and survey responses, particularly when making survey design decisions.

3.8 Research instrument

According to Wright and Ogbuehi (2014: 41), there is wide agreement in the methodology community that the chosen method for data collection may affect the quality of response. In addition, the type of method selected can also affect respondents' behaviour and feelings, which may also impact the quality of data (Wright & Ogbuehi, 2014: 41). This study applied an instrument that was used by various authors. Thus, the quality of data collection and measuring instrument used in this study is reliable and valid.

This study used a self-administered questionnaire. Respondents were required to place a mark against their desired response. The first section involved sourcing the respondent's biographical / demographical data such as gender, race, age, education, and more. The second (last) section entailed the study's phenomena of interest, that is, the variables under scrutiny.

3.8.1 Research measures

The questionnaire consisted of 24 categorical statements (items) measuring the three variables as indicated below. The three variables are entrepreneurial orientation, business performance and competitive advantage.

3.8.1.1 Entrepreneurial orientation

Participants were required to place a mark against their desired response. The measuring instrument used a Likert scale method. Respondents chose either "Strongly Agree, Agree, Neutral, Disagree or Strongly Disagree". Eleven (11) items were employed to measure the entrepreneurial orientation variable. The items were sourced from the previous study (e.g. Mahmood & Hanafi, 2013; Ndubisi & Agarwal, 2014).

3.8.1.2 Business performance

Participants were requested to place a mark against their preferred response. The measuring instrument employed a Likert scale method. Respondents ranked their feedback using either "Very Good, Good, Neutral, Poor or Very Poor". Four (4) items were used to measure business performance variable. Items were extracted from the previous study (e.g. Deutscher *et al.*, 2015).

3.8.1.3 Competitive advantage

Participants were asked to place a mark against their desired response. The measuring instrument applied a Likert scale method. Respondents selected either "Strongly Agree, Agree, Neutral, Disagree or Strongly Disagree". The 9 items were taken from the previous study (e.g. Mahmood & Hanafi, 2013).

3.9 Data preparation

3.9.1 Data preparation process

Evans III *et al.* (2015: 1178) state that to establish data reliability, the researcher must keep good records of data collection practices and analysis procedures, namely, data recording and coding, so that others could reproduce the results by following the same steps.

3.9.1.1 Preliminary questionnaire screening

McGonagle (2015: 211) posits that good data screening practices are important and that researchers should seek red flags denoting possibly ineligible respondents. The researcher organised a safe place in which to store all respondents' data and methods used to collect and analyse data.

3.9.1.2 Data coding

According to Raich *et al.* (2014: 7423), the coding process is at the centre of the analysis. Further, 'coding is the process of connecting data, issues, interpretations, data sources and report writing aspects.'

3.10 Data analysis techniques

Statistical data analysis is the procedure by which data are transformed with the objective to extract useful information and facilitating conclusions (Bezzina & Saunders, 2014: 30). Lin, Wang and Wu (2016: 2177) reveal that employing a well-known and trustworthy evaluation system that complements the study is critical. Furthermore, Bezzina and Saunders (2014: 29) postulate that statistics have an important role in business research, particularly in studies that apply quantitative methods.

Moreover, Johnson (2015: 263) posits that data can best be conceptualised as a cycle of coding steps executed on the relevant data provided for the analysis. In addition, Raich *et al.* (2014: 742) explain that assortment of analysis steps permits identifying relations, evaluating options, setting objectives, and recognising trends.

3.10.1 Inferential data analysis

Bezzina and Saunders (2014: 33) state that inferential procedures are utilised to draw conclusions about a population.

3.10.1.1 Correlation

According to McGonagle (2015: 212), recent proof shows that "insufficient-effort-responding results in a systematic form of variance that may cause correlations to be inflated between variables for which average responses depart from the scale

midpoints". Moreover, Ran *et al.* (2015: 203) depict that insufficient-effort-response may cause random measurement error that attenuates correlations between variables, thus raising type II error rate. Similarly, insufficient-effort-response may also generate systematic bias that increases correlations between variables, thus inflating type I error rate in particular circumstances (Ran *et al.*, 2015: 203). Bezzina and Saunders (2014: 30) postulate that to make a synopsis on bivariate relationships, the correlation coefficient is normally applied, for example, Pearson's r , Spearman's ρ , and correlation ratio (η). Despite that, verifications needs to be established to see if data are correct (e.g., "whether or not the relationship is linear and whether outliers are present") (Bezzina & Saunders, 2014: 30). Hence, this study used inferential statistics to analyse data.

To measure the strength and direction of relationships between the variables, Pearson correlation analysis was used. To measure whether there was any prediction between the variables, regression analysis was used.

3.10.2 Descriptive data analysis

3.10.2.1 Measures of central tendency

Bezzina and Saunders (2014: 30) explain that a brief and succinct method of summarising a data set is to employ a suitable measure of central tendency ("a value that indicates where the center of the distribution lies") supplemented by a measure of spread (a statistic that determines how clustered or scattered the data are). Furthermore, the type of measure selected eventually depends on the scale of measurement undertaken and the shape of underlying distribution (Bezzina & Saunders, 2014: 30).

3.11 Reliability and validity

According to Bezzina and Saunders (2014: 31), there are two key issues related to the quality of measurements; they are reliability and validity. This study used Cronbach's Alpha values of entrepreneurial orientation, business performance and competitive advantage that were above 0.6. Cronbach's Alpha values below 0.6 show weak and unreliable measure whilst values around 0.6 show moderate conditions, which is acceptable, and values higher than 0.7 show a very strong reliability measure and internal consistency (Mahmood & Hanafi, 2013). Moreover, studies used in this research show that the overall rating of the entrepreneurial orientation, business performance and competitive advantage are above the required threshold (0.6) for reliability and validity as set aside by Nunally (1978). Hence, the results obtained from the analysis of primary data were benchmarked accordingly.

3.11.1 Reliability

According to Evans III *et al.* (2015: 1179), readers rely on the inferences made by the field researcher from the field data. Moreover, any reasonable and realistic evidence that a field researcher can produce to corroborate his inferences enhances the study's credibility (Evans III *et al.*, 2015: 1179).

Bezzina and Saunders (2014: 31) describe reliability as the degree to which findings or results are repeatable and consistent. In this study reliability was measured using Cronbach alpha. Cronbach alpha values for all variables were above 0.7.

3.11.2 Validity

According to Bezzina and Saunders (2014: 32), validity is the extent to which measures accurately and adequately characterise what they are assumed to conceptually measure. Moreover, Uprichard (2013: 1) indicates that the internal and external validity of any empirical study lies on the sufficiency of the sample to meet the research aims and objectives.

Ran *et al.* (2015: 202) indicate that no sampling strategy is better than the other, and all types of samples deserve careful consideration prior to any validity-related conclusions can be reached. Concerning validity, in general, Evans III *et al.* (2015: 1179) suggest that the most significant criterion to determining a field study's validity is that it incorporates relevant and related literature in developing or testing theory. For this study, relevant and related literature was used to find a problem, set research aims and objectives, identify a research gap, and finally conducting and completing the study.

3.11.2.1 Internal validity

According to Landers and Behrend (2015: 143), internal validity must be ensured before external validity. Ran *et al.* (2015: 203) advise that insufficient-effort-response can influence the internal validity of the study's conclusion. Furthermore, given the threat of insufficient-effort-response to internal validity, greater focus should be paid to sample sources (Ran *et al.*, 2015: 203)

3.11.2.2 External validity

The definition of external validity concerns the generalisability of findings to or across target populations, setting, times and the like (Landers & Behrend, 2015: 146). Moreover, "researchers must consider threats to external validity systematically and scientifically" (Landers & Behrend, 2015: 143).

3.12 Conclusion

Conclusively, for this chapter, the study has revealed methods for data collection and analysis applied. In some instances, the chapter provided different options and differentiated them, and finally indicated the methods adopted particularly for this study. The chapters ahead deal with interpretation of findings, discussion and recommendations.

Chapter Four

Data analysis and Results presentation

4.1 Introduction

The previous chapter detailed the methodology used in this study. This chapter presents the study's findings and the interpretation of the statistical data analysed. Data analysis was executed using Statistical Packages for Social Sciences (SPSS). The layout of this chapter is categorised as follows: 4.1) Introduction; 4.2) Descriptive statistics; 4.3) Reliability analysis; 4.4) Inferential results and finally 4.5) the conclusion or summary of the findings.

4.2 Descriptive statistics

This section reports on the biographical analysis of the data based on the responses of the respondents. This information includes the gender, ethnicity, home language, type of industry, age of respondents, level of education, age of businesses, company's capital size in rand value, number of employees and position held in the business. With descriptive statistics, the researcher simply describes what is or what the data shows (Trochim, 2006) as presented in the following sub-sections.

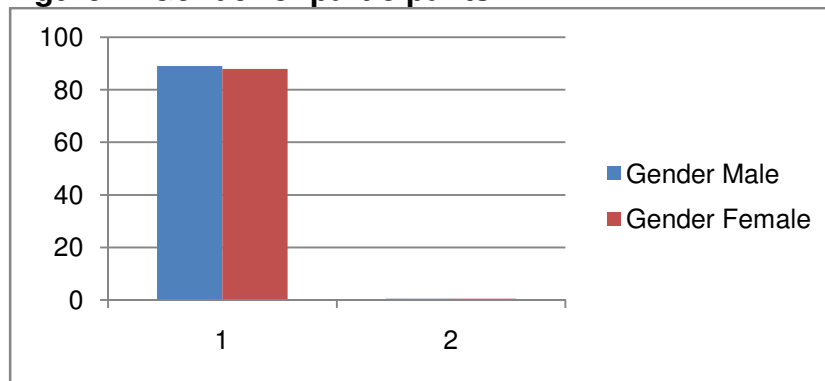
4.2.1 Gender of respondents

Data were collected from 177 small business owners and managers in and around Durban, South Africa. Eighty-nine (89) males and 88 females participated in the survey, that is, 50.3 percent and 49.7 percent, respectively. Table 7 and figure 1 indicate the said outcome:

Table 7: Gender of participants

Gender	Frequency	Percentage (%)
Male	89	50.3
Female	88	49.7
Total	177	100

Figure 1: Gender of participants



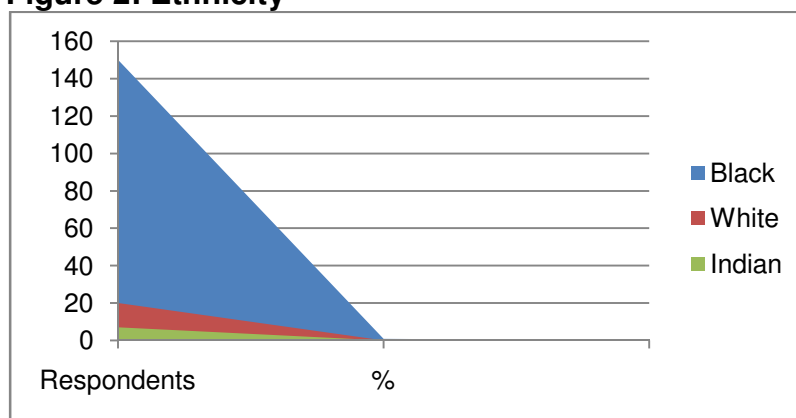
4.2.2 Ethnicity of participants

The data suggests that 150 respondents were Black (African), 20 were White and 7 were Indian. In terms of percentages, 84.7 were Black, 11.3 were White and 4 were Indian. Hence, the majority of participants were Black followed by the White population cohort. The least number of participants by ethnicity were Indians. The data can also be presented as reported in table 8:

