ENTREPRENEURSHIP GAPS FRAMEWORK: AN EXPLORATION INTO EXPECTATIONS VIS-À-VIS REALITIES OF ENTREPRENEURSHIP

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DECLARATION

I, Nheta Daniel Silent, hereby declare that this thesis titled, “Entrepreneurship Gaps Framework: An Exploration into Expectations vis-à-vis Realities of Entrepreneurship”, submitted to the Department of Business Management, University of Venda, is my own work in design and execution. It has not been submitted in any form for another degree at any university or institution of higher education. Information derived from published or unpublished works of others has been duly acknowledged.

Signature: ___________________________________________ Date 25 February 2020
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Above all, I would like to thank the Almighty God for His sufficient grace. Through His grace, I managed to meet and cooperate with productive people (forces) who helped me to achieve my goals.
DEDICATION

I dedicate this doctoral thesis to my parents, Evangelista and RR. To my visionary mother Evangelista, who overcame many life hurdles to enable me to obtain my academic achievements. Your sacrifices have indeed been rewarded. To my late father RR: I know you would have been proud of me if you had not responded to a higher calling above. I have maintained your legacy.
ABSTRACT

In South Africa, empirical evidence discloses a situation that is crippling to early-stage entrepreneurs since three in every four emerging businesses are collapsing. A substantial body of research has documented the lack of resources to be the instigator of this high attrition rate. While this narrative would appear to provide both the reason for and the solution to the high business failure rate, the current study argues that this perspective is limiting and inadequate to deal with this problem of high entrepreneurship venture attrition. Such limited perspective focusses narrowly on the business component, excluding the entrepreneurial component. In addition, this perspective does not attempt to explore or address the possible gap between entrepreneurs’ expectations and the realities they face in managing businesses. This study and a limited number of other studies have shown many emerging entrepreneurs to experience a discrepancy between what they expect when running a business, and the often harsh realities they experience when owning and managing a ‘real’ business. For researchers as well as for early-stage entrepreneurs, this presents a discrepancy between theory and experiential reality – one of the significant trials of operating a business is when the entrepreneur should deal with this discrepancy. This study refers to this discrepancy as the Entrepreneurship Gap (EG). The EG is higher when business management and sustainability realities differ greatly from entrepreneurial expectations. Thus, one can postulate when the EG level is high, the entrepreneur is inadequately prepared for establishing, managing and sustaining a business. At the point where this EG becomes apparent, the level of the entrepreneur’s ability or inability to deal with business becomes fundamental as well as crucial to identify and or predict his/her success.

The purpose of this research was to develop a framework model that can be used to diagnose business preparedness among early-stage entrepreneurs and therefore assist them to adjust to a career in entrepreneurship. Evidence supporting the framework model and its applications is discussed within the ambit of early-stage businesses. To attain this purpose, an exploratory sequential research design was employed. A two-phase data collection procedure was conducted in the Limpopo Province. Phase one involved in-depth interviews that were to explore the various business factors that entrepreneurs struggle within the early stages of establishing and managing a business. ATLAS.ti version 8 was employed for qualitative data analysis. In phase two, a structured self-administered questionnaire was used. SPSS v24 was used as tools for quantitative analysis. The sample sizes for each phase were five and 215, respectively. The participants were purposively selected after satisfying the selection criteria. This was completed using an explorative data analysis grounded in discrete choice models,
and R version 3.6.0 was used in the analysis of the developed models. The various specific business factors affecting entrepreneurs in the early stage of business and which emerged from the data were presented. The study further developed an EG measurement scale and an Entrepreneurship Gaps Framework (EGF) model. Findings from the EGF model revealed the potential ability of the model to act as a comprehensive diagnostic mechanism that assists early-stage entrepreneurship survival. From the findings, this study argues and advocates the use of the EGF model as a decision-making tool by – but not limited to – policymakers, lenders, and capacity-development institutions, to determine the level of financial and non-financial support that should be provided to entrepreneurs to improve their chances of success. Thus, entrepreneurs are likely to benefit from the EG measurement scale if they make use of it as a self-diagnostic tool to measure and monitor their business preparedness and lived experience of managing and sustaining a business.

**Keywords:** entrepreneurship, entrepreneurship expectations, entrepreneurship gap, entrepreneurship gap framework, entrepreneurship realities, micro perspective.
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LIST OF ACRONYMS

CDI: Capacity Development Institutions

DC-GAM: Discrete Choice-Generalized Additive Model

DCM: Discrete Choice Model

DTI: Department of Trade and Industry

EG: Entrepreneurship Gap

EGF: Entrepreneurship Gaps Framework

GAM: Generalized Additive Model

GEM: Global Entrepreneurship Monitor

IDC: Industrial Development Corporation

M&E: Monitoring and Evaluation

NEF: National Empowerment Fund

OECD: Organisation for Economic Cooperation and Development

QLFS: Quarterly Labour Force Survey

SBDD: Small Business Development Department

SEDA: Small Enterprise Development Agency

SEFA: Small Enterprise Finance Agency

StatsSA: Statistics South Africa

VAT: Value Added tax
CHAPTER 1

INTRODUCTION AND BACKGROUND

1.1 CHAPTER OVERVIEW

This chapter presents an introduction to the research and the origins of the research interest which gave rise to this study. The problem together with the main purpose of this study is presented. An outline of the research problem provides an understanding of what is being addressed, while the purpose encapsulates what is intended to be achieved at the end of the study. The specific objectives of the study are presented, together with an outline of the various phases of the research, in order to achieve these objectives. The methodology employed is identified and briefly described.

1.2 INTRODUCTION AND BACKGROUND TO THE STUDY

Entrepreneurship is a process that can be learned, and like any apprenticeship, it involves practice and hands-on experience. Entrepreneurs, like any tradespersons, need to adapt constantly to the ever-changing demands of both their trade and the marketplace, as well as to the local, national and global economy (Luiz & Mariotti, 2011; Adonisi & Van Wyk, 2012; Chinomona & Maziriri, 2015; Lekhanya, 2016; Secundo, Vecchio, Schiuma & Passiante, 2017). In other words, the higher an entrepreneur’s level of preparedness is for the turbulence and constantly changing environment of business, the more likely the entrepreneur would be able to adapt to the dynamics of business and the economy, as well as to survive and succeed in business (Wang, Rafiq, Li & Zheng, 2014; Coduras, Saiz-Alvarez & Ruiz, 2016; Schillo, Persuad & Jin, 2016). Preparedness in this context refers to the knowledge, attitudes, attributes, and skills related to business management (Wang et al., 2014).

To illustrate, consider an individual starting a business venture and who envisions entrepreneurship as a plausible route for earning a livelihood. This ‘envisioning’ on the part of this entrepreneur, develops in him/her certain business expectations as described by McGowan, Redeker, Cooper and Greenan (2012), which would include enjoying a more balanced work-family lifestyle, self-employment, and increased wealth. However, the experience of the earlier years of entrepreneurship then clearly contradict this vision in the form of the realities such as long working hours, restricted cash flows, and the high levels of stress associated with businesses...
(Neneh, 2011; Lee, Suh, Kim & Park, 2017; Nakata, 2017). This discrepancy between the expectation/vision and the lived experience of entrepreneurship, attributable to the stark differences between entrepreneurship expectations and business realities, can arguably be a determinant of either business success or failure. This gives rise to the question of the causal link between early-stage entrepreneurship, in particular, expectations vis-à-vis realities, entrepreneurship preparedness and business failure.

Dias and Teixeira (2017) see business failure as being recognised at a company level and/or an individual level. Business failure is regarded as a learning experience in the life of entrepreneurs. Its value is observed in the influence it has on the failed entrepreneurs’ ability to re-evaluate and reinvent themselves (Cope, 2010; Pretorius & Le Roux, 2011; Mamabolo, Kerrin & Kele, 2017). It is this failure that determines whether one should persist with the particular business, or abandon the initiative as the individual succumbs to failure (Mandl, Berger & Kuckertz, 2016). A case in point is Thomas Edison, who upon ‘failing’ to manufacture the light bulb 1000 times and only succeeding on the 1001 attempt, declared that he did not fail, but instead indicated that the light bulb was an invention with 1000 steps (Kennelly, 1932). It is from this understanding that business failure is an indication that something has gone wrong or no-longer works, hence, corrective action is needed (Pretorius & Le Roux, 2011; Oparanma, Hamilton & Zep-Opibi, 2010; Arasti, 2011; Chinomona, 2013; Fatoki, 2014).

To the average person, it would appear that when a business does not succeed, it is misinterpreted as ‘failure’ (Hyder & Lussier, 2016; Fay-Spina, 2017). Alike, policymakers, researchers and even the individuals venturing into entrepreneurship themselves make this grave mistake of ascribing this stage of entrepreneurial learning as a failure (Walsh & Cunningham, 2016; Walsh & Cunningham, 2017; Harries, McEwen & Wragg, 2018). Thereby, the aforesaid overshadows the individual entrepreneur’s abilities and the phase is simply ruled out as a failure. This study thereby argues that there is more yet to be comprehended regarding business ‘failure’, concerning the entrepreneur component. Therefore, the notion that research has overlooked one important factor – entrepreneurs’ inability or ability to adapt to the volatile business environment, instituted on the synchronisation of entrepreneurship expectations and business realities – becomes of interest to explore. Alluding to this notion are how some support structure agencies in South Africa demonstrate their unbalanced assessment of funding applications, and thereafter the post-funding activities. Focus is mainly business- (business plan/firm) lens driven and less, if non-existent at all, entrepreneur-lens driven.
Having noted this significant breakthrough, the purpose of this study was to develop the framework as a diagnostic mechanism, to assist early-stage entrepreneurship survival in the turbulent formative years of small businesses. The foundation of the framework was based on the difference between entrepreneurship expectation and business realities experienced in the formative years of business. Thus, this study viewed the framework as a comprehensive model to explain, arrest early-stage entrepreneurship failure, and provide remedial action for business survival.

1.3 RESEARCH PROBLEM

In the South African context, the lack of credible diagnostic tools that assess emerging entrepreneurs’ level of business preparedness is problematic. This potentially limits business advisors’ and financiers’ ability to holistically evaluate and advise entrepreneurs in the formative early stages of entrepreneurship (Underhill Corporate Solutions, 2011; Parliamentary Monitoring Group, 2012; Al-Lamki, Al-Sumri, Al-Ismaili & Al-Busaidi, 2016). Given this statement, this study sought to address the problem.

1.3.1 Purpose of the study

This study aimed to develop a framework that will diagnose business preparedness among early-stage entrepreneurs to assist them in adjusting to a career in entrepreneurship.

1.4 RESEARCH QUESTION

The following question was developed to guide the researcher in addressing the objectives:

*RQ1*: With respect to entrepreneurial preparedness, what are the factors that South African entrepreneurs struggle with the most during the early stage of business formation and how could these factors be identified?

*RQ2*: What tool could be developed to detect these factors among early-stage entrepreneurs?
1.5. **OBJECTIVES OF THE STUDY**

The following section outlines the objectives this study addressed:

1.5.1 **General objective**

The general objective of this study was to develop a framework that will assist entrepreneurs during the early stage of the business when it still has to thrive.

1.5.2 **Specific objectives**

The study objectives were to:

i. Identify business factors that South African early-stage entrepreneurs are struggling with most and therefore require their adjustment to thrive in entrepreneurship,

ii. Develop a self-diagnosis measurement scale to assist entrepreneurs in monitoring their entrepreneurship gaps,

iii. Develop a framework that measures entrepreneurs’ expectations as well as their lived experiences of running a business.