Table 8: Ethnicity

Ethnicity	Frequency	Percentage (%)
Black	150	84.7
White	20	11.3
Indian	7	4
Total	177	100

Figure 2: Ethnicity



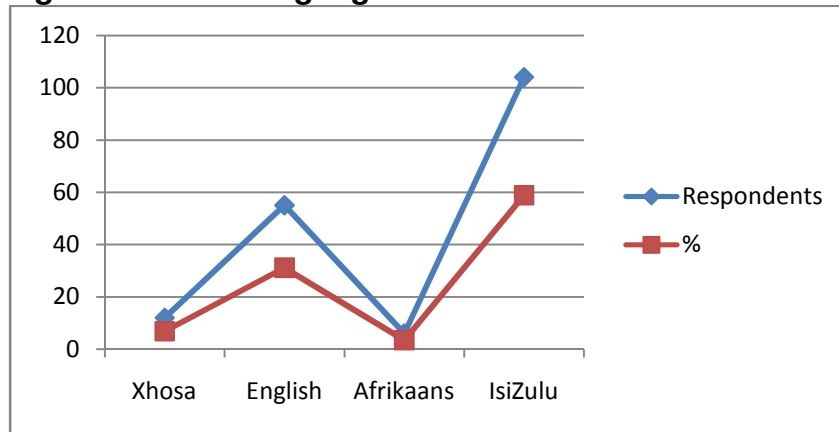
4.2.3 Home language

The data shows that out of 177 participants, 12 speak IsiXhosa, 55 speak English, 6 Afrikaans as their home language, and 104 speak IsiZulu. Table 9 and figure 3 represent the results as obtained:

Table 9: Home language

Home Language	Frequency	Percentage (%)
Xhosa	12	6.8
English	55	31.1
Afrikaans	6	3.4
IsiZulu	104	58.8
Total	177	100

Figure 3: Home language

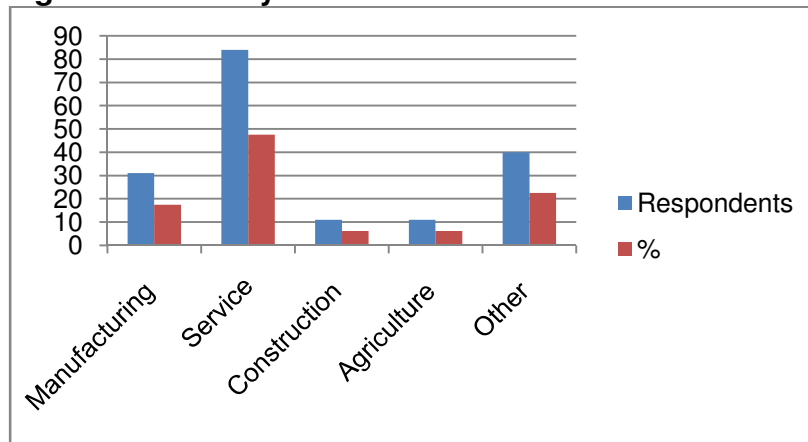


4.2.4 Industry

Respondents were asked, by means of a questionnaire, to indicate the type of industry within which their businesses operated. Thirty-one (17.5%) respondents or businesses operated within the manufacturing sector, 84 (47.5%) were in the service industry, 11 (6.2%) in construction, another 11 (6.2%) in agriculture and finally, 40 (22.6%) were not identified. Most businesses (84) happened to be in manufacturing while construction and agriculture constituted the smallest count in the grouping. Table 10 and figure 4 also show this fact:

Table 10: Industry

Industry	Frequency	Percentage (%)
Manufacturing	31	17.5
Service	84	47.5
Construction	11	6.2
Agriculture	11	6.2
Other	40	22.6
Total	177	100

Figure 4: Industry

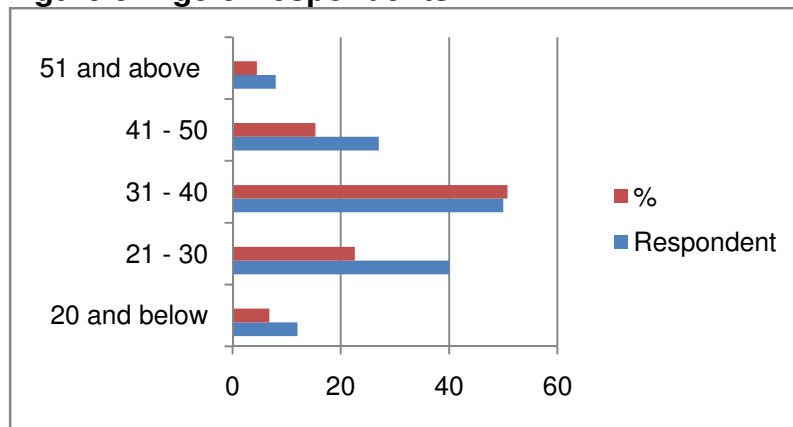
4.2.5 Age of respondents

The majority of the respondents, more than half, were between the ages of 31 and 40 accounting for 50.8 percent of the entire sample size. However, the complete finding reveals that 12 participants were between 20 years of age and below, 40 respondents were between the ages of 21 and 30, ninety (90) participants were in the age range of 31 and 40, while 27 of them were 41 to 50 years old, and lastly 8 of the entire group of 177 were 51 years old and higher. Table 11 and figure 4 summarise these findings:

Table 11: Age of respondents

Age of Respondents	Frequency	Percentage (%)
20 and below	12	6.8
21 – 30	40	22.6
31 - 40	90	50.8
41 - 50	27	15.3
51 and above	8	4.5
Total	177	100

Figure 5: Age of respondents



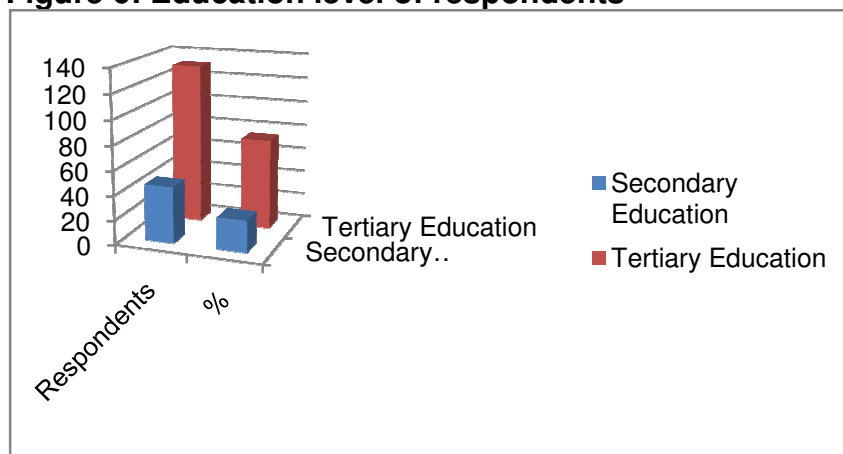
4.2.6 Education level of respondents

Participants were asked to indicate their level of education by selecting either secondary or tertiary education. Out of 177 respondents, 46 had secondary education, and 131 possessed some tertiary education, that is, 26 percent and 74 percent, respectively. This finding is also provided in a tabular and graphical form as shown in table 12 and figure 6:

Table 12: Education level of respondents

Level of education	Frequency	Percentage (%)
Secondary education	46	26
Tertiary education	131	74
Total	177	100

Figure 6: Education level of respondents



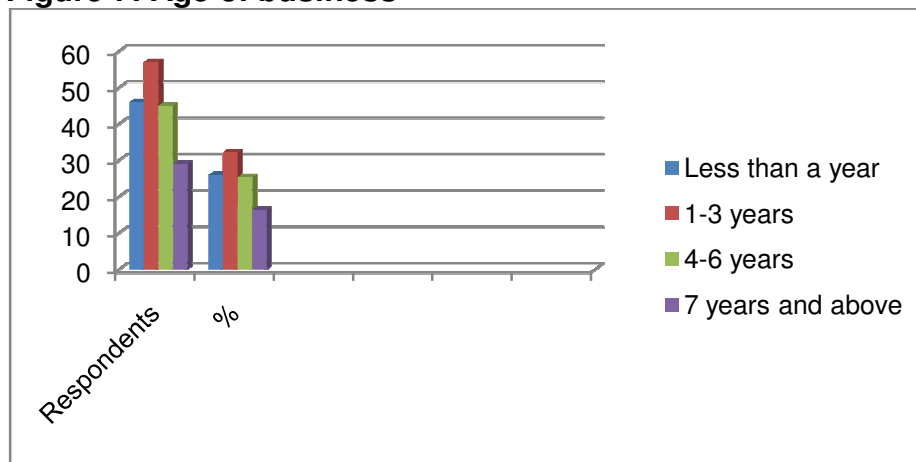
4.2.7 Age of business

The gathered data show that 46 businesses (26%) were less than a year old, 57 (32.2%) were between 1 and 3 years old, while 45 (25.4%) were in the range of four to six years old, and only 29 (16.4%) of them were 7 years older and higher. Table 13 and figure 7 below also show these results:

Table 13: Age of business

Age of Business	Frequency	Percentage (%)
Less than a year	46	26
1-3 years	57	32.2
4-6 years	45	25.4
7 years and above	29	16.4
Total	177	100

Figure 7: Age of business

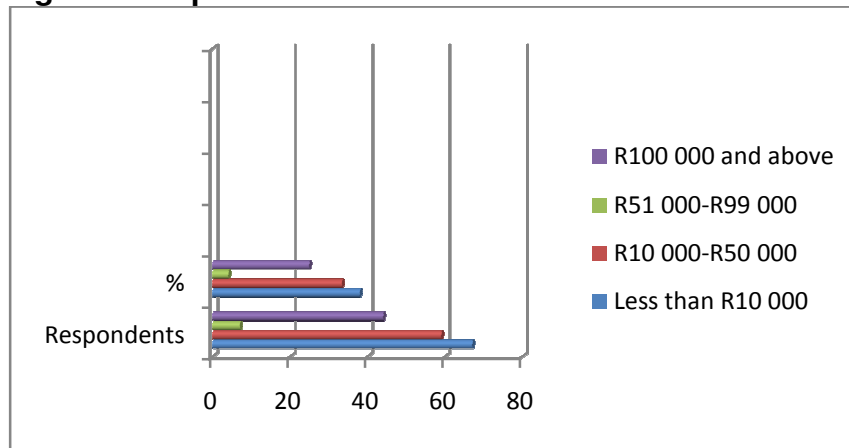


4.2.8 Capital size in rand value

The data analysis shows that the capital size of 67 businesses was less than R10 000, fifty-nine (59) businesses had capital size of between R10 000 and R50 000, further, 7 of them ranged from R51 000 to R99 000 and finally, 44 indicated that they have about R100 000 and or more capital size expressed in rand value. Data is also presented using table 14 and figure 8 as depicted.

Table 14: Capital size in rand value

Capital Size in Rand Value	Frequency	Percentage (%)
Less than R10 000	67	37.9
R10 000-R50 000	59	33.3
R51 000-R99 000	7	4
R100 000 and above	44	29.4
Total	177	100

Figure 8: Capital size in rand value

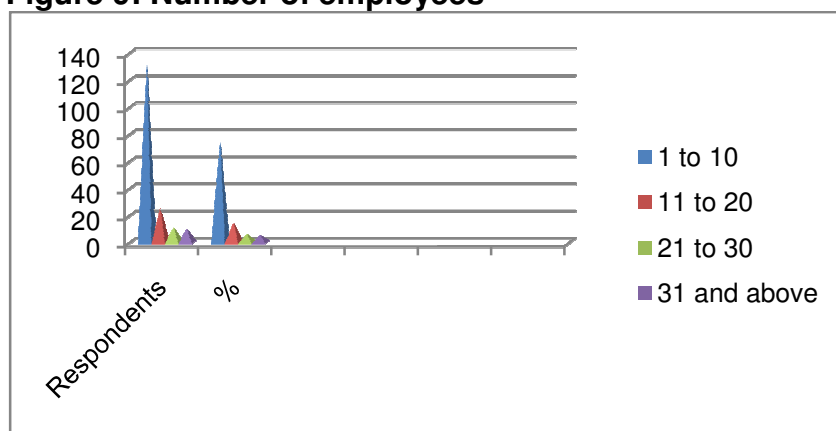
4.2.9 Number of employees

The research findings determined that out of 177 businesses surveyed, 131 employed between 1 and 10 workers, whilst 25 employed between 11 and 20, 11 businesses had 21 to 30 employees, and lastly, only 10 employed 31 employees and above. The majority of businesses employed 1-10 employees, that is, 74 percent of the entire sample. Figure 9 and table 15 are also used to show the results.

Table 15: Number of employees

Number of Employees	Frequency	Percentage (%)
1-10	131	74%
11-20	25	14.1
21-30	11	6.2
31 and above	10	5.6
Total	177	100

Figure 9: Number of employees



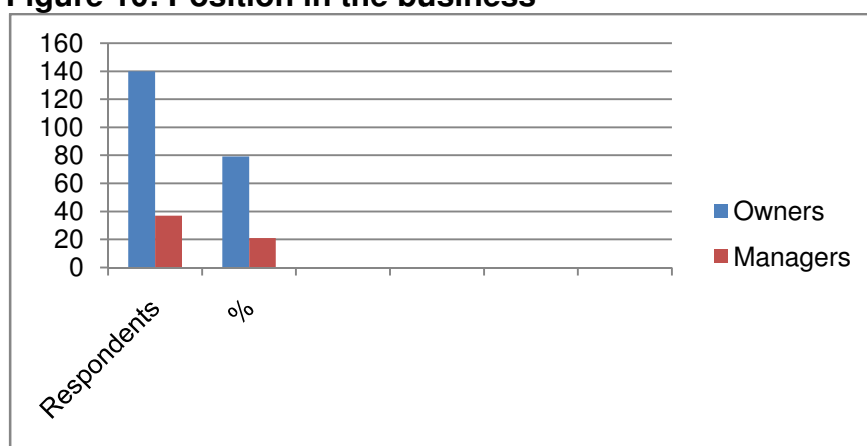
4.2.10 Position in the business

Out of the 177 respondents, 140 were owners while 37 were managers, that is, 79.1 percent and 20.9 percent, respectively. This finding is shown in table 16 and figure 10 below:

Table 16: Position in the business

Position in the business	Frequency	Percentage (%)
Owners	140	79.1
Managers	37	20.9
Total	177	100

Figure 10: Position in the business



4.3 Reliability analysis

In this study, Cronbach's Alpha coefficients were used to determine and evaluate the internal consistency of the measuring instrument as used in previous research (Shava, Chinyamurindi & Somdyala, 2016). Regarding the reliability scales, the results indicate that entrepreneurial orientation, which is measured by 9 items, yielded an alpha coefficient of 0.765, competitive advantage which includes 11 items yielded an alpha coefficient of 0.899 and finally, business performance comprising of 4 items resulted in alpha coefficient of 0.852. The results are reported in table 17 and reveal all the constructs used in the study had sufficient rating for reliability and validity, as suggested by Nunally (1978).

Table 17: Cronbach's Alpha results

Name of scale	Number of items	α
Entrepreneurial orientation	9	0.765
Competitive advantage	11	0.899
Business performance	4	0.852

4.4 Inferential results: interpretation

With regard to inferential statistics, the researcher tries to reach conclusions that extend beyond the immediate data alone (Trochim, 2006). Further, inferential analyses were applied in order to assess the link between a); the independent variable (entrepreneurial orientation) and the dependent variable (business performance) and b); both independent and dependent variables with the mediating variable (competitive advantage). "Inferential statistics assist in generalising findings from the sample to the larger population" (Shava *et al.*, 2016). This section focuses on interpretation and inferential results.

4.4.1 Hypotheses testing

Two hypotheses were developed after extensive literature review and examined upon completion of data collection. The hypotheses are:

- H1:** There is a positive and significant relationship between entrepreneurial orientation and business performance among small businesses in Durban, South Africa
- H2:** Competitive advantage mediates the relationship between entrepreneurial orientation and business performance among small businesses in Durban, South Africa

4.4.2 Correlation tests

Table 18 is derived from Pearson Correlation analysis in relation to H1 results. From the results, there was a medium positive and significant correlation between entrepreneurial orientation and business performance, as shown by a Pearson correlation value of .461 significant at $p = 0.01$. From the stated results, the study failed to reject H1. Further, there was a strong positive and significant association between competitive advantage and business performance as depicted by a Pearson correlation of .527 significant at $p = 0.01$. Moreover, there was a strong positive and significant association between entrepreneurial orientation and competitive advantage as indicated by a Pearson correlation of .657 significant at $p = 0.01$

Table 18: Correlation

	Entrepreneurial Orientation	Competitive Advantage	Business Performance
Entrepreneurial Orientation	Pearson Correlation	1	0.657**
	Sig. (2 tailed)		0.000
	N	177	177
Competitive Advantage	Pearson Correlation	0.657**	1
	Sig. (2 tailed)	0.000	0.000
	N	177	177
Business Performance	Pearson Correlation	0.461**	0.527**
	Sig. (2 tailed)	0.000	0.000
	N	177	177

** . Correlation is significant at the 0.01 level (2 tailed)

In relation to H2, regression analysis was undertaken to determine if competitive advantage mediates the relationship between entrepreneurial orientation and business performance. Mediation is deemed to have occurred if the strength of the relationship (which in this study we refer to as c for simplicity), between the predictor variable (entrepreneurial orientation) and outcome variable (business performance) is reduced by including the mediator. This simply means that the regression parameter for (c') is smaller than for c . Perfect mediation would exist if c is eroded to zero. Thus, perfect mediation exists only if the relationship between the predictor (entrepreneurial orientation) and the outcome (business performance) is completely wiped out by just including the mediating variable (competitive advantage) in the model.

Three steps were undertaken to arrive at a final answer.

Step 1: A regression predicting the outcome (business performance) from the predictor variable (entrepreneurial orientation) which gave us the value (regression coefficient) of c (shaded area) is shown in the model summary table to follow (shaded area):

Table 19: Model Summary

Model	R	R Square	Adjusted R Square	Std. error of the estimate
1	0.461	0.212	0.208	3.14284

a. Predictors: (Constant), entrepreneurial orientation

Table 20: Coefficients^a

Model	Unstandardised Coefficients		Standardised Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	3.980	0.929		4.285	0.000
Entrepreneurial Orientation	0.265	0.039	0.461	6.871	0.000

Step 2: A regression predicting the mediator variable (competitive advantage) from the predictor variable entrepreneurial orientation. The regression coefficient for the predictor gave us the value of *a*, as shown in the following table:

Table 21: Model Summary

Model	R	R Square	Adjusted R Square	Standard error of the estimate
1	0.657	0.432	0.429	6.50475

a. Predictors: (Constant), entrepreneurial orientation

Table 22: Coefficients^a

Model	Unstandardised Coefficients		Standardised Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	3.104	1.923		1.615	0.108
Entrepreneurial Orientation	0.922	0.080	0.657	11.536	0.000

a. Dependent Variable: Competitive advantage

Step 3: A regression analysis predicting the outcome from both the predictor variable (entrepreneurial orientation) and the mediating variable (competitive advantage). The regression coefficient for the predictor gave us the value of *c'* = 0.202 and the value of *b* = 0.394 (beta/shaded column).

Table 23: Model Summary

Model	R	R Square	Adjusted R Square	Standard error of the estimate
1	0.548 ^a	0.301	0.293	2.97003

a. Predictors: (Constant), entrepreneurial orientation, competitive advantage

b.

Table 24: Coefficients^a

Model	Unstandardised Coefficients		Standardised Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	3.478	0.884		3.933	0.108
Competitive Advantage	0.162	0.035	0.394	4.686	0.000
Entrepreneurial Orientation	0.116	0.48	0.202	2.400	0.017

a. Dependent Variable: Business performance

The above presented models tested the four conditions of mediation namely (Field, 2013):

1. The predictor variable must significantly predict the outcome variable in model 1. In relation to this study, the model was significant with $b = .461$ and $p < .0001$.
2. The predictor variable must significantly predict the mediator in model 2.
3. In relation to this study, this also holds true given $b = .657$ and $p < .0001$.
4. The mediator must significantly predict the outcome variable in model 3. This was also realised with $b = .394$ and $p < .0001$; and
5. The predictor variable must predict the outcome variable less strongly in model 3 than in model 1. In relation to this study, this holds true given $b = .202$ for c' compared to $b = .461$ for c in model 1.

This is summarised in Figures 11 and 12 below:

Figure 11: Model 1.