1.6 **SIGNIFICANCE OF THIS STUDY**

The high attrition rate of emerging businesses in South Africa signifies the need to develop workable methods to use in decreasing the rate of early-stage business failure, and ultimately, to improve economic growth. This is exacerbated by the unbalanced assessment of support structures towards the entrepreneur component. Firstly, entrepreneurs should be in a position to assess their ability and level of preparedness towards establishing and operating a successful venture, synchronised with what they expected in business, opposed to what they realised in business.

Secondly, support structures should also be able to assess and monitor the entrepreneur component effectively, thereby obtaining insight on how best to support the entrepreneur at an individual level and then the business at the firm level. This assessment should lead to the identification and implementation of remedies that advance the chances of entrepreneurship survival within the formative stage of business. Simultaneously, the support structures can re-
evaluate their strategies towards entrepreneurship development, resulting in them providing the vital support resources to categories of entrepreneurs within the early stage of business (Underhill Corporate Solutions, 2011; Ruiz, Soriano & Coduras, 2015; Olugbola, 2017).

In turn, the collaborative efforts of the entrepreneur and the support structures would be assisted by a framework model serving as a diagnostic tool to enhance entrepreneurship survival in emerging economies. Therefore, this study increases knowledge in understanding entrepreneurship affairs, as well as business adjustment issues which cause early-stage business failure. This process should assist in developing strategic avenues that emerging entrepreneurs could consider to effectively manage initial challenges associated with entrepreneurial expectations and business adjustment processes (Al-Lamki et al., 2016). With these outputs for this study, policymakers, emerging entrepreneurs and interested stakeholders will have a comprehensive and informed platform to tackle early-stage business failure. This should eventually lead to improved survival ratings of emerging businesses in South Africa.

1.7 DELIMITATION OF THE STUDY

This study was confined to the Limpopo Province in South Africa, with the sample drawn from the urban setting of Polokwane Local Municipality and the rural setting of Thulamela Local Municipality boundaries. Infrastructural development in these places is resonant with a variety of entrepreneurial opportunities that are available to stimulate economic activities in these areas. Its economic environment is represented by a range of entrepreneurs from (but not limited to): survivalists, lifestyle entrepreneurs and ecopreneurs, while supported by vast entrepreneurial opportunities to increase the range and entrepreneurial activity. (The Local Government, 2017). This provided a base for research interest in which early stage business failure was investigated.

1.8 CONCEPT DESCRIPTION

**Business adjustment**: The implementation of necessary business-oriented measures effected by the entrepreneur into aligning the venture from unfavourable positions into favourable positions.

: The revision of an entrepreneur’s orientation to business realities, with the intent to effect corrective action.
**Early-stage entrepreneurs**: Entrepreneurs that have ventures within the formative stage of being three years in existence.

**Entrepreneur**: An individual who establishes and manages a business for the principal purpose of profit and growth. The person is characterized principally by innovative behaviour and will employ strategic management practice in business (Deamer & Earle, 2014:99; Dhliwayo, Mmako, Radipere & Shambare, 2017:5).

**Entrepreneurship**: A combination of the entrepreneurial process and the characteristics embedded within the entrepreneur and the society (Luiz & Mariotti, 2011:48; Dhliwayo et al., 2017:5).

**Entrepreneurship gap**: A difference between set standards and achieved outcomes (Cooper & Artz, 1995; Fast, Burris & Bartel, 2014). This study, however, defines entrepreneurship gap as the difference between an entrepreneur’s expectations of running a business and the realities presented by running the business.

### 1.9 CONCEPTUAL FRAMEWORK

A conceptual framework was developed to illustrate the existence of an entrepreneurial gap (EG). Entrepreneurial expectations vis-à-vis business realities literature, provided insight concerning the sound development of the conceptual framework. A detailed discussion is presented in Chapter 3.

### 1.10 RESEARCH METHODOLOGY

Research methodology sets out the logic, rationale and framework of conducting the proposed study in accordance with the researcher’s main objective (Kothari, 2004). As for this study, Hesse-Biber (2010) stressed the expounding value of mixed methods in achieving the purpose of an investigation. In the author’s view, the value is realised by means of combined research methods that work towards collaborative results. This study employed an exploratory sequential research design. Chapter 4 further expands on the methods used.

### 1.10.1 Research Paradigm
In the world of scientific research, different paradigms – positivism, interpretivism, constructivism and realism – provide a set of basic beliefs and theories inclusive of assumptions, setting a philosophical platform for the researcher to work from (Sobh & Perry, 2006; Creswell, 2014). However, within the marketing research framework, not all research paradigms may be suitable. For this study the realism paradigm was applicable.

1.10.2 Research Design

Kumar (2019) defines research design as a collective of methods employed to answer and address researchable problems through a series of steps governed by scientific ethics. This study sought to empirically investigate entrepreneurship gaps, by first exploring the phenomenon through qualitative data collection and its analysis. Thereafter, an instrument was to be developed to initiate a quantitative data collection and analysis phase. Such a process befits an exploratory sequential research design (Creswell, 2015) while complementing the research design definition by Kumar (2019). This study thus adopted an exploratory sequential design.

1.10.3 Justification of the Research Design

The exploratory sequential design for this study was supported by the mixed method research approach. An exploratory sequential mixed method design as referred to by some scholars permits rational understanding of a phenomenon that is studied. This leads to the development of pragmatic inferences, and for this study, relevant to the development of a framework model. These achievements are attributed to the flexibility and adaptability of the researcher that is permitted by the design. Additionally, such a design establishes a platform for future research.

1.10.4 Target Population

The targeted population for this study consisted of entrepreneurs within Limpopo Province.

1.10.5 Sampling Approach

This study employed a purposive sampling design for all phases. Five participants were interviewed for phase one and a sample size of 215 participants was obtained for phase two.

1.10.6 Data Collection Instrument
Phase one employed in-depth interviews using an interview guide to extract business factors concerning entrepreneurial expectations and business realities.

For phase two, a self-administered questionnaire was developed, based on the themes realised in phase one data analysis. The questionnaire consisted of statements measured by a Likert scale.

1.10.7 Data Analysis

The researcher made use of ATLAS.ti version 8 and IBM-SPSS version 24 to analyse collected data for phase one and two respectively. An analysis tool named R version 3.6.0, was used in model development. Phase one data analysis involved open coding and selective coding, which resulted in the formation of code groups. Phase two used descriptive statistics tests and exploratory factor analysis. The modelling framework was grounded on discrete choice modelling, while model testing was achieved using Elastic Net regression.

1.11 ETHICAL CONSIDERATION

This study was conducted under the auspices of the University of Venda with registration number SMS/18/BIS/05/1306, therefore ethical aspects that were considered for this study were aligned with those of the institution. Furthermore, research principles as suggested by Wiid and Diggines (2013) governed the actions of this study. Informed consent was obtained, no form of privacy was invaded, deception was not used, and participants were not subjected to harm.

1.12 CHAPTER OUTLINE

Chapter 1: Introduction and background to the study

Chapter 1 provides an introduction and background of the entrepreneur component in relation to entrepreneurial expectations vis-a-vis business realities. The problem statement, project objectives, significance of the study and methodology are presented, and the chapter concludes by describing the methodology employed for this study.

Chapter 2: Entrepreneurship Gap Parameters
This chapter firstly presents micro factors of the entrepreneur. Such a twist from micro-business issues is in the interest of this study as the central point is to promote knowledge of the entrepreneur component. Entrepreneurial expectations and business realities are presented to provide a solid ground for entrepreneurship gap development. Underpinning theories used in this study for the conceptual framework development are presented therein.

Chapter 3: Scale Development

Chapter 3 discusses the scale development process within the ambit of research methodology such as research paradigm, research design, research approaches and the justification for using them in this study. The study setting, sample size, fieldwork, data analysis, reliability and validity, as well as the ethical aspects adhered to in the study are highlighted. The chapter further elaborates on the process undertaken for data collection and analysis.

Chapter 4: Study 1 Results

This chapter presents the results of Study 1 which was the qualitative part of this study. The chapter addresses a specific objective (i). The analytical process wherein ATLAS. ti version 8 was used, making use of network diagrams, while the identified factors were explained.

Chapter 5: Scale and Model Validation

Chapter 5 subjected the measurement scale to statistical validation which was later used in collecting quantitative data for modelling. However, factor analysis is presented, while data modelling was initiated by means of explorative data analysis and discrete choice models.

Chapter 6: Conclusion and Recommendations

This chapter presents the conclusions, the model developed for this study, managerial implications and theoretical implications for future researchers.

1.13 CONCLUSION

This chapter presented the ambit of research interest in this study. The research problem as well as the main purpose of this study was presented. Additionally, methodological designs employed for this study were briefly described. This chapter thereby sets the groundwork for the detailed
discussions presented in the subsequent chapters. Chapter 2 thus presents literature within the entrepreneurship sphere.
CHAPTER 2

ENTREPRENEURSHIP GAP PARAMETERS

2.1 CHAPTER OVERVIEW

This chapter presents intelligence on entrepreneurship within South Africa while tackling an overture on the entrepreneurship definition. The fundamental aspect of this chapter is that it presents the micro factors of the entrepreneur. Such a twist from micro-business issues is in the interest of this study as the central point is to promote knowledge of the entrepreneurial component. Firstly, a discussion on early-stage business failure, as well as the aftermath of business failure is presented. Secondly, micro factors of entrepreneurs, entrepreneurial expectations and business realities are presented to provide a solid ground for entrepreneurship gap development. This is further elaborated by a discussion of underpinning theories supporting the existence of EG. Lastly, the conceptual framework is presented.

2.2 INTRODUCTION

The state of emerging economies on the African continent is characterised by putting forward entrepreneurial activity as a means to counter economic issues and simultaneously develop the economy of the respective countries (Ngcobo & Sukdeo, 2015; Adom, 2017; Akinyemi & Adejumo, 2017; Mutoko & Kapunda, 2017). South Africa, being one of the main economic hubs on the African continent, has many similar entrepreneurial matters. Thus, this chapter presents the factors evolving around South African entrepreneurship with the intent to divulge issues pertinent to early-stage entrepreneurs. Using this as a foundation, past studies have witnessed a growth in scholarly works towards unearthing macro challenges faced by entrepreneurs from a general perspective (Filion, 2008; Luiz & Mariotti, 2011; Amiri & Marimaei, 2012; Chimucheka & Mandipaka, 2015; Bhattacharyya & Dash, 2017; Paul, Parthasarathy & Gupta, 2017; Townsend, Hunt, McMullen & Sarasvathy, 2018). This chapter, however, presents an exclusive perspective on micro (individual) factors among others, confronted by early-stage entrepreneurs regarding the entrepreneurship gap. The outline of this chapter is presented in Figure 2.1.
Figure 2:1: Chapter 2 Outline

Source: Researcher’s own construct

The sections presented in the flow chart are set to address the specific objectives of this study. Specific Objective (i) focuses on identifying business factors that entrepreneurs struggle within the early stage of business, which require the entrepreneurs’ adjustments to thrive. More so, Objective (ii) and (ii) specify the need to develop a self-diagnosis measurement scale that assists entrepreneurs in monitoring their entrepreneurial gap and eventually develop a framework model that measures EG which could be used by the support structures respectively. This chapter’s discussion then makes a point to address the specified objectives from a theoretical point, setting up a course for probable methodological aspects to be considered in the next chapter.