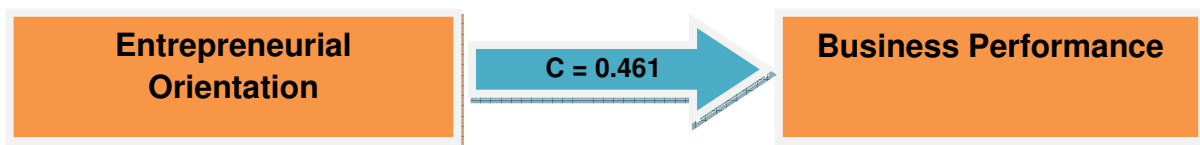
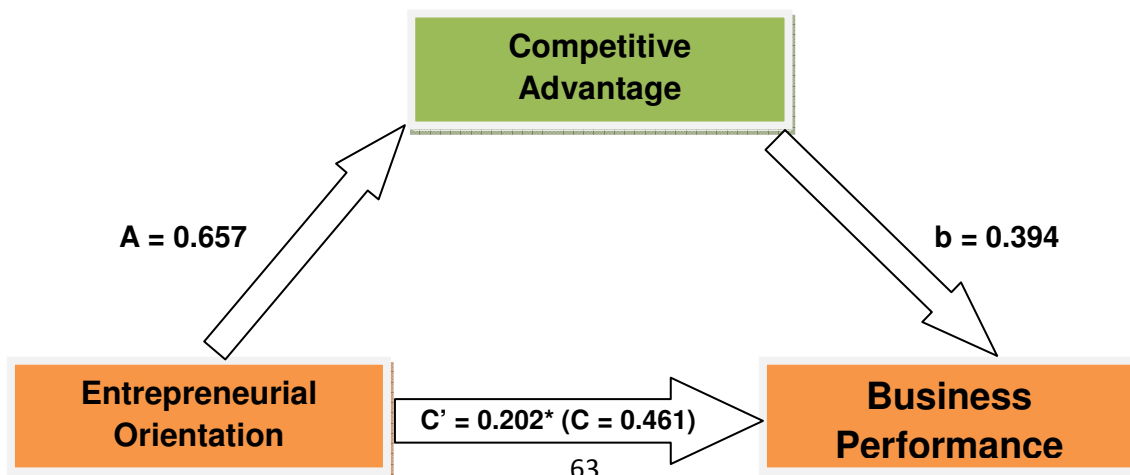


Figure 12: Study model.



Based on the results from the performed regression analysis, as shown in tables and figures 11 and 12, there is no sufficient evidence to reject H2 pointing out that competitive advantage mediates the relationship between entrepreneurial orientation and business performance among small businesses in Durban, South Africa.

4.4.3 Summary of hypotheses testing

Table 25: Summary of hypotheses testing

Hypotheses	Results
H1: There is a positive and significant relationship between entrepreneurial orientation and business performance among small businesses in Durban, South Africa	ACCEPTED
H2: Competitive advantage mediates the relationship between entrepreneurial orientation and business performance among small businesses in Durban, South Africa	ACCEPTED

4.5 Conclusion

This chapter focused on presenting and describing all results gathered from this study. From the results obtained, a deduction can be reached that indeed, there is significant positive link between entrepreneurial orientation and business performance of small businesses in Durban, South Africa. However, the test results indicating if competitive advantage mediates the relationship between entrepreneurial orientation and business performance suggest that perfect mediation exists only if the relationship between the predictor (entrepreneurial orientation) and the outcome (business performance) is completely wiped out by just including the mediating variable (competitive advantage) in the model. Hence, the conclusion that competitive advantage mediates the entrepreneurial orientation and business performance link cannot be rejected.

In order to discuss and compare results of this study with those of other scholars, the next chapter will be presented. The chief objective of chapter five is to communicate and share possible recommendations for future research based on the constraints and results derived from this research.

Chapter Five

Discussion and Recommendations

5.1 Introduction

This study sought to determine a relationship between entrepreneurial orientation and business performance and secondly, the study aimed to investigate the mediating role of competitive advantage between entrepreneurial orientation and business performance amongst small business in Durban, South Africa. The study was motivated by the observation of poor business performance of small businesses in the country and even globally (Ramukumba, 2014: 19). This was also explained in detail in chapter one and chapter two of this research. Further, the poor business performance of small businesses poses great threats to the economy and social well-being of South Africans as we know the country faces high unemployment and fatal social ills and diseases.

Based on the literature reviewed, two hypotheses were set to answer two research questions. Hypotheses were set as follows:

- H1: There is a positive and significant relationship between entrepreneurial orientation and business performance among small businesses in Durban, South Africa**
- H2: Competitive advantage mediates the relationship between entrepreneurial orientation and business performance among small businesses in Durban, South Africa**

Research questions were set as follows:

- 1. Is there a significant relationship between entrepreneurial orientation and business performance of small businesses in Durban, South Africa?**
- 2. Is there a mediating role of competitive advantage between entrepreneurial orientation and business performance relationship among small businesses in Durban, South Africa?**

The next section discusses the current study's findings in relation to the literature reviewed.

5.2 Discussion

The next sub-sections discuss the current study's findings in relation to the literature reviewed.

5.2.1 Summary of literature reviewed in relation to H1 study findings

The entrepreneurial orientation and business performance relation seems to be positive, and this is observed in many scholarly works (e.g. Mahmood & Hanafi 2013: 83; Kurtulmus & Warner, 2015: 739; Aliyu *et al.*, 2015: 142) who indicate that there is a positive relationship between the two concepts. Likewise, Semrau *et al.* (2015: 1) suggest that the correlation between entrepreneurial orientation and business performance is discussed as a subject of many recent empirical studies. This study found the relationship between entrepreneurial orientation and business performance to be positive. The reliability analysis revealed the scales of entrepreneurial orientation and business performance to be above the required recommended threshold of 0.7 as suggested by Nunally (1978). Entrepreneurial orientation showed a scale of 0.765 and business performance was at 0.852. Regarding the entrepreneurial orientation and business performance link, the study results showed the relationship to be positive and significant. From the results, there is a significant positive relation between entrepreneurial orientation and business performance, as shown by a Pearson Correlation value of 0.461 significant at $p = 0.01$. From the stated results, we fail to reject H1. Hence, the current study's findings are in line with other scholars pointing to a positive relationship between entrepreneurial orientation and business performance.

Moreover, Semrau *et al.* (2015: 1) and Aliyu *et al.* (2015: 142) unveil that addressing the relation between entrepreneurial orientation and business performance among small businesses looks valuable because small business are predominantly paramount for a nations' economic development. In this view and in light of the current study's findings, South Africa's small business sector needs to focus on strengthening the factors affecting entrepreneurial orientation and business performance because the existing entrepreneurial orientation and business performance correlation could improve the poor business performance of small businesses, thereby enhancing the nation's economy. Uddin *et al.* (2015: 344) postulate that given the criticality of entrepreneurship to business performance, entrepreneurial orientation can be a crucial measure of how a business is coordinated to discover and exploit market opportunities. Thus, businesses must consider entrepreneurial orientation with a view that it has a potential to improve business performance (Adb-Hamin *et al.*, 2015). There is a strong propensity towards a belief that entrepreneurial orientation's contribution to business performance is much more visible in small businesses (Kurtulmus & Warner, 2015: 741). Thus, the results of this study may suggest that more in terms of entrepreneurial orientation and business performance needs to be done in order to increase chances for success which will hopefully result in more employment and growing economy of South Africa. To support the latter, entrepreneurial orientation is among important factors for a business' expansion and productivity (Uddin *et al.*, 2015: 345).

Gellynck *et al.* (2015: 5) and Uddin *et al.* (2015: 344) share similar sentiments that high entrepreneurial orientation and innovation outcome will have a positive effect on business performance. Given the criticality of entrepreneurship to business performance, entrepreneurial orientation can be an important measure of how a business is arranged to find and exploit market opportunities (Uddin *et al.*, 2015: 344). Thus, it is recommended that small businesses in South Africa must practice entrepreneurial orientation with a view that it is potent to improve business performance (Adb-Hamin *et al.*, 2015: 3). Furthermore, given the findings of this study which suggests that entrepreneurial orientation can positively affect business performance of small business, it is proper to encourage South Africa's small business sector to embrace the culture of entrepreneurship, thus hoping to improve the country's poor economy and increasing job opportunities. From this study's results and those of other scholars included in this research, it can be concluded that if small businesses take entrepreneurial orientation seriously and invest more resources in it, better business performance can be achieved.

Furthermore, entrepreneurial orientation literature, in line with the findings of this research, indicates that there is a relation between entrepreneurial orientation and business performance (Kurtulmus & Warner, 2015: 739; Aliyu *et al.*, 2015: 142). Further, Su *et al.* (2015: 228) reveal that entrepreneurial orientation mediates the search for new opportunities to improve business performance. According to the findings by Su *et al.* (2015: 228), which can be related to this study's findings in terms of the correlation between entrepreneurial orientation and business performance, small businesses, particularly in South Africa where this study is based, need to start or continue formulating and improving entrepreneurial strategies focusing on innovation, pro-activeness and risk-taking in order to realise better business performance as studies (including this one) suggest. In addition, and in light of this argument and the interpretation of this study's results, it is evident that entrepreneurial orientation can actually improve business performance of small businesses. Hopefully, this could lead to reduced unemployment rate in South Africa as many people including graduates are struggling to find jobs.

Evidence exists to assume that the implementation of entrepreneurially oriented strategies which include innovativeness, pro-activeness and risk-taking as key elements of entrepreneurial orientation will lead to improved business performance, as seen in this study's results and those of other scholars. The positive correlation between entrepreneurial orientation and business performance can be harnessed in various ways by small businesses, depending on the type of operation or sector they are involved in. hence, the entrepreneurial orientation and business performance relation could diminish the failure rate of small businesses if proper plans are put in place and acted upon by all parties involved including government.

Ramukumba (2014: 19) purports that small businesses are responsible for at least 90 percent of African business activities and contribute over 50 percent of African employment and Gross Domestic Product and in South Africa, small businesses create 55 percent of all jobs. When noting that significant role played by small businesses in the country, it is therefore imperative to support them in terms of entrepreneurial planning by concentrating on the factors of entrepreneurial orientation and business performance. Moreover, Ramukumba (2014: 19) suggests that the failure rates of small businesses are high in South Africa and internationally and also reveals that almost half of small businesses fail in their first year, and at least 60 percent fail in their second year, and 90 percent in their ten years in business. These facts suggest that the longer the small businesses stay in business, the more risk of failure they may experience, well for at least up to 10 years according to Ramukumba (2014). South African small business failures in year 5 vary between 50% and 95%, and about 75 percent of startup businesses do not become established businesses, which is one of the highest in the world (Neneh & Vanzyl, 2012: 8328). Given these statistics, findings of other scholars concerning entrepreneurial orientation and business performance link, and this particular study's findings, it is evident that business performance can be improved. When small businesses do not become established businesses, it is difficult for a country to create needed jobs in order to improve socio-economic conditions of its people. Hence, South Africa is suffering from dire social and economic conditions.

South Africa suffers extremely low entrepreneurial activity, very low employment, low startups rate, and high rate of business discontinuance as noted by GEM (2014: 4). However, according to (GEM, 2014: 4), entrepreneurial activity is low in South Africa, but has improved slightly over the last decade. Even if this research is duplicated in other parts of South Africa and possibly yield different results, numerous other studies as contained in this research acknowledge the fact that indeed there is a big challenge faced by the small business sector in South Africa. Hence, the outcome of this research needs to be taken seriously by means of creating interventions that are designed to alter the status quo by focusing on subjects that matter.

As noted by Briere, Tremblay and Daou (2014: 24) and Ramukumba (2014: 24), small businesses in South Africa are challenged by a lack of management skills, finance and obtaining finance, access to markets, appropriate technology and low production capacity, a quality product and support for the role that they play in economic development, also small businesses have identified networking opportunities, developing entrepreneurial skills and access to financial capital as support system needed in order to help run their businesses more effectively. A combination of innovation, pro-activeness and risk-taking strategies can help South African small businesses achieve better results by means of improved business performance given a positive entrepreneurial orientation and business performance link. It can be noted that the implementation of these strategies is likely to have varying degrees of success

depending on adopted plans and the mix of other resources used in the implementation stages.

In order to extract entrepreneurial orientation and business performance benefits, entrepreneurial orientation demands large resource commitments (Su *et al.*, 2015: 228). South African government has put in place a number of support mechanisms aimed at small businesses via institutions like SEDA (Small Enterprise Development Agency), IDC (Independent Development Corporation), NYDA (National Youth Development Agency) and others, hence, these resources must be used effectively in order to realise entrepreneurial orientation rewards. Both the public and private sectors need to ensure that required resources for entrepreneurial orientation demands, as indicated by Su *et al.* (2015), are met and utilised efficiently so as to achieve pre-determined outcomes, that is, better business performance. However, as a result of not having enough resources, new businesses normally fail (Su *et al.*, 2015: 228). Therefore, access to key resources play a significant part in ensuring that the implementation of entrepreneurial orientation yields positive results.

Provided that entrepreneurial orientation is among critical elements for a business' expansion and productivity (Uddin *et al.*, 2015: 345), as small businesses expand and produce more goods and services, the country of origin prospers because more people get employed, the government gets more money to extend services to its people, and more investment is possible within and external to the country. Hence, there are plenty of benefits that can be obtained from businesses that are entrepreneurial and well-resourced and supported.

According to Uddin *et al.* (2015: 3446), the positive entrepreneurial orientation and business performance impact has a propensity to increase after some time. This could indicate that small businesses need to plan well in advance for entrepreneurial orientation in terms of financial commitment, proper staffing and continuity of the business, type and amount of technology required under supervision of experts and well experienced individuals so to benefit from such an investment. Further, placing more emphasis on entrepreneurial orientation does not always result in high business performance as the context and environment is also paramount for businesses (Kurtulmus & Warner, 2015: 742). In this view, it seems that the link between entrepreneurial orientation and business performance is critical but not always enjoyed by businesses (Al-Dhaafri *et al.*, 2016: 90; Gellynck *et al.*, 2015: 5). Thus, even though the findings of this research were positive, small businesses need to always seek guidance and support as they progress in their respective operations.

Theoretically, innovativeness, pro-activeness and risk-taking all assist in the search process for fresh opportunities that improve business performance; therefore, entrepreneurial orientation should have a significant business performance implication

in new businesses (Su *et al.*, 2015: 230). Interestingly but not surprisingly, the results of this study are in line with the findings by Su *et al.* (2015: 230) that innovativeness, pro-activeness and risk-taking (as entrepreneurial orientation variables in this study) are related to business performance.

Although many studies report a strong positive relation between entrepreneurial orientation and business performance (Emoke-Szidonia, 2015: 188; Shan, Song & Ju (2016: 683; Al-Swidi & Mahmood, 2012: 4719); Aliyu *et al.*, 2015: 142), other studies suggest weak correlations (Su *et al.*, 2015: 230; Martin & Javalgi, 2015: 4). It is not only interesting but also educational to note that the evidence from the results of this study supports many other researchers who found the entrepreneurial orientation and business performance to be correlated whilst a few (in comparison) suggested a weak relation. The more studies are done using various approaches, the more literature will be available to relate and compare the findings. According to Martin and Javalgi (2015: 4), businesses may benefit from embracing an entrepreneurial orientation because efforts to anticipate demand to position new product or services often result in great business performance.

Palalic and Busatlic (2015: 16) postulate that entrepreneurial orientation is necessary to all small business owners and managers because of its positive influence. It should be well noted that this study required owners and managers of small businesses to participate in the survey, meaning no ordinary worker who is not involved in key decision making was qualified to participate except for owners and managers. Therefore, managers and owners need to clearly understand the dynamics affecting entrepreneurial orientation, thereby having an implication on business performance. In addition, the entrepreneurial orientation and business performance effect may differ from country to country (Palalic & Busatlic, 2015: 15). In South Africa, particularly in Durban and surrounding areas, based on the findings of this study, it is evident that indeed there is a positive link between entrepreneurial orientation and business performance. Hence, if possible, small businesses should be inculcated on the significance of this relationship because if they succeed so does South Africa.

Ginting (2015: 57) indicates that entrepreneurial orientation reflects the audacity to be innovative, risk-taking, pro-active and have the resource to compete aggressively in order to find new opportunities which will enable small business to grow. In response to that, small businesses, especially owners and managers, need to be actively involved in making and implementing innovative and pro-active decisions in order to make sure that their businesses always stay afloat and making a profit. The relationship between entrepreneurial orientation and business performance does not mean that all will just happen without focused and directed efforts by all stakeholders involved. Important to note that, opportunities exist often in dynamic and changing spheres like South Africa which is a developing nation, in periods of hesitation and uncertainty entrepreneurially

inclined businesses can obtain superior business performance due to pro-activity and competitive aggressiveness whilst reactive actions are damaging to business performance (Emoke-Szidonia, 2015: 188).

Entrepreneurial orientation concepts such as innovation and risk-taking have significant impact on business performance (Shan *et al.*, 2016: 687; Gellynck *et al.*, 2015: 5; Yu, 2012: 1711). Also, innovativeness enhances the rewards of risk-taking and pro-activeness often involved when taking risks, and thus, indirectly influences business performance through its effect on risk taking (Adb-Hamin *et al.*, 2015: 3; Yu, 2012: 1713). Even though the results of this research suggest positive correlation between entrepreneurial orientation and business performance, owners and managers of small businesses need to understand that each variable used to measure entrepreneurial orientation has its own dynamics and application challenges. Hence, the balance and close monitoring of these concepts is quite necessary in order to see and realise required change.

5.2.2 Summary of literature reviewed in relation to H2 study findings

In this study competitive advantage was incorporated as a possible mediating variable between entrepreneurial orientation and business performance. As noted by (Jahanshahi *et al.* 2015: 35) that in order for small business to survive the ever changing and dynamic market place of today, they must create and sustain competitive advantage for by doing that they can dramatically improve their economic value. The results of this study do not reject the assumption that competitive advantage does mediate the link between entrepreneurial orientation and business performance. In fact all the tests done indicate that some mediation does actually exist.

Su *et al.* (2015: 230) reveal that business performance and competitive advantage are affected by the degree to which owners or managers establish and nurture relationships with their counterparts in external entities. It is important to express that this study sought to obtain responses from owners and managers only. From the data received, out of a total of 177 respondents, 140 respondents were owners and 37 were managers. This is very important because owners, especially of small businesses wear different hats to ensure their businesses run as intended. Hence, in this view, the more owners that respond the more accurate the analysis will be.

Regarding H2, mediation is deemed to have occurred if the strength of the relationship (which in this study will refer to as *c* for simplicity), between the predictor variable (entrepreneurial orientation) and outcome variable (business performance) is reduced by including the mediator. In relation to literature reviewed, this study's findings suggest that perfect mediation exists only if the relationship between the predictor (entrepreneurial orientation) and the outcome (business performance) is completely

wiped out by just including the mediating variable (competitive advantage) in the model. This is also indicated by figure 12 (study model) and 11 in chapter four of this study. Based on the results from the performed regression analysis as shown in tables and figures 11 and 12, there is no sufficient evidence to reject H2 pointing out that competitive advantage mediates the relationship between entrepreneurial orientation and business performance among small businesses in Durban, South Africa.

According to Hussain *et al.* (2015: 1) the importance of entrepreneurial activities has increased for attaining the competitive advantage. Ginting (2015: 57) indicates that in companies where there is high entrepreneurial orientation level, there happens to be audacity to take risks, be innovative, and be pro-active, which culminate in a creation of a competitive advantage. Moreover, Su *et al.* (2015: 230) denote that business performance and competitive advantage are influenced by the degree to which owners or managers devise and nurture relations with their counterparts in external entities. Similarly, Gaya *et al.* (2013: 2051) state that the resource-based view links higher business performance to the ownership and control of distinctive competitive resources that form a source of sustainable competitive advantage for businesses. From the literature reviewed it is evident that there is a link between entrepreneurial orientation, competitive advantage and business performance. The study findings, likewise, suggest that competitive advantage does, to a certain extent, facilitate the link between entrepreneurial orientation and business performance. Hence, owners and managers of small businesses need be cognisant and take advantage of this relation because it could improve the way they run their businesses in terms of boosting business performance and productivity.

Further, Neto *et al.* (2015: 2204) postulate that when entrepreneurial orientation is put into practice in the company and understood as the power of originality and creativity, it echoes the competitive acts to support new ideas, discoveries, experiences, and the formation of offerings dissimilar to those already in the market. Accordingly, entrepreneurial orientation is a competitive element, and thus, it can create a competitive advantage for businesses if applied appropriately. Furthermore, Neto *et al.* (2015: 2203) purport that to acquire enhanced competitive advantage and stay in business, a set of actions are needed to explore opportunities, adjust and adapt production processes and products to customers' needs culminating in a better business performance. Further, competitive advantage can produce superior business performance through the application of entrepreneurial orientation capabilities (Brouthers *et al.*, 2015: 1162). The findings of this study reveal that competitive advantage, in line with other scholars, has a positive impact on business performance, and that the presence of entrepreneurial orientation produces a competitive advantage given the mediating role of competitive advantage in the entrepreneurial orientation and business performance relation.

Mirzahassan and Imani (2013: 2855) indicate that existing literature has well-established the positive impact of competitive advantage on business performance because a business can outperform its competitors through competitive advantage. Moreover, Al-Swidi and Mahmood (2012: 4719) suggest that entrepreneurial orientation is one of the most recognised global strategies for survival and growth of many businesses in the present competitive environment. On the other hand, Brindha (2013: 1152) posits that quicker technological development, shorter product life-cycles, and more robust international competition have transformed the present competitive environment for most businesses. In this light and by noting the outcome of this study, it is evident that small businesses, in order for them to compete successfully, need to embrace a culture of continuous improvement in terms of product development, research and development, hiring and keeping unique talent, sound financial management and corporate governance.