2.3 A BRIEF ENTREPRENEURSHIP DEFINITION

Within the scope of this study, it is imperative to provide a preamble of entrepreneurship definition, as it sets the grounds for following the outline of this study. As demonstrated in literature evidence, Filton (2008:9) theorised entrepreneurship as “the field that studies entrepreneurs, entrepreneurial actors and entrepreneurial environments”. In a different dimension, Luiz and Mariotti (2011) acknowledged the involvement of an entrepreneurial process and the characteristics of an entrepreneur for the development of entrepreneurship, but criticised the
concept, as it treats the two elements as mutually exclusive. Therefore, they proposed a solid integration of the two elements with the addition of societal effects on the entrepreneur. This primarily shows evidence of ongoing works in the attempt to coin a universal entrepreneurship definition. However, pertaining to the parameter of entrepreneurship for this study, it succumbs to a particular definition by Naude (2010:2) in the Policy Brief as:

the resource and process whereby individuals utilize opportunities in the market through the creation of new business firms. As a resource, entrepreneurship results in innovation, risk-taking and arbitrage.

It is among some of these identified elements such as resources (in the outlined definition) where disparities in entrepreneurship are recognised. Apparently, this narrative thereby makes it possible to account for the state of entrepreneurship in South Africa, bearing in mind that entrepreneurship concentrates on a phenomenon that considers the ability of an individual to grab opportunities, without necessarily being limited because of the absence of resources (Sajdak, 2015).

2.4 EARLY-STAGE BUSINESS FAILURE

A concurrence among authors exists which illuminates an alarming rate of three in every four emerging businesses collapsing (Fatoki & Garwe, 2010; Luiz & Mariotti, 2011; Mthabela, 2015; Kalitanyi & Bbenkele, 2017; Mamabolo et al., 2017). In support of this account are some authors and organisations (Arasati, 2011; Radipere & Ladzani, 2014; Kalane, 2015; Hyder & Lussier, 2016; GEDI, 2017) that previously argued on the cause(s) of business failure and challenges while identifying a lack of finance and poor access to markets as the causes of failure, as mentioned earlier. But this account, convincingly relates to business failure and not necessarily the individual entrepreneur that gives in to failure. Now, on some causes of failure from the entrepreneur component, one might have based the success of the business on the presence of the entrepreneur’s marketing skills, among others.

Moreover, Schwartz and Hornych (2010), Cant (2012) and Chimucheka and Mandipaka (2015) persuasively argue that the lack of such marketing skills is a convincing dead end for the entrepreneurship journey. In this case, the entrepreneur who aligned business success to his or her marketing skills, might give in to failure and divert from entrepreneurship if the entrepreneur's marketing skills do not materialise as expected. Then again, it is according to this conception –
the presence of marketing skills – that Cheung and Jim (2013), Sheena, Mariapan and Aziz (2015) and Zhang, Zhong, Xu, Dang and Zhou (2015) boldly state that simply being a good marketer will not necessarily make one’s business successful as there is more to achieving such a status.

Against this background, it is evident that within the first three years of founding a business, which is where most new ventures fail, Neneh (2011) and Kambourova and Stam (2016) accentuate that many entrepreneurs experience discrepancies between their entrepreneurial expectations and business realities. These discrepancies could be derived from the expectation that running a successful business depends on the entrepreneur’s key capabilities – as mentioned earlier – such as being a good marketer which attributes to business skills (Hyder & Lussier, 2016). Nonetheless, a successful business is a product of many elements such as strategising, budgeting, the entrepreneur’s ability to implement necessary changes and being resourceful within effective marketing (Trevelyan, 2008; Vermeulen & Curseuurseu, 2010; Salamouris, 2013; Ngwira, 2016).

These differences referred to as EG between entrepreneurial expectations and business realities faced in the early stage of entrepreneurship, are therefore equally responsible for the high attrition rate of emerging ventures. An oversight in this area of EG, despite the provision of most required resources and access to markets for emerging ventures, can still lead to business failure. Pragmatically, one then should understand the business factors evolving around EG. How can the issue of EG be addressed? Therefore, the onus is on this study to develop a diagnostic mechanism (framework) that provides a workable solution to EG problems. This then requires an understanding of the aftermath of business failure with the intention to identify the effect it has on the entrepreneur.

2.5 THE ENTREPRENEUR COMPONENT AFTER BUSINESS FAILURE

Within the field of entrepreneurship, many scholarly works have concentrated on business failure. Some scholars have pursued the need to identify the causes of business failure while others went even further to consider the aftermath of business failure (Mandl et al., 2016). In this study, the aftermath of business failure within the frames of the entrepreneur component is of value to discuss, in line with addressing EG issues which simultaneously bring forth the need for further research. The point of concern is conceived around the sense-making and learning process of entrepreneurs after the collapse of a business.
In the recent works of Dias and Teixeira (2017), the authors purposed to analyse business failure by an in-depth examination of how the entrepreneur progressed thereafter. The key areas included unravelling how the entrepreneur developed new ventures, changed business perception and or behavioural practices because of failure, as well as adjusting to individual decisions. The authors employed a qualitative approach and used successful entrepreneurs who had experienced the realities of the business failing. In their findings, it was noted that indeed the previous failure had impacted the entrepreneurs significantly, especially regarding the aspect of ‘who was to blame’ for failure.

Social and institutional structures had an influence with regards to the progressiveness of the entrepreneur after failure. In their recommendations for further research, the authors indicated the need for empirical evidence, covering both quantitative and qualitative aspects of business failure. The focus was placed on unearthing how personal factors and institutions surrounding the individuals, influence the return progress of the entrepreneur. In that sense, this study initiated a reverse synthesis from that of Dias and Teixeira (2017) – acting before failure and not after failure – to comprehend related factors that could assist emerging entrepreneurs from venturing into entrepreneurship without being adequately prepared, resultantly lowering the chances of failing in business.

In a similar context, Heinze (2013) researched entrepreneur sense-making of business failure. The argument was grounded on how most scholars have focused on the positive aspects of business failure without giving much attention to the entrepreneur’s social structure. The research went on to reveal the impact of social interactions on the entrepreneur with the emphasis on the negative aspects and not necessarily on the positive aspects like most scholars do (Heinze, 2013). In the author’s findings, strong emotions of the entrepreneur are evoked by social interactions. Talebi et al. (2014) likewise, accentuate that social structures occupy an influential role in the ability of the entrepreneur to make sound decisions. Heinze (2013) then purports that entrepreneurs consider the feelings of relevant people when it comes to decision-making.

Such feelings could be associated with, but not limited to social status, family expectations, or personal recognition which could prompt negative emotions inhibiting the learning process of the entrepreneur Heinze (2013). The emphasis of the author’s work is centred on how social structures either deter or assist the entrepreneur to successfully proceed to the learning process. In this study, it was taken into consideration how such structures are of relevance to the
entrepreneur in the early stage of business, and therefore require detailed exploration. For, if the social structure’s relevance is determined in the early stage of a business, its influence in the event of business collapse may also be determined. The result thereof is then cultivated in ways that would prepare the entrepreneur to suitably deal with social structures from the initial stage of business and when the entrepreneur passes through the phase of business failure. Supposedly, this should equip the emerging entrepreneur with better decision-making skills inherently. The next section tackles the micro factors of entrepreneurs which lead the development of entrepreneurship gaps.

2.6 MICRO FACTORS OF ENTREPRENEURS

The argument of this study is focusing mainly on the entrepreneur component. The inclusion of micro factors’ discussion in this study is based on the view that the micro factors of entrepreneurs occupy a considerable role in dissecting entrepreneurship gaps. This then creates a need to expand on these factors, while examining the effects that they have on the entrepreneur. In that sense, Farouk, Ikram and Sami (2014) outline several factors that exist within the entrepreneur’s sphere of control. The authors’ focus was on identifying factors that influence the intent to start an entrepreneurial venture among university students. It is noteworthy that their research paper made use of the Theory of Planned Behaviour which promotes an understanding of how an individual will perform for a certain action based on micro aspects.

It is important that what the authors’ research paper outlined, are indeed factors that influence an individual’s actions. However, what this study intends to achieve, is that when that individual has the intent to set up a small business and proceeds to do so, there comes a time where changes occur along the entrepreneurship process. What might have influenced the entrepreneur to tackle entrepreneurship in the first place, could exist no more, resulting in a discrepancy. If the entrepreneur then fails to adjust accordingly, then that intent to pursue the entrepreneurial journey could be short-lived. Thus, micro factors play a considerable role in influencing the intent of an individual, while simultaneously influencing the ability of an individual to cope with business struggles, specifically in the early stage of business.

Equally important to note is how entrepreneurs exist and respond to diverse social structures. In a similar study by Talebi et al. (2014) that sought to identify individual factors influencing entrepreneurs’ decision-making skills, various factors like cognitive and personal characteristics...
were indicated. Some of these factors are shaped by social structures and enhanced by institutional structures (Belas, Gavurova, Schonfeld, Zvarikova & Kacerauskas, 2017; Tur-Porcar, Roig-Tierno & Mestre, 2018). It is in such findings that allude to the critical role played by micro factors in an entrepreneur’s journey. Upon this latter narrative, a discussion of specific micro issues is conducted. Figure 2.2 exemplifies how micro factors influence the entrepreneur.

Figure 2.2: Micro factors of entrepreneurs

Source: Researcher’s own construct

For this study regarding micro factors, three key areas, namely personal factors, social structures and institutional structures are presented as illustrated in Figure 2.2 (Tur-Porcar et al., 2018). For the micro factors to emerge and shape up the respective entrepreneur, the individual should filter information from the three identified areas. The ability of the entrepreneur to filter from such sources, would in turn influence the types of micro issues that affect the entrepreneur (Talebi et al., 2014). The presence of certain micro factors could then influence the level of preparedness an individual has towards entrepreneurship.
2.6.1 Personal Factors

Personal factors contribute to the entrepreneur’s way of dealing with matters. Scholars in the field of entrepreneurship have given a reference to traits of an individual playing an integral role in influencing the success of an entrepreneur (Belas et al., 2017; Chaudhary, 2017; Tur-Porcar et al., 2018). Complementary factors such as the level of income, education and managerial experience are considered to also influence and shape the intents and expectations of an emerging entrepreneur (Hermans et al., 2015).

In the works of Carree and Verheul (2012), the authors sought to investigate factors which influence satisfaction levels of emerging entrepreneurs. The degree of measurement used to assess the participants of the study, solely focused on entrepreneurs’ expectations. This was captured among five categories with the first category measuring outcomes that were “much worse than expected”, and the fifth category measuring those that were “far better than expected”. Interesting to note is that the authors purposed to identify the determinants of satisfaction among emerging entrepreneurs to establish a key measure of individual entrepreneurship success. Their argument was based on the view that the existing literature at the time this study was conducted, concentrated on determining the satisfaction of employees, rather the entrepreneurs.

Furthermore, they supported their argument by indicating that even though satisfaction was mainly measured by the performance of the venture, individual factors also influenced satisfaction levels. In their study, the authors empirically examined how income, psychological well-being and leisure time influence individual entrepreneurship success. In an attempt to coin determinants of satisfaction, the authors outlined the influence of intrinsic and extrinsic motives. A special note was made on the differentiation of entrepreneurs with regards to type or complexity of the business, as well as the commitment towards the business (full-time or part-time managers).

The note was made to address the different levels of satisfaction that exist among heterogenous entrepreneurial ventures. At this point, the authors’ study simply addressed the determinants of satisfaction but did not unravel how such findings can be directed towards improving the preparedness of emerging entrepreneurs. However, of interest to this study is how expectations were used to measure satisfaction towards individual entrepreneurship success. This then highlights the importance of addressing EG issues in order to improve among other factors, the satisfaction levels of emerging entrepreneurs. To have a broader sense of how personal factors
influence entrepreneurial expectations, the following sections present a discussion on the issue. The factors discussed herein are also inclusive of cognitive aspects that mould the expectations of emerging entrepreneurs.