Adb-Hamin *et al.* (2015: 3) posit that entrepreneurial orientation is a strategy-making process which is entrepreneurial in nature that businesses use to achieve a competitive advantage. Generally, today's dynamic business environment has triggered entrepreneurship to be at the core of business operations due to its positive effect on business performance and sustainable competitive advantage (Al-Dhaafri *et al.*, 2016: 90). Nonetheless, entrepreneurial orientation does not need to be applied in isolation because it becomes an insufficient resource that is unable to enhance business performance and achieve competitive advantages (Al-Dhaafri *et al.*, 2016: 90). As the study results show that entrepreneurial orientation does mediate the entrepreneurial orientation and business performance relation, small businesses need to devise strategies and approaches that will incorporate competitive factors, business performance goals and action plans as well as an entrepreneurial orientation feature that is focused on innovativeness, pro-activeness and risk-taking. Hence, the desired results are most likely to be positive and thereby keep the business profitable and financially healthy.

5.3 Contribution of the study

The relationship between entrepreneurial orientation and business performance has been studied by many scholars as discussed in this study. Even though the approach was not the same but the end results always suggested that a positive link does actually exist between these two phenomena. Similarly, the findings of this study share common sentiment especially regarding H1. Thus, the outcome of this research adds to existing body of knowledge. In relation to H2, competitive advantage (mediator variable) tested positive meaning there was some mediation. Thus, H2 cannot be rejected.

Beside the fact that this research will form part of the body of knowledge of management sciences, there are other benefits that can be obtained from it. The report

will be made available to the Durban University of Technology as part of the academic requirement and will be available to students, staff and other stakeholders. As a researcher, when undergoing investigation, it is important to review relevant studies concerning the subject in question, so this research will assist those interested in management sciences particularly entrepreneurship and small business.

Further, the intention is to share the findings of the study with relevant local government departments, non-government organisations, the private sector and small business owners and managers. The contribution of this study can go a long way depending on the uses and users, for example, even at basic education level this report can be used to familiarise young pupils with entrepreneurship rewards and challenges.

5.4 Limitations

It is significant to note that this research was conducted in Durban, South Africa. Also noting the fact that the study was broad in terms of target businesses, and explored various sectors such as manufacturing, service, agriculture, construction amongst others, therefore, the results may vary when and if the study is duplicated in a single sector or different country for that matter, for example, construction or manufacturing, and or conducted in Cape Town or India.

Moreover, this study, as a research method, used quantitative method versus qualitative method. Hence, the way of conducting and gathering data vary in that, with qualitative method usually the researcher asks a few questions and interacts with the participants directly. Whilst with quantitative method a questionnaire is usually administered like in this study and participants respond without interacting with the researcher. Hence, respondents were not able to share their opinions as responses. That limitation could have given the researcher some insider information concerning individual businesses. However, the approach used was the most suitable for this type of research.

Finally, resource constraint is always a predicament. However, the researcher had access to all the basic resources needed to ensure the study is done legitimately and in accordance with the Durban University of Technology's policies.

5.5 Recommendations

5.5.1 Recommendations to enhance entrepreneurial orientation in small businesses

Risk-taking, pro-activity and innovation are key items used to measure entrepreneurial orientation in this study. Small business owners and managers should focus their attention on ensuring that they understand the importance of these variables and their operational application in business settings. It is advised that taking a well calculated

risk can actually grow the business as a result of more opportunities being explored and exploited.

5.5.2 Recommendations to enhance business performance in small businesses

Small business owners and managers should try to be more entrepreneurial when running and managing their businesses. It is generally known that if a business is not performing well, there are more chances that it will fail. This belief is a reality as many studies, including those reviewed in this study, confirm it. It is therefore, recommended that for small businesses to realise improved business performance, they need to be more pro-active, innovative, risk-taking and eager to be unique.

5.5.3 Recommendations to enhance competitive advantage in small businesses

New or improved products and services help businesses gain a competitive advantage over others. Customers are always looking for better products and services to satisfy their ever-changing needs and preferences. Hence, small businesses should have a thorough understanding of their market and competition in order to develop true value for their customers.

5.5.4 Recommendations for future research

The significance of small business activity in any given country is paramount due to many benefits that can be derived from such activity. Benefits can include job creation, gross domestic product related rewards, social well-being of persons and others (Semrau *et al.*, 2015: 1; Cant *et al.*, 2015: 621). It is recommended that for future research, interested scholars could further explore the mediating role of competitive advantage between the entrepreneurial orientation and business performance relation by, for example, using a different approach, adding more items to operationalise the concepts involved, and or even develop some new theory around these phenomena. It is also recommended that the study be expanded and duplicated in specific industries so to compare findings and thereby building and accumulating similar intelligence across various sectors of the economy.

5.6 Conclusion

The main purpose of this chapter, chapter five, was to discuss the findings of this study in light of the literature reviewed. Findings were then compared and related to those of other scholars in the field of management sciences who investigated similar concepts and subjects. All two assumptions put forward for testing in this study showed positive results, meaning all two hypotheses passed the scientific test that was performed using SPSS.

References

- Adb-Hamin, Z., Azizan, A. and Sorooshian, S. 2015. Predictors for the success and survival of entrepreneurs in the construction industry. International Journal of Engineering Business Management, 7(12): 1-11.
- Adelaide, M. M. and Olawale, F. 2016. The Role of Government in Developing Small, Medium and Micro Enterprises in South Africa. Journal of Social Sciences, 49(3): 307-310.
- Adeniran, T. V. and Johnston, K. A. 2012. Investigating the dynamic capabilities and competitive advantage of South African SMEs. African Journal of Business Management, 6(11): 4088-4099.
- Aliyu, M. S., Rogo, H. B. and Mahmood, R. 2015. Knowledge management, entrepreneurial orientation and firm performance: The role of organizational culture. Asian Social Science, 11(23): 140-152.
- Al-Dhaafri, H. S., Al-Swidi, A. K. and Yusoff, R. Z. B. 2016. The mediating role of total quality management between the entrepreneurial orientation and the organizational performance. The TQM Journal, 28(1): 89-111.
- Al-Swidi, A. K. and Mahmood, R. 2012. Total quality management, entrepreneurial orientation and organizational performance: The role of organizational culture. African Journal of Business Management, 6(13): 4717-4727.
- Amabeigi, A., Malek Mohammadi, I., Asadi, A. and Zarei, B. 2012. The exploration of organization factors that inspire intrapreneurship in Iranian agricultural research organisation (IARO). African Journal of Agricultural Research, 7(3): 378-384.
- Amankwaa, A. and Anku-Tsedee, O. 2015. The moderating effect of alternative job opportunity on the transactional leadership-turnover intention nexus: Evidence from the Ghanaian banking industry. African Journal of Business Management, 9(4): 553-561.
- Amponsah-Tawiah, K. and Mensah, J. 2015. Harmonising stakeholder interests: The role of occupational health and safety. African Journal of Business Management, 9(9): 394-401.
- Asiedu, E. 2015. Supportive organisational culture and employee job satisfaction: A critical source of competitive advantage. A case study in a selected banking company in Oxford, a city in the United Kingdom. International Journal of Economics and Management Sciences, 4(7): 1-8.

- Barnham, C. 2015. Quantitative and Qualitative Research: Perceptual foundations. International Journal of Market Research, 57(6): 837-854.
- Bazelely, P. 2015. Mixed Methods in Management Research: Implications for the Field. Electronic Journal of Business Research Methods, 13(1): 27-35.
- Bedeian, A. G. 2014. "More Than Meets the Eye": A Guide to interpreting the descriptive statistics and correlation matrices reported in Management Research. Academy of Management Learning & Education, 13(1): 121-135.
- Bezzina, F. and Saunders, M. 2014. The Pervasiveness and Implications of Statistical Misconceptions Among Academics with a Special Interest in Business Research Methods. Electronic Journal of Business Research Methods, 12(2): 29-40.
- Blumenstein, M. 2015. The generic-discipline dilemma: learning advising in quantitative literacy. International Journal for Researcher Development, 6(1): 24-39.
- Briere, S., Tremblay, M. and Daou, A. 2014. Entrepreneurship in South Africa: looking beyond funding. Development and Learning in Organizations, 28(2): 17-19.
- Brindha, G. 2013. Building competitive advantage through links with science. International Journal of Innovative Research in Science, Engineering and Technology, 2(4): 1151-1164.
- Brouthers, K. D., Nakos, G. and Dimitratos, P. 2015. SME entrepreneurial orientation, international performance, and the moderating role of strategic alliances. Entrepreneurship Theory and Practice, 2015: 1161-1187.
- Buckley, A. P. 2015. Using Sequential Mixed Methods in Enterprise Policy Evaluation: A Pragmatic Design Choice? Electronic Journal of Business Research Methods, 13(1): 16-26.
- Cant, M. C., Wiid, J. A, and Kallier, S. M. 2015. Product Strategy: Factors that influence product strategy decisions of SMEs in South Africa. The Journal of Applied Business Research, 31(2) :621-630.
- Carayon, P., Kianfar, S., Li, Y., Xie, A., Alyousef, B. and Wooldridge, A. 2015. A systematic review of mixed methods research on human factors and ergonomics in health care. Applied Ergonomics, 51(2015): 291-321.
- Cassim, S., Soni, P. and Karodia, A. M. 2014. Entrepreneurship policy in South Africa. Arabian Journal of Business and Management Review (Oman Chapter), 3(9): 29-43.

Chinomona, R. and Hove, P. 2015. The influence of supplier involvement on communication, relationship longevity and business performance in small, medium and micro enterprises in South Africa. Journal of Economics and Behavioral Studies, 7(3): 63-75.

Crisan, C. and Borza, A. 2015. Research Methodology - A Quality Assurance Instrument. Analysis of Internationalised Masters of Babes-Bolyai University. Review of Economic Studies and Research Virgil Madgearu, 2015(1): 37-49.

Davoudi, S. 2012. The Legacy of Positivism and the Emergence of Interpretive Tradition in Spatial Planning. Regional Studies, 46(4): 429-441.

Deutscher, F., Zapkau, F. B., Schwens, C. Baum, M. and Kabst, R. 2015. Strategic orientations and performance: a configurational perspective. Journal of Business Research: 1-13.

Dubihlela, J. and Omoruyi, O. 2014. Barriers to effective supply chain management, implementation, and impact on business performance of SMEs in South Africa. The Journal of Applied Business Research, 30(4): 1019-1030.

Elder, R. J., Akresh, A. D. Glover, S. M., Higgs, J. L. and Liljegren, J. 2013. Audit Sampling Research: A Synthesis and Implications for Future Research. Journal of Practice & Theory, 32(1): 99-129.

Emoke-Szidonia, F. 2015. International entrepreneurial orientation and performance of Romanian small and medium-sized firms: empirical assessment of direct and environment moderated relations. Procedia Economics and Finance, 32(2015): 186-193.

Esu, B. B. 2015. Transforming the Nigeria tourism industry through tourism entrepreneurial development. African Journal of Business Management, 9(15): 569-580.

Evans III, J. H., Feng, M., Hoffman, V. B., Moser, D. V. and Van Der Stede, W. A. 2015. Points to Consider When Self-Assessing Your Empirical Accounting Research. Contemporary Accounting Research, 32(3): 1162-1192.

Ferreira, F. A. F., Marques, C. S. E., Bento, P., Ferreira, J. J. M. and Jalali, M. S. 2015. Operationalizing and measuring individual and entrepreneurial orientation using cognitive mapping and MCDA techniques. Journal of Business Research, 68(2015): 2691-2702.

Field, A. 2013. *Discovering statistics using IBM SPSS statistics*. 4th ed. London: Sage.

Fossey, E., Harvey, C., McDermott, F. and Davidson, L. 2009. Australian and New Zealand Journal of Psychiatry, 2009: 724-725.

- Frels, K. R. and Onwuegbuzie, A. J. 2013. Administering Quantitative Instruments With Qualitative Interviews: A Mixed Research Approach. Journal of Counseling & Development, 91(2013): 184-194.
- Gajjar, B. N. 2013. Ethical consideration in research. International Journal for Research in Education, 2(7): 8-15.
- Ganapavarapu, L. K. and Prathigadapa, S. 2015. Study on total quality management for competitive advantage in international business. Arabian Journal of Business and Management Review, 5(3): 1-4.
- Gaya, H. J., Struwig, M. and Smith, E. E. 2013. Creating a sustainable competitive advantage at a high performing firm in Kenya. African Journal of Business Management, 7(21): 2049-2058.
- Gellynck, X., Cardenas, J., Pieniak, Z. and Verbeke, W. 2015. Association between innovative entrepreneurial orientation, absorptive capacity, and farm business performance. Agribusiness International Journal, 31(1): 91-106.
- Ginting, G. 2015. Open innovation model: empowering entrepreneurial orientation and utilizing network resources as determinant for internationalization performance of small medium of agroindustry. Agriculture and Agricultural Science Procedia, 3(2015): 56-61.
- Global Entrepreneurship Monitor. 2014. *GEM South Africa Report. South Africa* (online). Available: www.gemconsortium.org (Accessed 5 August 2015).
- Guercini, S. 2014. Guest Editorial: New qualitative research methodologies in management. Management Decision, 52(4): 662-674.
- Graue, C. 2015. Qualitative Data Analysis. International Journal of Sales, Retailing and Marketing, 4(9): 5-14.
- Grochal-Brejdak, M. 2015. Methodologies of Research on Internationalisation of Process of E-Commerce Enterprises. Management, 11(1): 51-66.
- Hassanzadeh, M. A. 2013. Competitive advantages of occupational health and safety management systems ports. Occupational Medicine & Health Affairs, 1(1): 1-7.
- Hepworth, M., Grunewald, P. and Walton, G. 2014. Research and Practice: A critical reflection on approaches that underpin research into people's information behavior. Journal of Documentation, 70(6): 1039-1053.
- Hopkins, W. G. 2008. *Quantitative Research Design* (online). Available: www.scholar.google.com (Accessed 14 January 2016).

Horng, D. and Huang, K. 2012. The process to affect entrepreneurship: The example of tourism in Taiwan. African Journal of Business Management, 6(25): 7583-7592.

Hulsing R. D. 2008. Leadership and entrepreneurial success: the relationship of leadership factor and economically successful entrepreneurial endeavors. Ph.D. University of Phoenix.

Hussain, J., Ismail, K. and Akhtar, C. S. 2015. Linking entrepreneurial orientation with organizational performance of small and medium sized enterprises: A conceptual approach. Asian Social Science, 11(7): 1-10.

Ibrahim, M, and Madichie, N. O. 2014. Entrepreneurial orientation among SME wood manufacturers in Ghana. African Journal of Business and Economic Research, 9(2/3): 87-115.

Jahanshahi, A. A., Nawaser, K., ElZI, N. and Etemadi, M. 2015. The role of real options thinking in achieving sustainable competitive advantage for SMEs. Global Business and Organizational excellence, 2015: 35-44.

Joachim, A. A. and Stephen, I. A. 2014. Strategic orientation and performance of agro-based firms in transition economy. African Journal of Business Management, 8(13): 495-501.

Johnson, J. S. 2015. Broadening the application of mixed methods in sales research. Journal of Personal Selling & Sales Management, 35(4): 334-345.

Johnson, J. S. 2015. Qualitative sales research: an exposition of grounded theory. Journal of Personal Selling & Sales Management, 35(3): 262-273.

Johnston, A. 2014. Rigour in Research: Theory in the research approach. European Business Review, 26(3): 206-217.

Kimberlin, C. L. and Winterstein, A. G. 2008. *Validity and reliability of measurement instruments used in research* (online). 65 (December 1): 2276-2284. Available: www.scholar.google.com (Accessed 25 November 2015).

Kurtulmus, B. E. and Warner, B. 2015. Entrepreneurial Orientation and perceived financial performance: Does environment always moderate EO performance relation. Procedia Social and Behavioral Sciences, 207 (2015): 739-748.

Landers, R. N. and Behrend, T. S. 2015. An Inconvenient Truth: Arbitrary Distinctions Between Organisational, Mechanical Turk, and Other Convenience Samples. Industrial & Organisational Psychology, 8(2): 142-164.

- Liao, T., Rice, J. and Lu, J. 2015. The vicissitudes of competitive advantage: empirical evidence from Australian manufacturing SMEs. Journal of Small Business Management, 53(2): 469-481.
- Lin, H., Wang, C. and Wu, B. 2016. New statistical analysis in marketing research with fuzzy data. Journal of Business Research, 69(2016): 2176-2181.
- Liu, X. H., GE, Y. H. and Wang, Q. 2014. The effects of TMT interaction on enterprise performance from the perspective of enterprise culture. African Journal Business Management, 8(4): 137-145.
- Lopes, I. T. 2015. Research Methods and Methodology towards knowledge creation in accounting. Contaduria y Administracion, 60(S1): 9-30.
- Magruk, A. 2015. The Process of Selection of the Main Research Methods in Foresight from Different Perspectives. Business, Management and Education, 13(2): 234-248.
- Mahmood, R. and Hanafi, N. 2013. Entrepreneurial orientation and business performance of women-owned small and medium enterprises in Malaysia: Competitive advantage as a mediator. International Journal of Business and Social Science, 4(1): 82-90.
- Malsch, B. and Salterio, S. E. 2016. "Doing good field research": Assessing the Quality of Audit Field Research. Auditing: A Journal of Practice & Theory, 35(1): 1-22.
- Martin, S. L. and Javalgi, R. G. 2015. Entrepreneurial orientation, marketing capabilities and performance: The moderating role of competitive intensity on Latin American international new ventures. Journal of Business Research, 2015: 1-12.
- Marzooqi, O., A. 2015. Impact of different factors on organizational productivity – Research Methodology. International Journal of Sales, Retailing and Marketing, 4(8): 110-138.
- Mason, M. C., Floreani, J., Miani, S., Beltrame, F. and Cappelletto, R. 2015. Understanding the impact of entrepreneurial orientation on SMEs' performance: the role of the financing structure. ed. *2nd Global Conference on Business, Economics, Management and Tourism*. Czech Republic, 30-31 October 2014, 1649-1661.
- Mat, A. and Razak, R. C. 2013. Technological innovation implementation: A proposed model on organizational learning capability with moderating effect of knowledge complexity. African Journal of Business Management, 7(12): 926-935.
- Matchaba-Hove, T., Farrington, S. and Sharp, G. 2015. The entrepreneurial orientation-performance relationship: A South African Small Business Perspective. Southern African Journal of Entrepreneurship and Small Business Management, 7(2015): 36-68.

- Matchaba-Hove, T. M. and Vambe, A. K. 2014. Entrepreneurial orientation and performance of small business in the retail sector in the Eastern Cape province of South Africa. Journal of Marketing and Management, 5(2):12-39.
- McDonald, S., Gan, B. C., Fraser, S. S., Oke, A. and Anderson, A. R. 2015. A review of research methods in entrepreneurship 1985-2013. International Journal of Entrepreneurial Behaviour & Research, 21(3): 291-315.
- McGonagle, A. K. 2015. Participant Motivation: A Critical Consideration. Industrial & Organisational Psychology, 2015: 208-214.
- Mello, R. B. D., Marcon, R., Goldszmidt, R. G. B. and Zambaldi, F. 2012. Firm performance effects of nurturing political connections through campaign contributions. African Journal of Business Management, 6(9): 3327-3332.
- Mirzahassan, H. and Imani, F. H. 2013. The chain impact of customers' value on organizational performance: A customer-based perspective in a command economy. African Journal of Business Management, 7(29): 2852-2862.
- Moliwa, R., Olawale, F. and Olabanji, O. 2016. Access to debt finance by young entrepreneurs in Polokwane, South Africa. Journal of Social Sciences, 49(1,2): 67-69.
- Muhammad, A., S. and Fatima, S. C. 2015. *Assessing Learning Of Entrepreneurship Education In Nigerian Polytechnics: Implication For Transformation Agenda* (online). Available: www.google.com (Accessed 9 November 2015).
- Mukhopadhyay, S. and Gupta, R. J. 2014. Survey of Qualitative Research Methodology in Strategy Research and implications for Indian Researchers. Vision (09722629), 18(2): 109-123.
- Murimbika, M. and Urban, B. 2013. Strategic management practices and corporate entrepreneurship: A cluster analysis of financial and business services firms in South Africa. African Journal of Business Management, 7(16): 1522-1535.
- Ndubisi, N. O. and Agarwal, J. 2014. Quality performance of SMEs in a developing economy: direct and indirect effects of service innovation and entrepreneurial orientation. Journal of Business and Industrial Marketing, 29(6): 454-468.
- Neneh, N. B. and Vanzyl, J. 2014. Towards establishing long term surviving small and medium enterprises (SMEs) in South Africa: an entrepreneurial approach. African Journal of Business Management, 6(28): 8327-8343.

Neto, J. F. D.R., Souza, C. C. D., Gallego, P. A. M., Pareira, F. D. A. R., Bono, J. A. M. and Lopez, M. D. R. 2015. The organizational capabilities of rural enterprises, incremental innovation, and the university's contribution. African Journal of Agricultural Research, 10(21): 2203-2212.

Nunally, J. C. 1978. *Psychometric Theory*. 2nd ed. New York: McGraw-Hill.

Packham, G., Jones, P., Miller, C., Pickernell, D., and Thomas, B. 2010. Attitudes towards entrepreneurship education: a comparative analysis. Education + Training, 52(8/9): 568-586.

Palalic, R. and Busatlic, S. 2015. Exploratory research on relationship between entrepreneurial orientation dimensions and business performance and growth of fast and slow growing small and medium enterprises in Bosnia and Herzegovina. International Journal of Business and Management, 10(2): 15-30.

Park, J. and Park, M. 2016. Qualitative versus Quantitative research methods: discovery or Justification? Journal of Marketing Thought, 3(1): 1-7.