2.6.1.1 Self-efficacy

In the works of Shava and Chinyamurindi (2019), self-efficacy was indicated as a factor that has a reasonable influence on the intents of entrepreneurship. The factor emerged because of entrepreneurs placing much respect and priority in their abilities and cognitive skills (Farzana, 2018). This factor is pertinent among emerging entrepreneurs as they have a zeal to see the business succeed. Similarly, Kazeem and Asimiran (2016) pointed out how self-efficacy could be affected. In their findings, self-efficacy is influenced by the personality type of the entrepreneur, the perceived support received from family, and competencies acquired via entrepreneurship education.

Self-efficacy can then be viewed as a source of expectations, since some entrepreneurs view themselves as adequately capacitated, where an individual with high levels of self-efficacy expects the business to prosper (Talebi et al., 2014). When the turbulence in the formative stage of business takes place, while the entrepreneur has placed much emphasis on the personal abilities to deal with the challenge, failure to adjust accordingly to the turbulence, could result in some devastating events such as business collapse, low self-esteem, lack of belief in oneself, which then eventually contribute to business failure statistics. Therefore, self-efficacy may be considered a factor that influences EG.

2.6.1.2 Risk taking ability

A unique factor to entrepreneurs is their ability to take risks. From a financial standpoint, one takes a risk on the grounds of an expected investment return. The propensity to take risks, nevertheless, differs among emerging entrepreneurs. But the factor is very dependent on the cognitive capacity of the individual (Farouk et al., 2014; Talebi et al., 2014). Hermans et al. (2015) point out that the intent to perform a certain act based on a specific desire (aspirations) within the entrepreneurship sphere, transitions to become an expectation. For instance, when one takes a risk, the desire that influences
the individual before committing the risk becomes an expectation after committing to the risk. Therefore, when the deed of committing to risk is done, thereby emerges an expectation – returns proceeding from the risk undertook. Such factors thus influence the entrepreneur’s way of committing to risk and also contribute to one’s preparedness.

2.6.1.3 Personal optimism

The progressiveness of an entrepreneurial venture can also be influenced by the personal optimism of the entrepreneur. Being optimistic in the face of challenging situations has generally been conceived as a plausible act as asserted by Carree and Verhuel (2012). In the authors’ view, over-optimism assists emerging entrepreneurs to cope with the level of stress associated with the formative stage of business. Entrepreneurs may adjust their expectations ex post in line with business reality (Ucbasaran, Shepherd, Locket & Lyon 2013). However, in entrepreneurship, a balance of the optimistic trait is required.

More than enough of personal optimism could mislead the emerging entrepreneur into situations that were not adequately prepared for (Talebi et al., 2014; Kambourova & Stam, 2016). Such optimism is heightened by Hermans et al. (2015) and Dawson (2017) as the authors outline the high propensity of the individual to form over-optimistic expectations. Consequently, unexpected challenges could take place from the external environment which the over-optimistic individual might not have sufficiently prepared for. Such a misalignment grounded on personal over-optimism could prove to be costly for emerging entrepreneurs if it is not adequately addressed (Kambourova & Stam, 2016).

2.6.1.4 Overconfidence

Drawing from social cognitive theories within the frames of psychological studies, overconfidence has been closely related to over-optimism (Talebi et al., 2014). Overconfidence has proved to be a useful attribute in establishing entrepreneurial ventures and on the contrary, it is a stronghold in facilitating business failure (Rietveld, Groenen, Koellinger, Loos & Thurik, 2013). The growth of overconfidence among entrepreneurs alludes to the challenging situations and activities the individuals would have overcome over time. Arising from the victorious moments is an improved view of their self-judgement. Consequently, overconfidence becomes a ticking time bomb with respect to individual failure, when it brings forth, decisional-making bias caused by overestimating
one’s judgment (Townsend, Busenitz & Arthurs, 2010). Craftily attached to overconfidence factors are high entrepreneurial expectations in which Rietveld et al. (2013) affirm that entrepreneurs are more overconfident than other individuals, hence their capability to take on entrepreneurial activities. Thus, it is highly unlikely to separate overconfidence from high expectations. Overconfidence as a personal factor also influences EG.

2.6.1.5 Escalation of commitment

Together, personal factors such as the need for a sense of achievement and need for recognition in society can lead an entrepreneur to escalate commitment towards a venture, even in situations where business failure is proximate (Kambourova & Stam, 2016). Talebi et al. (2014) likewise view escalation of commitment as a factor portrayed by an emerging entrepreneur to maintain the desired state. Such commitment results in more than reasonable resources being allocated to the venture or activity (Townsend et al., 2010). Inherently, if it was a carefully considered process that was fully prepared for, it could lead to positive outcomes but the opposite is also true. Such escalation of commitment implies that the entrepreneur has a status to maintain or worthy expectations to materialise.

2.6.1.6 Planning skills

Emerging entrepreneurs are ascribed to accredit positive outcomes to their planning dexterity, while attributing undesirable results in aspects seemingly beyond their control (Hermans et al., 2015). Talebi et al. (2014) purports that such a personal factor towards business is at best described as a planning fallacy. The planning fallacy then becomes a gamble that emerging entrepreneurs place on entrepreneurial venture success. Results are usually expected from the plan. In line with the planning fallacy, it is safe to assume that the expected results thereof are likewise a fallacy.

Factoring in that with a planning fallacy one overshadows the aspect of assessing individual weaknesses and strengths inclusive of associated risks, and the possibility of a positive yielding planning process then is low (Kambourova & Stam, 2016). In this study, considering the emerging entrepreneurs’ perspective on what Talebi et al. (2014) terms as planning fallacy, the entrepreneurs may seemingly perceive the fallacy as a well thought out process, since they are
in pursuit of the plan. This could entrap the emerging entrepreneurs, leaving them susceptible to unmet expectations and mostly unfavourable outcomes.

2.6.1.7 Freedom

Within the entrepreneurship frame, entrepreneurs are directly and indirectly linked to the need for freedom. The notion perceived is that entrepreneurs generally seek an environment that nurtures their creative characteristic (Bradley & Klein, 2016). Therefore, emerging entrepreneurs pursue entrepreneurship with the expectation of obtaining freedom (Shava & Chinyamurindi, 2019). Such freedom can be obtained from various sources such as financial liberalisation, access to customised working hours and being your own boss (Belas et al., 2017; Dawson, 2017; Farzana, 2018). Scholarly work has presented the personal factor of freedom in different perspectives such as the need for autonomy and independence.

Though the perspectives might be synonymous, there could be differences in what type of freedom the entrepreneur is seeking. For instance, the need for autonomy could best relate to a former employee who sought to establish his or her own systems without the limitations of an existing system (Shava & Chinyamurindi, 2019). In other words, they seek to create things first-hand. Thus, one would then pursue a free enterprise to obtain autonomy, whilst some entrepreneurs would start a small business with the expectation of gaining financial freedom (Farzana, 2018). Such factors directly influence the individual’s ability to effect necessary adjustments in business when the need arises, and therefore this factor is of interest to this study.

2.6.1.8 Sense of achievement

In the modern society where individuals have become oriented in becoming the best of themselves, the need for a sense of achievement has become a driving factor for the emerging entrepreneur to pursue entrepreneurial activities (Farouk et al., 2014; Farzana, 2018). Over the years the achievement factor has gained potency with scholars terming it as an indicator for differentiation purposes among entrepreneurs. An emerging entrepreneur who seeks to be recognised in the constructs of society is more inclined to be drawn towards a stronger desire for a sense of achievement (Talebi et al., 2014; Farzana, 2018).

Therefore, the sense of achievement becomes an expectation that entrepreneurs anticipate in their respective line of business. The reality is whether the sense of achievement was obtained
during their journey of entrepreneurship or not. The ability to handle any unfavourable discrepancies arising from this individual factor becomes indispensable towards the continued existence of the entrepreneurship, and this spurs the need to gain a broader understanding of such factors.

Figure 2.3 presents the hierarchical spheres of influence that an entrepreneur might face when it comes to developing expectations. One should note that Figure 2.2 earlier illustrated the sources of influence wherein the entrepreneur is simply expected to apply ‘filtering’ skills. As for the following figure, a sense of precedence is illustrated.

Figure 2.3: **The precedence of micro perspectives**

**Source:** Researcher’s own construct

The idea presented in Figure 2.3 is capturing how an emerging entrepreneur may develop expectations which would lead to the pursuit of certain actions. This study suggests that an emerging entrepreneur first analyses the immediate sphere which is the personal factor zone for sources of encouragement or discouragement. Thereafter, social ties from the social structure come into effect with the propensity to strengthen or weaken what the entrepreneur had previously
sourced from the personal factor zone. The entrepreneur must also factor in the influence of institutional structures on that which have materialised from the preceding spheres of influence. Such a process would then ultimately affect the expectations of an emerging entrepreneur. It is also important to note as an example, that the entrepreneur’s sphere is encompassed by personal factors. Thus, the entrepreneur draws from the immediate sphere. In that same thought, the social structure will, in return, influence the personal factors, whereas the institutional structures can also influence every other sphere. After these suggestions, social structures are discussed next.

2.6.2 Social Structures

Social structures have a certain degree of influence on the character and expectation of any individual. Shapero and Sokol (1982) pointed out that the perceptions that an individual has of persons or social groups (friends, family, referrals), are influenced by cultural and societal variables. Subjective norms increasingly hold significance for the outcome of the character of the entrepreneur. However, the character is not necessarily in question at this point, but the influence of social structures towards shaping the expectations of the entrepreneur and likewise framing the micro perspectives of the individual is important. As pointed in Section 2.6.1 (Personal Factor), an entrepreneur might demonstrate or possess some of the factors indicated. However, the extent of the effect the respective personal factors have on the entrepreneur, are subject to the social structures that an individual has experienced (Hermans et al., 2015).

Due to the interplay of entrepreneurship and social structures, scholarly works have put forward the issue of social embeddedness in entrepreneurship (Mckeever, Anderson & Jack, 2014). The understanding thereof is based on how entrepreneurs are anchored within social structures that provide both opportunities and constraints or threats. Also, entrepreneurs are connected to the various sources of motivation intertwined within their social networks. The impact of social structures on the entrepreneur, therefore, has an effect, depending on how deeply rooted the entrepreneur interacts with a specific social aspect – the extent of congruence to the social structures by the entrepreneur (Kazeem & Asimiran, 2016).

Social structures consist of networks that provide various opportunities and resources to the entrepreneur. It is within these structures where networks such as familism emerge (Canedo et al., 2014). As for Uzzi and Gillespie (2002), their thoughts on social structures as being an integrated part of entrepreneurship, are sided with a specific view. They conferred that
socialisations influence the expectations of the entrepreneur by shifting the business focus from an economic perspective to a socialised and personal perspective. Therefore, the entrepreneur becomes more oriented towards the fulfilment of social expectations. For instance, an entrepreneur expecting to achieve societal recognition is likely to orientate business focus towards realising such expectations. Understandably, different types of entrepreneurs like lifestyle entrepreneurs may suit such a descriptor. But even so, other types of entrepreneurs such as entrepreneurs (Chakuzira, 2019), could become caught up in chasing societal expectations due to the extent of embeddedness within the social structure.

Consequently, networks such as familism cannot be overlooked with regards to how the social aspect influences the micro perspectives of the emerging entrepreneur (Paunescu et al., 2018). In Canedo et al. (2014), familism is defined as a value expressed within the culture of a respective family. Most important is the role of overseeing individual interests which are enacted by the family. In the maintenance of familism, the individual should prioritise family values. That factor of familism thus has an undeniable influence on the entrepreneur. Therefore, Talebi et al. (2014) signify the importance of the emerging entrepreneur’s ability to filter social aspects in the attempt to maintain a positive balance of the social network and entrepreneurship. The ability to filter or not depends on how deeply tied the emerging entrepreneur is within that social construct. Thus, the entrepreneur’s personal factors can, therefore, become aligned with heightened social expectations (Hermans et al., 2015; Paunescu et al., 2018). In the event of such expectations failing to materialise once more, the social structure would have its toll on the emerging entrepreneur. Comprehending this relationship of entrepreneurship and social structures, thus becomes of great value to the emerging entrepreneur and the business coaches, as well as mentors for future use.

2.6.3 Institutional Structures

Institutions have been generally accepted to determine the rules of the game (Salamzade, Farsi, Motavvaeli, Markovic & Kesim, 2015). Scholars have presented the institutional structure mainly in two perspectives – formal institutions and informal institutions. In an analogous approach routed towards social structures, institutional factors are influenced by the entrepreneur’s perception (Shapero & Sokol, 1982). The perceptions may be oriented towards factors such as regulative, normative and cognitive which are the total of the two institutional perspectives – formal and informal (Garcia-Cabrera, Garcia-Soto & Dias-Furtado, 2018). Furthermore, institutional factors,
e.g. tax environment, competitiveness, economic freedom, social security, fiscal policy and corruption are directly connected to entrepreneurial activities (Crnogaj & Hojnik, 2016; GEM, 2018). With regulative factors, the importance is on laws that encourage or discourage entrepreneurship and influence entrepreneurial development thereafter (Stenholm, Acs & Wuebker, 2013). With normative factors, they refer to cultural values that promote good behaviour, while cognitive factors frame business acumen shared among organisations in an area (Garcia-Cabrera et al., 2018).

The influence of institutional factors on entrepreneurship development is necessary whether it turns out to be a positive or negative outcome (Salamzade et al., 2015). With such level of importance placed on institutional factors, this section draws attention to how the regulative factors encourage or discourage entrepreneurship inherently, influencing the expectations of an emerging entrepreneur. The justification supporting the selection of the regulative factor is, that an entrepreneurship discourse already exists. The discourse is roused by the misunderstandings between the government’s intention towards developing entrepreneurship and the entrepreneur’s perception towards government support. Regulative factors thus present the government’s intention, while entrepreneurs have no option but to react to the intention. Similarly, micro perspectives of an emerging entrepreneur may be influenced by the regulative factors existing in the country’s laws. Additionally, the normative aspects and cognitive aspects have been partly discussed in the social structure section, as these generally overlap in the two constructs (social and institutional structures) (Garcia-Cabrera et al., 2018).

Expectations of emerging entrepreneurs can be framed, observing the institutional framework in which entrepreneurship is developed (Salamzade et al., 2015). For instance, an assessment by the entrepreneur on how the entrepreneurship policy influences aspects such as protection of property rights, labour markets, capital markets and the development of entrepreneurship within the geopolitical area, would influence the crafting of the individual’s micro perspectives and consequently entrepreneurial expectations. Therefore, Crnogaj and Hojnik (2016) affirm that the institutional framework has a direct influence on entrepreneurial activities pursued by the respective individuals.

Recollecting from the assessments of Hermans et al. (2015), entrepreneurial motivations translate into entrepreneurial expectations, specifically in the start-up phase of business. Therefore, for example, if regulatory factors within the labour markets are seemingly unfavourable for a
respective type of entrepreneurial venture, the entrepreneur might be discouraged to pursue business activities (Salamzade et al., 2015; GEM, 2018). Sometimes the entrepreneur decides to pursue the entrepreneur venture and the expectations thereof will then be linked to the motivations that pushed or pulled the individual into business. The following sub-section thereby presents a concise discussion on entrepreneurship policy framework concerning how influential the policy would be on the individual.

2.6.3.1 Entrepreneurship Policy

It is a given that the South African government has followed its intention to foster an enabling environment for small business development since democracy (Cassim, Soni & Karodia, 2014). However, to provide a measure of whether the government has successfully carried out its intention is still a heated debate among scholars. This section needs to unravel how the regulative structure might influence the entrepreneurial activity of an emerging entrepreneur to the extent of influencing the micro perspectives of the individual for that activity. Many of the policy interventions that have been put forward to enhance small business development are discussed here:

- **Business Support and Promotion of Entrepreneurship**

  The government plays an integral role in entrepreneurship development. The establishment of support structures such as SEDA and NEF is a testament to the government’s efforts. However, due to the heightened call for financial aid among other resources by emerging entrepreneurs, it has become an expectation for the emerging entrepreneurs to receive funds from the government since there is a support structure established to promote small businesses. Eventually, entrepreneurs’ expectations towards business success will become attached to the availability of government funding, thus influencing the micro perspectives of the individual (Retail Capital, 2019).

- **Entrepreneurship Education (EE)**

  In the contemporary business environment, EE has gained preference among scholars as a research focus area. Mixed propositions have been put forward in addressing EE-related issues (Fatoki, 2014; Zollo, Laudano, Ciappei & Zampi, 2017; Sulich, 2017; Poblete, 2018). However, a consensus for the implementation of improved EE programs has been underlined. The belief
behind the consensus is centralised on adequately preparing the entrepreneur for pragmatic situations of operating a business. The South African government has nurtured such concepts with the evidence of higher learning institutions embracing an entrepreneurial strategy (Cassim et al., 2014). Thus, an emerging entrepreneur exposed to EE as well as one not exposed is likely to have different perceptions of entrepreneurship which directly influences their motivations, intentions and expectations.

- Business Environment for Early-stage Ventures

The strategies set towards promoting small businesses are aimed at reducing the regulatory inhibitors that emerging entrepreneurs struggle with. Such constraints include value-added tax (VAT), Skills Development Levy, Unemployment Insurance Fund, coupled with restrictive labour laws as articulated in the report by GEM (2018). In the presence of a restrictive business environment for early-stage ventures, motivations, intentions and expectations of emerging entrepreneurs might become misaligned and far-fetched if not discouraging business. Therefore, institutional factors are decisive in influencing the micro perspectives of an emerging entrepreneur. The extent of the influence of institutional factors on the entrepreneur is thus dependent on the ability of the entrepreneur to dissect and filter respective institutional factors. In the advent of coaching and specialised mentoring, emerging entrepreneurs may skilfully filter factors towards increased survival chances for their business.

2.7 EXPECTATIONS AND REALITIES OF ENTREPRENEURSHIP

In practice, the difference between expectations and realities remains an equation waiting to be solved. Scholars have fragmentarily addressed the discrepancy, leaving much to the fate of the entrepreneur. In some notions captured in the extant literature, the sentiment expressed is that of emerging entrepreneurs pursuing their expectations and at the same time being expected by scholars to adjust ex post without any form of assistance (Carree & Verhuel, 2012; Hermans et al., 2015; Paunecsru et al., 2018). Nonetheless, some scholars such as Cooper and Artz (1995); McGowan, Redeker, Cooper and Greenan (2012); Bux (2016); Sulich (2017); Tur-Porcar et al. (2018) and Poeblete (2018), have carried out studies within the same scope of interest as this study. A paucity in literature discussing ex post issues with respect to expectations and realities has been observed. However, this study notes the findings of scholarly work on entrepreneurs by McGowan et al. (2012) which are displayed in Table 2.1.
Table 2.1: Thematic analysis of expectations and realities of entrepreneurship

<table>
<thead>
<tr>
<th>EXPECTATIONS</th>
<th>REALITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Positive</strong></td>
<td><strong>Negative</strong></td>
</tr>
<tr>
<td>Self-employment</td>
<td>Financial risk</td>
</tr>
<tr>
<td>Work-Family</td>
<td>Fear of failure</td>
</tr>
<tr>
<td>Balance</td>
<td>Regret</td>
</tr>
<tr>
<td>Freedom</td>
<td></td>
</tr>
<tr>
<td>Easy work</td>
<td></td>
</tr>
<tr>
<td>Job satisfaction</td>
<td></td>
</tr>
<tr>
<td>Self-esteem</td>
<td></td>
</tr>
</tbody>
</table>

**Source:** McGowan et al. (2012)

2.7.1 Expectations of Entrepreneurship

Table 2.1 indicates that entrepreneurs expected to achieve e.g. work-family time balance, freedom, easy work and self-esteem. These expectations are what authors such as Hermans et al. (2015) would term aspirations to pursue growth in an entrepreneurial venture. Despite the different epistemological viewpoints of the authors, Hermans et al. (2015) assert that aspirations translate to expectations. Such expectations as indicated in Table 2.1, could have motivated the individuals to pursue entrepreneurship because they would be rewarded with more family time, freedom and possibly a sense of achievement.

In another examination of emerging entrepreneurs’ expectations conducted by Sulich (2017), the author outlined that expectations of emerging entrepreneurs are generally increasing as a result of university intervention. Such a proposition has been attributed to the fact that lately, universities occupy an integral role in entrepreneurship development. Therefore, individuals who pursued entrepreneurship courses in higher education have a higher chance of starting an entrepreneurial venture based on their expectations (Poblete, 2018). These findings are inconsistent with the works of Zollo et al. (2017) who render tertiary education to have a significant impact on entrepreneurial intent. Likewise, Fatoki (2014) accentuates the relevance of entrepreneurship education and vehemently calls for entrepreneurship education to be offered across all academic disciplines for the development of entrepreneurial competencies. However, Sesen (2013) does not agree with such propositions.

Sesen (2013) is of the notion that the university environment has no significant impact on emerging entrepreneurs concerning their relationship with the business. In a similar context and
emphasising the lack of influence education has on entrepreneurship, Paunecsu et al. (2018) further assert that in emerging countries, education lacks influence towards entrepreneurship as it does not focus on business realities but theories. Therefore, one may assume that emerging entrepreneurs doing entrepreneurship courses at universities are pampered with theorised success points and little of the reality. Such a route would indeed increase expectations which raises the possibility of widening EG. From that perspective, this study perceives this phenomenon as a gateway to increasing entrepreneurial intentions among emerging entrepreneurs, while increasing their expectations, yet not adequately preparing the individuals for the practicality of entrepreneurship. The challenge then arises when an entrepreneur sets higher expectations that are not realised.

2.7.2 Realities of Entrepreneurship

Since entrepreneurship is an interplay of individual factors and environmental factors among others, the business likewise presents its outcomes which serve as a checking point for met and unrealised expectations which are referred to as the realities of entrepreneurship. For instance, in the conclusions of McGowan et al. (2012), the authors believed that women entrepreneurs did enjoy entrepreneurship, but because of the traditional gender role and the unexpected realities presented by the business such as constant work demands and debt, the participants of the study were inclined to give up at a certain stage. Constant work demands conflicted with balancing work and family, which was a hefty source of tension confirming the presence of entrepreneurship gaps among the entrepreneurs.

For instance, realities of entrepreneurship such as ‘consistent negative feedback’ on business performance, constant work demands and unrealised business expectations could at a certain point derail the entrepreneur. This is more likely to occur especially if the individual had high entrepreneurship expectations paving a way for business discontinuation (c.f Table 2.1). This variance is given prominence by Ucbasaran, Westhead, Wright and Flores (2010) as they indicated unmet business venture expectations - realities of entrepreneurship - of the entrepreneur to be the blanketing challenge leading to business failure. Furthermore, Ucbasaran et al. (2013) denoted business failure due to unmet expectations as the "discontinuity of ownership due to poor performance below threshold", which is directly linked to ineffective/failure to effect business adjustments by the entrepreneur.
Summing up expectations and realities of entrepreneurship, it has thus come to light that entrepreneurs' expectations are of great value in determining and shaping the venture’s success and growth (Neneh, 2011; Tilana, 2015; Kerr, Kerr & Xu, 2017). Stagnation of business and its failure cannot be overlooked as they are both a product of the entrepreneur's unmet expectations. Moreover, varying personal thresholds of performance and expectations among entrepreneurs, reflect what the entrepreneurs accept as success or failure, which also determines the level of business adjustments one is willing to perform to evade failure or to stimulate success (Ucbasaran et al., 2013; Jenkins & McKelvie, 2016; Dias & Teixeira, 2017).