Parker, L. 2014. Qualitative perspectives: through a methodological lens. Qualitative Research in Accounting & Management, 11(1): 13-28.

Rahman, N. A. A. and Ramli, A. 2014. Entrepreneurship management, competitive advantage and firm performances in the craft industry: concepts and framework. Procedia Social and Behavioral Sciences, 145(2014): 129-137.

Ramukumba, T. 2014. Overcoming SMEs challenges through critical success factors: a case of SMEs in the Western Cape province, South Africa. Economic and Business Review, 16(1): 19-38.

Raich, M., Muller, J. and Abfalter, D. 2014. Hybrid Analysis of Textual Data: Grounding managerial decisions on intertwined qualitative and quantitative analysis. Management Decision, 52(4): 737-754.

Ran, S., Liu, M., Marchiondo, L. A. and Huang, J. L. 2015. Difference in Response Effort Across Sample Types: Perception or Reality? Industrial & Organisational Psychology, 2015: 202-208.

Reijonen, H., Hirvonen, S., Nagy, G., Laukkanen, T. and Gabrielsson, M. 2015. The impact of entrepreneurial orientation on B2B branding and business growth in emerging markets. Industrial Marketing Management, 2015: 1-12.

Reksoatmodjo, W., Utomo, H., Hartono, J. and Djunaedi, A. 2012. Applying Multiple-Case Study For Theory Building: Exploring An Interpretive Approach in Information Systems. International Journal of the Academic Business World, 6(2): 19-31.

- Ribeiro, R., Joao, B. D. N., Neto, A. H., Polo, E. F. and Stettiner, C. F. 2014. Competitive advantage in the Brazilian telecommunications market: An analysis founded upon the resource-based view in the post privatization period. African Journal of Business Management, 8(15): 588-598.
- Rodriguez-Gutierrez, M. J., Moreno, P. and Tejada, P. 2015. Entrepreneurial orientation and performance of SMEs in the service industry. Journal of Organizational Change and Development, 28(2): 194-212.
- Roulin, N. 2015. Don't Throw the Baby Out With the Bathwater: Comparing Data Quality of Crowdsourcing, Online Panels, and Student Samples. Industrial and Organisational Psychology, 2015: 190-196.
- Sandada, M., Pooe, D. and Dhurup, M. 2014. Strategic planning and its relationship with business performance among small and medium enterprises in South Africa. International Business and Economics Research Journal, 13(3): 659-670.
- Semrau, T., Ambos, T. and Kraus, S. 2015. Entrepreneurial orientation and SME performance across societal cultures: an international study. Journal of Business Research, 2015: 1-5.
- Shan, P., Song, M. and Ju, X. 2016. Entrepreneurial orientation and performance: Is innovation speed a missing link? Journal of Business Research, 69(2016): 683-690.
- Shava, H., Chinyamurindi, W. and Somdyala, A. 2016. An investigation into the usage of mobile phones among technical and vocational educational and training students in South Africa. South African Journal of Information Management, 18(1): 1-8.
- Snyman, H. A., Kennon, D., Schutte, C. S. L. and von Leipzig, K. 2014. A strategic framework to utilize venture capital funding to develop manufacturing SMEs in South Africa. South African Journal of Industrial Engineering, 25(2): 161-181.
- Su, Z., Xie, E. and Wang, D. 2015. Entrepreneurial orientation, managerial networking, and new venture performance in China. Journal of Small Business Management, 53(1): 228-248.
- Talebzadeh, S. 2016. *The Importance of Market Research*. Available: <http://search.proquest.com.dutlib.dut.ac.za/docview/1764325043/fulltextPDF/167787C135454A38PQ/64?accountid=10612> (Accessed 26 July 2016).
- Taylor, P. 2013. The effect of entrepreneurial orientation on the internationalization of SMEs in developing countries. African Journal of Business Management, 7(19): 1927-1937.

- Trochim, W. M. K. 2006. *Research Methods* (online). Available: <http://www.socialresearchmethods.net/kb/statdesc.php> (5 December 2015).
- Turyakira, P. and Mbidde, C. I. 2015. Networking for SMEs in Uganda: A conceptual paper. African Journal Business Management, 9(2): 43-49.
- Uddin, R., Bose, T. K. and Yousuf, S. 2015. Entrepreneurial orientation (EO) and performance of business in Khulna City, Bangladesh. Journal of Small Business and Entrepreneurship, 27(4): 343-352.
- Uprichard, E. 2013. Sampling: bridging probability and non-probability designs. International Journal of Social Research Methodology, 16(1): 1-11.
- Varadhan, R., Segal, J. B., Boyd, C. M., Wu, A. W. and Weiss, C. O. 2013. A framework for the analysis of heterogeneity of treatment effect in patient-centered outcomes research. Journal of Clinical Epidemiology, 66(2013): 818-825.
- Waheed, H., Gureshi, T. M., Khan, M. A. and Hijazi, S. T. 2013. Mediating role of knowledge sharing: Organisational performance for competitive advantage and innovation. African Journal of Business Management, 7(7): 536-547.
- Wang, X. 2014. What drives Chinese private colleges' internationalization? African Journal Business Management, 8(16): 671-680.
- Weller, T. and Monroe-Gulick, A. 2014. Understanding methodological and disciplinary differences in the data practices of academic researchers. Library Hi Tech, 32(3): 467-482.
- Wright, B. and Ogbuehi, A. O. 2014. Surveying Adolescents: The Impact of Data Collection Methodology on Response Quality. Electronic Journal of Business Research Methods, 12(1): 41-53.
- YU, F. 2012. Strategic flexibility, environmental orientation and firm performance: Evidence from small and medium-sized businesses (SMB) in China. African Journal of Business Management, 6(4): 1711-1720.

APPENDIX 1

Durban University of Technology
P.O. Box 1334
Durban
4000

Dear Participant

LETTER OF INFORMATION

A study on “an investigation into the mediating role of competitive advantage between entrepreneurial orientation and business performance among SMEs in Durban, South Africa”

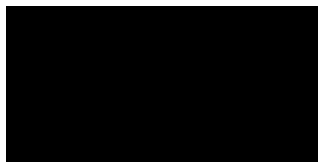
I am doing a research project in partial fulfilment of an M-Tech in Business Administration. The study focuses on the relationship between entrepreneurial orientation and SME performance as well as the mediating role of competitive advantage between entrepreneurial orientation and business performance among SMEs in Durban.

Your assistance in participating in this study will be greatly appreciated, and after the study has been completed, a copy will be made available to you.

It will take you an estimate of 10-15 minutes to complete the attached questionnaire. You are kindly informed that participation in this study is voluntary. Information required from you will only be used for research purposes. Further, information obtained will be kept secret and confidential.

For more information concerning this research project, please contact the researcher (Mr S.S. Mtshali).

Yours Sincerely



Mr S.S. Mtshali (Researcher)
mtshalisanele@gmail.com

Supervisor's contact details:

Name: Prof. Willie Chinyamurindi
Email: WChinyamurindi@ufh.ac.za

APPENDIX 2

QUESTIONNAIRE

Brief introduction and purpose of the study:

The study seeks to understand the mediating role that competitive advantage plays between entrepreneurial orientation and business performance among SMEs in Durban, South Africa. Filling out this questionnaire will greatly assist me in achieving my goals as a student. If you give consent, please sign below and be sure to place an **X** against your desired response.

I give consent ☐ **Sign here:**.....

1. Gender	Male	Female			
2. Ethnic group	Black (African)	Coloured	White	Indian	
3. Home language	Xhosa	English	Afrikaans	IsiZulu	
4. Type of industry	Manufacturing	Service	Construction	Agriculture	Other
5. Your age	Below 20	21-30	31-40	41-50	Above 50
6. Level of education	Primary school	Secondary school	Tertiary education		
7. Age of your business	Less than 1 year	1 to 3 years	4 to 6 years	Above 7 years	
8. Indicate your company's capital size in rand value.	Less than R10 000	R10 000 to R50 000	R51 000 to R99 000	R100 000 and above	
9. Indicate the number of your employees.	1 to 10 employees	11 to 20 employees	21 to 30 employees	31 employees and more	
10. Position held in the business	Owner		Manager		

No	Please put a cross in the appropriate block indicating whether you strongly agree, agree, neither agree nor disagree, disagree or strongly disagree with each of the following statements:	Strongly agree	agree	Neutral	Disagree	Strongly disagree
	<u>Entrepreneurial Orientation (EO)</u>					
1.	Our firm has produced many products/services.	1	2	3	4	5
2.	In general, our firm is very often the first to introduce new products/services.	1	2	3	4	5
3.	Facing competition, our firm normally engages	1	2	3	4	5

	aggressive actions over the competitors.					
4.	In general, our firm adopts a very competitive posture to beat the competitors.	1	2	3	4	5
5.	In general, our firm has a strong emphasis on high risk projects with uncertain returns.	1	2	3	4	5
6.	In order to achieve the firm's objectives, the impact of the business environment implies that our firm to adopt strong and fearless measures.	1	2	3	4	5
7.	In case of insecure decision-making situations, our firm adopts a fearless and aggressive position to increase the chance of exploring potential opportunities.	1	2	3	4	5
8.	Our firm puts on strong emphasis on R&D (Research & Development) and innovation instead of focusing on marketing of current products/services.	1	2	3	4	5
9.	The changes in new products/services in our firm are quite dramatic.	1	2	3	4	5
	<u>Competitive Advantage (CA)</u>	Strongly agree	agree	Neutral	Disagree	Strongly disagree
10.	Our products/services are difficult for competitors to copy.	1	2	3	4	5
11.	Our response to competitive moves in the market place is good.	1	2	3	4	5
12.	Our ability to track changes in customer needs and wants is good.	1	2	3	4	5
13.	We are quick to respond to customer complaints.	1	2	3	4	5
14.	Our collection of strategic information about customers and competitors for use with strategic planning is good.	1	2	3	4	5
15.	Our speed of disseminating information in-house about competitors is good.	1	2	3	4	5
16.	Our analysis of customer satisfactions with the products is good.	1	2	3	4	5
17.	We make effort for products changes to overcome customer dissatisfaction with existing products.	1	2	3	4	5
18.	Our products have a significant advantage over those of	1	2	3	4	5

	our competitors.					
19.	Our product designs are unique.	1	2	3	4	5
20.	We are quick to respond in meeting changes to customer needs and wants.	1	2	3	4	5
	<u>SME Performance</u> Please put a cross in the appropriate block for each of the following statements:	Very good	Good	Don't know	Poor	Very poor
21.	How successful was your firm compared to your strongest competitor in the last fiscal year with regards to sales growth?	1	2	3	4	5
22.	How successful was your firm compared to your strongest competitor in the last fiscal year with regards to profit growth?	1	2	3	4	5
23.	How successful was your firm compared to your strongest competitor in the last fiscal year with regards to market share growth?	1	2	3	4	5
24.	How successful was your firm compared to your strongest competitor in the last fiscal year with regards to employee growth?	1	2	3	4	5

Thank you for completing the questionnaire