Today there are different categories of entrepreneurs such as survivalists, corporate, lifestyle and ambitious entrepreneurs (Ranyane, 2014; Hamid, 2015; Hermans et al., 2015; Dhliwayo et al., 2017). Personal expectations such as social expectations are equally important as business-related expectations (Manner, 2017). The danger posed by unmet individual social expectations despite the business surviving could lead to the discontinuity of business (Ucbasaran et al., 2013). At this point, these are some of the causes of business failure according to this study: discontinuity of ownership due to failure; insolvency; performance below threshold (unmet expectations) and bankruptcy. Due to the gap created by expectations exceeding realities, the following section describes underpinning theories that establish the thought process of this study.

### 2.8 UNDERPINNING THEORIES

The context of the study has two main aspects of establishing the foundation of EG. A closer look reveals the entrepreneurial component as the main aspect while it is supported by the business component. Within the entrepreneurship field, various theories have been used effectually in addressing the entrepreneurial component in general. Those of interest to this study are mentioned in Table 2.2. Due to the heterogeneous nature of entrepreneurs, theories have been put forward to understand the attributes of the entrepreneur from a general psychological and sociological point of view.

The underpinning theories with their disparities as indicated in Table 2.2 converge to a general understanding of how an entrepreneur functions. From motivations to the intention of starting an entrepreneurial venture, everything culminates to the existence of entrepreneurial expectations. However, simply looking at expectations alone would address EG issues inadequately. But a step
further to understand the realities of business would presumably balance the approach towards EG issues.

Table 2.2: Underpinning theories in previous studies

<table>
<thead>
<tr>
<th>Author</th>
<th>Study Area</th>
<th>Underpinning Theory</th>
</tr>
</thead>
<tbody>
<tr>
<td>Steel &amp; Konig (2006)</td>
<td>Theories of motivation</td>
<td>Expectancy Theory</td>
</tr>
<tr>
<td>Fitzsimmons &amp; Douglas (2011)</td>
<td>Entrepreneurial intentions</td>
<td>Expectancy Theory</td>
</tr>
<tr>
<td>Renko, Kroeck &amp; Bullough (2012)</td>
<td>Business start-up process</td>
<td>Expectancy Theory</td>
</tr>
<tr>
<td>Fast et al. (2014)</td>
<td>Managerial self-efficacy</td>
<td>Discrepancy Theory</td>
</tr>
<tr>
<td>Malebana (2014)</td>
<td>Entrepreneurial Intentions</td>
<td>Theory of Planned Behaviour</td>
</tr>
<tr>
<td>Barba-Sanchez &amp; Atienza-Sahuquilb (2017)</td>
<td>Entrepreneurial motivation</td>
<td>Expectancy Theory</td>
</tr>
</tbody>
</table>

Source: Researcher’s own construct

Therefore, this study will briefly discuss Expectancy Theory, Human Capital theory and lastly Discrepancy Theory in the next subsections for further insight.

2.8.1 Expectancy Theory

Vroom (1964) in Renko et al. (2012) indicated that when an individual decides to follow a certain course of action, the influence thereof is based on the expectation that the chosen course of action will yield positive outcomes. This is further elaborated by Shah and Higgins (1997) who suggested that a higher expectancy linked to a higher outcome will enhance the probability of acting in pursuit of the expected results. One can relate this narrative to entrepreneurship desirability. The desirability of a certain action is influenced by the expected yield of that action. The higher the positive outcome, the higher the expectancy, leading to an increased desirability of the action (Barba-Sanchez & Atienza-Sahuquillo, 2017).

Generally, the expectancy theory which has been interchangeably referred to as the Theory of Motivation has been employed mostly in decision-making towards a new venture start-up (Steel & Konig, 2006). The basis of the theory is heavily based upon the selection of a certain action that is based on the expected outcome and the attractiveness of the desired outcome to be obtained (Fitzsimmons & Douglas, 2011; Renko et al., 2012). The expectancy theory provides grounds to understand how an emerging entrepreneur commences the cognitive process for
making choices. However, the theory does not provide an adequate basis for measures to be developed regarding EG issues.

EG issues are only addressed at the end of the spectrum of the expectations range. Indeed, the theory provides insight when it comes to acknowledging the type of choices made by entrepreneurs. For example, an entrepreneur who decides to start a business only after receiving funds from the government has – in accordance with the expectancy theory – made such a decision with the anticipation that receiving funds from the government is the best option to provide favourable outcomes. Hence, the theory sets the frame for how one should comprehend expectations and decisions made by early-stage entrepreneurs. However, the other end of the spectrum – business realities – are not addressed by the theory.

2.8.2 Human Capital Theory (HCT)

A focused view on entrepreneurial readiness to start a business is best captured in the ambit of HCT. The theory postulates that emerging entrepreneurs with a comparatively higher capacity of skills and knowledge should yield high-class outcomes with respect to entrepreneurship. In the event of the ‘high class’ emerging entrepreneurs receiving adequate entrepreneurial training, it thus becomes an expectation of the entrepreneurs to establish businesses of a high-class calibre (Davidsson & Honig, 2003; Dimov & Shepherd, 2005; Olugbola, 2017). The theory is founded on individuals’ knowledge and skill capacity as those individuals are on a higher level and professed to have a better cognitive capacity. It is then suggested that individuals with better cognitive skills have the potential to earn higher returns after the venture has been set up (Olugbola, 2017).

Entrepreneurial readiness is at best achieved by means of improved EE. Considering the cognitive capacity of the emerging entrepreneurs under the ambit of HCT, EE can be obtained at an individual level and a firm level (Mulongo, 2012). The author believes that an entrepreneur may enhance their cognitive capacity by participating in EE. However, such an improvement is best obtained at a personal level. On a firm level, the entrepreneur may improve the firm by introducing innovative ideas and technology for the progress of the firm and the economy at large (Mamabolo et al., 2017). Thus, HCT fairly believes in the skills and knowledge capacity of an individual to set up a firm of superior class (Dimov & Shepherd, 2005; Ucbasaran et al., 2010). The relevance of this theory to this study is encompassed in its acknowledgement of adequate training and improving the micro factors of entrepreneurs for enhanced entrepreneurship.
Emphasis is thus placed on the need to prepare individuals for entrepreneurship which would assist in addressing EG issues. However, the theory simply focuses on the input and it does not dissect the output end, which is of further interest to this study.

2.8.3 Discrepancy Theory

As depicted in Table 2.2, discrepancy theory has been applied for understanding the individual (entrepreneur) concerning the expectations against achieved standards, presented by the business component (Fast et al., 2014). Cooper and Artz (1995) suggested that discrepancies are primarily based on goals and expectations. A discrepancy in this matter is a perceived difference of set standards (goal) and the level of accomplishment attained thereof or an expectation-reality gap (what was expected – not necessarily a goal – differs from what materialised).

Discrepancy theorists articulate that the existence of such a difference may lead to emotive or active reactions, even to an extent of dismissal of set standards. This outcome is derived from various sources, e.g. social pressure, threshold requirements and personal expectations (Locke 1969; Oliver 1981). The discrepancy theory thereby suitably sets the thought process for this study, as it adequately provides a framework in understanding the discrepancies faced by an emerging entrepreneur in the world of business. Therefore, upon the realisation of a discrepancy which in this context is an EG, there are consequences that an emerging entrepreneur should encounter. In such circumstances, entrepreneurial abilities to deal with the consequences become significant. The situation may further be exacerbated if the entrepreneur was not adequately prepared. The consequences, referred to as the aftermath of EG, are thus presented next.

2.9 AFTERMATH OF AN ENTREPRENEURSHIP GAP

Similar to Locke (1969) and Oliver (1981), the outcomes of EG are mainly distributed here over four main streams since EG represents the existence of a discrepancy. Figure 2.4 illustrates the aftermath EG presents to emerging entrepreneurs.
2.9.1 Change in Perceptions or Attitudes

The presence of EG and considering the wideness of the present gap can result in a change of perceptions towards business and how one views their competencies (Jiang, Klein, & Saunders, 2011). Recollecting from micro perspectives at an individual level, for example, an individual anchors the achievement of certain business-related goals to be driven by the individual’s skills and competencies and self-efficacy. If there is failure to achieve the goal, one could change their perception towards their abilities and inherently become less confident. Such pressure leading to a change in attitude could be drawn from the personal expectations of the individual. Unfulfilled personal expectations are a rich source of dejection or dissatisfaction (Higgins, 1987). This could mark the beginning of failure at an individual level, which would eventually infiltrate into business failure at a firm level if the issue is not adequately addressed.
2.9.2 Adjustment of the Anchor

An anchor is analogous to a set standard (Jiang et al., 2011). In the advent of EG, this implies that the anchor has been met or not realised. In the context of this study, the focus is on anchors not realised, due to the high expectations set before the activity. Addressing EG issues could lead to the adjustment or dismissal of the anchor. Adjustment of the anchor often occurs when set standards were too low or higher than expected. Dismissal of the anchor may come twofold. Firstly, the entrepreneur has undeniably identified the unrealistic nature of the anchor. Secondly, a change in attitude in the advent of unmet standards could lead to the dismissal of the anchor, despite the possibility of achieving it. Such effects have a negative impact on the survival chances of the individual in business and also the venture managed by this individual.

2.9.3 Emotive Reactions

The presence of EG is purported to have a psychological effect on the entrepreneur. This largely expresses the influence of EG on the development of tension and anxiety-related issues. An emerging entrepreneur, if not adequately prepared for unfavourable outcomes and who lacks access to expert coaching and mentoring, is susceptible to emotive reactions. Failure to successfully adjust to business realities after experiencing emotive reactions could climax to business failure at an individual level.

2.9.4 Active Reactions

Depending on the extent of EG, active reactions such as business closure can be forthcoming. For instance, if both a goal of achieving business growth over a reasonable time (economic factor) and an expectation to have more family time (non-economic factor) are not achieved, they could lead the entrepreneur to discontinue business as emphasised by Ucbasaran et al. (2013). Such actions are proposed to be active reactions. To contextualise the basis of EG, the conceptual framework is discussed next.

2.10 CONCEPTUAL FRAMEWORK

Figure 2.5 was developed with insight from literature to comprehend early-stage business failure by analysing entrepreneurship expectations against entrepreneurship business realities. The elements in the upper level represent possible realities of operating a business, whereas elements
in the lower level represent factors leading to possible expectations of the entrepreneur. The difference between these two levels creates entrepreneurship gaps. It is important to note that EG at this point is not stationary, the gap differs with respect to individuals’ expectations vis-à-vis realities experienced. Therefore, this study attempts to bridge the expectations and realities of business. Figure 2.5 thus illustrates the conceptual framework of this study.

Figure 2.5: Entrepreneurship Gaps Conceptual Framework

Source: Researcher’s own construct
The conceptual framework is delimitated to four entrepreneurship gaps of interest as depicted in Figure 2.5: family gap, income gap, skills gap and stress gap, with the development of the gap derived from various fields of study (cf. Table 2.3). From these mentioned gaps stem the challenges that entrepreneurs encounter in the early stage of business. It is upon this platform that the individual must put into practice their abilities to confront the challenge arising from the gap. Failure to implement strategic adjustments is presumed to widen the gap, thereby intensifying the challenges. Table 2.3 indicates the sources of the gaps within extant literature.

Table 2.3: Identification of gaps

<table>
<thead>
<tr>
<th>Gap</th>
<th>Author</th>
<th>Study Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family gap</td>
<td>McGowan et al. (2012)</td>
<td>Management of Business</td>
</tr>
<tr>
<td></td>
<td>Ramadani (2015)</td>
<td>Women Entrepreneurship</td>
</tr>
<tr>
<td></td>
<td>Ismail et al. (2016)</td>
<td>Entrepreneurial Success</td>
</tr>
<tr>
<td></td>
<td>Haugh &amp; Talwar (2016)</td>
<td>Social Entrepreneurship</td>
</tr>
<tr>
<td></td>
<td>Dawson (2017)</td>
<td>Financial Optimism</td>
</tr>
<tr>
<td>Skills gap</td>
<td>Cooper &amp; Artz (1995)</td>
<td>Entrepreneurial Success</td>
</tr>
<tr>
<td></td>
<td>Khelil (2016)</td>
<td>Entrepreneurial Failure</td>
</tr>
<tr>
<td></td>
<td>Welsh et al. (2016)</td>
<td>Entrepreneurship</td>
</tr>
<tr>
<td>Stress gap</td>
<td>Djankov et al. (2016)</td>
<td>Economics, Psychology, Entrepreneurship</td>
</tr>
</tbody>
</table>

Source: Researcher’s own construct

A plethora of previous studies have dissected issues such as gender gap in entrepreneurship and meandered its way into the family gap concerning women entrepreneurs. The point raised in most of the studies was aligned in identifying expectations of entrepreneurs regarding society philosophies and recommending a change in societal philosophies, thus embracing entrepreneurship. For instance, an African woman was expected to conduct home-based chores as opposed to starting a venture. But at this point, there is still more to be done concerning the gaps illustrated in Figure 2.5, with respect to a holistic entrepreneurship understanding (Ramadani, 2015; Raven & Le, 2015; Djankov, Nikolova & Zilinsky, 2016; Haugh & Talwar, 2016; Welsh, Memili & Kaciak, 2016; Ismail, Husin, Rahim, Kamal & Mat, 2016).

As it is illuminated within this study, EG is created when a difference exists between expectations and realities. At this point, if an individual intends to launch a business venture, one might have expectations such as freedom from commands, easy work, sustained income, and even job satisfaction to be the reward for being an entrepreneur (McGowan et al., 2012; Ucbasaran et al., 2013). Some of these expectations are comprehended to drive the individual to entrepreneurship,
in the anticipation that the expectations will materialise (Vroom, 1964 in Renko et al., 2012). But there are business realities such as health problems arising from overworking, financial risk, and even bankruptcy that are part and parcel of entrepreneurship (Djankov et al., 2016; Haugh & Talwar, 2016). These have an antagonistic effect on the entrepreneur’s survival in entrepreneurship and at the same time, it would possibly withhold the materialisation of the individual’s expectations (Fast et al., 2014).

Resultantly, it thus requires the individual to implement certain remedies to combat any challenges arising from withheld or unmet expectations. Inherently, the entrepreneur is susceptible to business ‘failure’ if one fails to initiate necessary business adjustments that would resuscitate the business – e.g. expectations did not materialise (Ucbasaran et al., 2013; Jenkins & Mckelvie, 2016; Dias & Teixeira, 2017). Nonetheless, withheld expectations do not necessarily mean the business has failed. As explained earlier on, it simply means something has gone wrong or it no longer works, and hence corrective action is required (Pretorius & Le Roux, 2011; Oparanma et al., 2010; Arasti, 2011; Chinomona, 2013; Fatoki, 2014).

Deliberating from the aforesaid, this background could be one of the reasons why a high attrition rate of emerging business ventures exists, since individuals give up soon. Yet, there could be remedial ways to resuscitate the business before it collapses. Therefore, one is inclined to accept that the high number of early-stage business failure in South Africa is being driven by the absence of a diagnostic tool. The presence thereof would reduce such a predicament. EG analysis would thereby provide a platform to understand different issues arising during business adjustments, leading to either business failure or survival at an individual or firm level. To assist with the identification of EG issues there is dire need to develop a measurement scale. This need is addressed in the succeeding chapter with a detailed focus on the methodological aspects used in the development process.

2.11 CONCLUSION

The chapter was primarily focused on unravelling micro factors of emerging entrepreneurs. The immediate environments that an emerging entrepreneur is exposed to, such as the social structure, were discussed. Chronologically, with the basis for understanding the entrepreneurial component set, the chapter presented expectations vis-à-vis business realities. Insight was obtained on how expectations are developed and the degree of influence expectations have when
it comes to making choices – Expectancy Theory. The chapter then dissected EG-related issues within the thinking frame of discrepancy theory. Thereafter the aftermath of EG was addressed, which supposedly leaves an entrepreneur susceptible to business failure. In the presence of such information, a conceptual framework was developed and factors relating to scale development were then discussed. The following chapter thus describes the scale development process and methodological thought process that outlines the methods used to carry out this study while addressing the objectives of the study.
CHAPTER 3

SCALE DEVELOPMENT PROCESS

3.1 CHAPTER OVERVIEW

The preceding chapters outlined the literature review concerning the purpose of the study. The process revealed ways in which different methodologies were applied for the respective studies. Therefore, the methodology of this study was founded on the conceptual framework developed in the preceding chapter, supported by the theoretical underpinnings. Resultantly, the need to develop a measurement scale for EG issues was noted. Henceforth, the logic way in which the scale development process was carried out is discussed within the proceedings of this chapter. Furthermore, the research paradigm selected for this study reflects the researcher’s perspective considered in addressing the research problem. This was considered well within the ambit of suitable research design chosen, based on the literature and research paradigm’s scope plus the need to develop a measurement scale. The next section expands on the research methods applied towards scale development and concludes with the scale output.

3.2 INTRODUCTION

Zabkar et al. (2010) developed a measurement scale for perceived quality of a destination’s offerings. Despite the scale focusing on tourism aspects, it provided insight into what this study should offer. Furthermore, Al-Lamki et al. (2016) assessed entrepreneurs’ readiness and the probability of success based on Likert scale type of statements categorised according to different skills. The authors’ works concluded that the measurement scale did address economic and political conditions other than gender in the quest for success prediction. However, they further recommended that the measurement scale was not exhaustive and would require more measurements to be included to adequately address entrepreneur readiness and their probability of success. Upon that enlightenment, this study undertook a similar course with the objective to develop a measurement scale based on EG factors that would address entrepreneurs’ readiness and their chances of survival in the formative stage of EG. To set the course for scale development, this chapter first presents the methodological aspects that were used to guide the conduct of this study before detailing the scale development process.
3.3 METHODOLOGY

A research methodology sets out the logic, rationale and framework of conducting the proposed study in accordance with the researcher’s main objective (Kothari, 2004). For this study, the value of a sequential mixed methods research approach was utilised for achieving the purpose of the investigation (Hesse-Biber, 2010). The author further states that the value is realised by means of combined research methods working towards collaborative results. Additionally, the possibility of complementarity enhances the credibility of the research findings. Traditionally, in social and behavioural sciences, scholars opted for either a quantitative or qualitative research approach with a low inclination towards a mixed-methods approach (Hesse-Biber & Johnson, 2015).

The argument was based on the view that mixed methods involve contradicting paradigms of research, of which according to that time frame paradigm, the argument questioned the essence of researching the first place (Tashakkori & Teddlie, 2003; Hesse-Biber, 2010). Criticism in research provides new possibilities for development and creates room for theory generation. This is the basis from which this chapter sets out – to introduce how a sequential mixed-methods approach was adopted for this study.

![Methodology Outlay](image.png)

**Source:** Researcher’s own construct

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**Figure 3.1:** Methodology outlay
Figure 3.1 illustrates the outline for this chapter. Firstly, the research paradigm and research design are presented. Thereafter, the justification of the sequential mixed methods approach is briefly presented. The quantitative and qualitative approaches were implemented to set the parameters for the two phases of data collection that were conducted for this study. Thus, Figure 3.1 illustrates and this chapter clarifies how each method was carried out. Sampling techniques relevant to each approach leading to the scale development process are further elaborated. The modelling framework is explained by establishing a platform for systematic tests to be applied to validate the developed measurement scale. The methods indicated in the chapter are also consciously discussed in line with this study’s objectives.

3.3 RESEARCH PARADIGM

In the world of scientific research, different paradigms – positivism, interpretivism, constructivism, and realism – provide a set of basic beliefs and theories, inclusive of assumptions, setting a philosophical platform for the researcher to work on (Sobh & Perry, 2006; Creswell, 2014). Healy and Perry (2000) went on to initiate that within the marketing research framework, not all research paradigms may be suitable. The authors’ reasoning was based on the ontological and epistemological elements of a paradigm. For this case study, the realism paradigm is more applicable. The ontology of the realism paradigm specifies the real – yet subject to imperfection – situations constructing the framework of research, whilst its epistemology is inclined to accept the findings as truth (Healy & Perry, 2000; Sobh & Perry, 2006). To distinguish the realism paradigm from the rest, Table 3.1 presents the four paradigms in line with the three elements of a paradigm.

Deducing from Table 3.1, a comparison can be made among paradigms, providing insight on how this study, the methods used, and the researcher best suit a specific paradigm. Noteworthy is the nature of this study which strived to generate new theory using mixed methods. Thus, to achieve this study’s objectives, a realism paradigm was deemed suitable to model the flow of the methodologies which would, eventually, set a platform for theoretical propositions (Sobh & Perry, 2006). The paradigm constructively supports the use of qualitative and quantitative methods to extract data inherently, leading to triangulation (Healy & Perry, 2000).
Table 3.1: The Four Scientific Paradigms

<table>
<thead>
<tr>
<th>Element</th>
<th>Positivism</th>
<th>Critical theory</th>
<th>Constructivism</th>
<th>Realism</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ontology</strong></td>
<td>Reality is real and apprehensible</td>
<td>Virtual reality shaped by social, economic, ethnic, political, cultural, and gender values, crystallized over time</td>
<td>Multiple local and specific constructed realities</td>
<td>Reality is real but only imperfectly and probabilistically apprehensible</td>
</tr>
<tr>
<td><strong>Epistemology</strong></td>
<td>Objectivist: findings true</td>
<td>Subjectivist: value mediated findings</td>
<td>Subjectivist: created findings</td>
<td>Modified objectivist: findings probably true</td>
</tr>
<tr>
<td><strong>Common methodologies</strong></td>
<td>Experiments/surveys: verification of hypotheses, chiefly quantitative methods</td>
<td>Dialogic/dialectical: researcher is a transformative intellectual who changes the social world within which participants live</td>
<td>Hermeneutical/dialectical: researcher is a passionate participant within the world being investigated</td>
<td>Case studies/convergent interviewing: triangulation, interpretation of research issues by qualitative and by some quantitative methods such as structural equation modelling</td>
</tr>
</tbody>
</table>

**Source:** Healy and Perry (2000:119)

Furthermore, theories and assumptions underlying the realism paradigm, render it applicable since it allows the confirmation of statistical figures and also adds value to the findings through triangulation.

### 3.4 RESEARCH DESIGN

Kumar (2019) defines research design as a collective of methods employed to answer and address researchable problems in a series of steps and governed by scientific ethics. This study
sought to empirically investigate entrepreneurship gaps by first exploring the phenomenon through qualitative data collection and its analysis. Thereafter, an instrument was to be developed which would initiate a quantitative data collection and analysis phase. Such a process befits an exploratory sequential research design (Creswell, 2015) while complementing the research design definition by Kumar (2019). The adoption of an exploratory sequential design was further motivated by the expected outcome of developing a measurement scale for EG self-diagnosis cases. The exploratory sequential design for this study is supported by the mixed method research approach.

Hesse-Biber and Johnson (2015) acknowledge how a mixed method approach unearths a wealth of information for enhanced credibility of the study findings, and yet, sets a platform for development in research inquiry. It should be noted that the use of a mixed method approach holds more value if applied relative to the context of the problem being investigated. Most scholars tend to rush onto the bandwagon of using mixed method approach to claim credibility in their findings, yet, the method is mismatched or in fact not relevant to the whole investigation (Hesse-Biber, 2010; Creswell, 2014; Hesse-Biber & Johnson, 2015). This is not the case with this study. To illustrate the flow of the exploratory sequential design, Figure 3.2 diagrammatically presents the information.

Figure 3.2: Exploratory Sequential Design Flow
Source: Creswell (2015)
For this study, the mixed method approach permits rational understanding regarding the differences (EG) in entrepreneurship leading to the development of inferences that are pragmatic in developing a framework. The execution of this study was done cognisant of the available funding to sustain the activities and the time frame of the study, hence, the exploratory sequential research design was employed. In doing so, in-depth interviews as qualitative data collection methods and surveys as quantitative data collection methods were used for this study.

### 3.5 JUSTIFICATION OF MIXED METHODS

Mixed methods approach has gained wide momentum and has been welcomed into scholarly studies like this study where it is set out to extract data by using both a quantitative and qualitative approach (Tashakkori & Teddlie, 2003). The research approach employed has a few benefits necessary for adequately addressing the purpose of this study. Other than triangulation and the complementarity of data collected, mixed methods research provide project development (Hesse-Biber, 2010, Hesse-Biber & Johnson, 2015). Project development was attained when data collected from phase one assisted in the shaping of a measurement scale for the use of phase two. Hence, mixed methods provide a source that informs the researcher on how to measure variables in the second phase of data collection – as was the case for this study. More so, the development of a diagnostic tool – development of new theory - is considered by Hesse-Biber and Johnson (2015) as an initiation establishes a platform for constructive criticism, inherently leading to the expansion of knowledge in the field of study and thereafter the body of knowledge. Such advantages are necessary to take hold of, especially at a doctoral level of study.

### 3.6 SAMPLING TECHNIQUE

Table 3.2 indicates the techniques that fall under each phase of data collection.

Table 3.2: Sampling techniques for this study

<table>
<thead>
<tr>
<th>Item</th>
<th>Phase one data collection</th>
<th>Phase two data collection</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research approach</td>
<td>o  Qualitative</td>
<td>o  Quantitative</td>
</tr>
<tr>
<td>Sampling method</td>
<td>o  Purposive</td>
<td>o  Purposive</td>
</tr>
<tr>
<td>Minimum sample size</td>
<td>o  5</td>
<td>o  215</td>
</tr>
<tr>
<td>Instrument</td>
<td>o  Interview guide</td>
<td>o  Questionnaire</td>
</tr>
<tr>
<td>Data collection method</td>
<td>o  In-depth interviews</td>
<td>o  Survey</td>
</tr>
</tbody>
</table>

Source: Researcher’s own construct
The population of this study, types of information and sources, sampling methods and sample size used in this study for phase one and phase two data collection, are discussed next.

3.6.1 Study population

Bryman (2006) considers a population to be a space of units in which a sample is selected. This population could be a group consisting of subjects such as people, which a researcher intends to study (Babbie, 2010). Therefore, for this study, the population consisted of entrepreneurs within the Limpopo Province.

3.6.2 Study setting

An urban central business district setting (Polokwane) and a rural setting (Thohoyandou) in the Limpopo Province were considered justifiable to study. The logic of the study setting was based on the fact that, to a reasonable extent, entrepreneurs from different economic environments encounter dissimilar challenges. Since the city of Polokwane is the economic hub of the Limpopo Province and Thohoyandou the economic hub of Vhembe District Municipality (StatsSA, 2018), they provided a good base for a broader understanding of EG concerns, despite economic disparities in the hubs. It should be noted that the study setting was not considered for comparison purposes, but for a heterogeneous catchment area to be part of the study. An important aspect to consider is the similar economic positions of the two study sites. Polokwane is strategically envisioned to become a metropolitan city by 2030, with Thohoyandou also envisioned to be a city by 2030 (StatsSA, 2018). These national plans will have diverse multiplying effects on entrepreneurial activities within the province, providing a relevant area for research interest.

3.6.3 Types of information and sources

The nature of this study required a detailed literature search to advance the level of understanding of the study area. Specifically, ‘entrepreneur’, ‘expectations’ and ‘realities’ were used as keywords to search for relevant literature in the progression of the study. The search results provided insight into concepts, logic, instrument development, and methods applicable to this study. Financial gazettes, published scholarly works and electronic media such as Google scholar database, were used.
3.6.4 Sampling method

The choice of identifying a suitable sampling technique resulted in the consideration of non-probability sampling over a probability sampling (Wiid & Diggines, 2013). Kumar (2019) noted that with probability sampling, researchers aim to achieve a certain level of confidence in the data collected. Also, the issue of population representation differs between the two sampling techniques. Additionally, the chance of a unit being selected under probability sampling is known. As for non-probability sampling, the unit’s chance of selection is unknown. The technique further makes sampling practical in the absence of a sampling frame (Babbie, 2010; Wiid & Diggines, 2013; Kumar, 2019).

This study employed a non-probability sampling technique. The technique was fitting since it offers practical sampling designs relevant to this study. A sequential data collection process was employed delimited to the phases. This study was divided into two phases with phase one applying the qualitative approach and phase two the quantitative approach. However, for both phases, a purposive sampling design was employed.

3.6.4.1 Purposive sampling design

Phase one and two employed a non-probability sampling technique grounded on purposive sampling design. This design is aimed at accessing individuals based on an existing understanding of the population, its elements, and the purpose of the study (Babbie, 2010). The author defines purposive sampling as a sampling design that requires the researcher’s judgment in selecting the units for the study. Illker, Sulaiman and Rukayya (2015) state that when using purposive sampling, supporting theories are not necessarily required to establish the sample size, especially if certain characteristics are observed in the elements of the study. This is the case for this study as well as for the study used by Sibindi and Aren (2015). However, guiding sample sizes were indicated for each phase. The next sections describe how the sampling was conducted for each phase.

3.6.4.2 Phase one sampling

To obtain relevant data and enhance the trustworthiness of the data, selection criteria as indicated in Table 3.3 was used.
Table 3.3: **Phase one sampling criteria**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Selection criteria</th>
<th>Reason for inclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Years in business</td>
<td>At least three years</td>
<td>Entrepreneurs would have survived the early-stage of business, thus provide realistic data based upon their past experiences.</td>
</tr>
<tr>
<td>Type of business</td>
<td>No restriction</td>
<td>To cover a wide spectrum of what entrepreneurs across the field experience.</td>
</tr>
<tr>
<td>Size of business</td>
<td>SMEs</td>
<td>Due to limited resources, formalised businesses within small to medium enterprise category were considered.</td>
</tr>
<tr>
<td>Location of business</td>
<td>Within Limpopo Province</td>
<td>Qualitative data should represent the population of the study setting.</td>
</tr>
</tbody>
</table>

**Source:** Researcher’s own construct

The researcher applied judgment in selecting the units that would reasonably represent the population in this study, at the same time being useful to the successful progression of data collection (Babbie, 2010). Due to the phenomenon being studied, measures were put in place to ensure that information-rich sources were accessed for phase one. Gaining access to the right sources enhanced the quality of data collected, hence selection criteria were used. The purposive sampling design coupled by the selection criteria, improve the worthiness of data collected, since it is provided by alike individuals and thereby creating a holistic reflection respective of the population under survey, subsequently addressing the purpose of this study (Kumar, 2014). The next subsection describes the sampling conducted for phase two.

3.6.4.3 **Phase two sampling**

Table 3.4 indicates the sampling criteria used in phase two data collection.

Table 3.4: **Phase two sampling criteria**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Selection criteria</th>
<th>Reason for inclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Years in business</td>
<td>No restriction</td>
<td>A mixture of entrepreneurs who are still starting in business and those that have existed over a reasonable period would provide realistic data based upon their expectations and lived experiences.</td>
</tr>
<tr>
<td>Type of business</td>
<td>No restriction</td>
<td>To cover a wide spectrum of what entrepreneurs across the field experience.</td>
</tr>
<tr>
<td>Size of business</td>
<td>SMEs</td>
<td>Due to limited resources, formalised businesses within small to medium enterprise category were considered.</td>
</tr>
<tr>
<td>Location of business</td>
<td>Within Limpopo Province</td>
<td>Qualitative data should represent the population of the study setting</td>
</tr>
</tbody>
</table>

**Source:** Researcher’s own construction

Purposive sampling was used in phase two, therefore selection criteria as indicated in Table 3.4 was applied. The researcher exercised judgment and obtained a balance in the distribution of
data collected between the two study settings. As outlined by Illker et al. (2015) while reiterating the suggestions of Babbie (2010), the researcher selected emerging entrepreneurs who apparently were useful and met the criteria for this study.

3.6.5 Sample size

Calculation of the minimum sample size of this study was comprehensively attained by considering previous studies and statistical analysis (Creswell, 2015).

3.6.5.1 Previous studies

For phase one data collection a minimum sample size of 15 was targeted, based on the average of previous qualitative studies as indicated in Table 3.5.

Table 3.5: Previous studies sample sizes

<table>
<thead>
<tr>
<th>Author</th>
<th>Type of work</th>
<th>Focus of the study</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>McGowan et al.</td>
<td>Article</td>
<td>Entrepreneurial journeys of women as they established and managed their ventures, whilst balancing domestic/familial demands: Qualitative research</td>
<td>14</td>
</tr>
<tr>
<td>Sibindi &amp; Aren</td>
<td>Article</td>
<td>Cashflow management practices on the survival or growth of the SMMEs: Qualitative research</td>
<td>31</td>
</tr>
<tr>
<td>Manner (2017)</td>
<td>Master’s Thesis</td>
<td>Motivations for social entrepreneurship: Qualitative research</td>
<td>5</td>
</tr>
</tbody>
</table>

Source: Researcher’s own construct

Creswell recommends a sample size of 3 to 10 participants for a phenomenology qualitative research design as is the case for this study. However, the indicated sample sizes were only for guidance, as whichever came first between targeted sample size and data saturation was considered (Creswell, 2015). This provided an in-depth understanding of EG issues, thereby improving the trustworthiness of the results.
3.6.5.2 Statistical analysis

Raosoft’s formula adopted from Cochran (1963), Lotter, Geldenhuys and Potgieter (2012), Puszczak, Fronczyk and Urbanski (2013) and Arachchi, Yajid and Khatibi (2015) was considered in statistically calculating the minimum sample size.

\[
\begin{align*}
  n &= \frac{Z^2 p(1-p)}{e^2} \\
  &= \frac{1.64^2 \times 0.5 \times 0.5}{0.05^2} = 268
\end{align*}
\]

n = sample size
Z = confidence level (90%)
e = sampling error
p = degree of variability

A minimum sample size of 268 was targeted for phase two data collection, however, a sample of 215 participants was realised, marking an 80.2% response rate.

3.7 SCALE DEVELOPMENT PROCESS

Developing an EG measurement scale was remarked to be instrumental in improving entrepreneurship survival during the formative stage. The measurement scale presents emerging entrepreneurs with a kit to perform a reflection test and monitor EG performance. Simultaneously, the EG scale would contribute towards the development of an EG diagnostic tool. Henceforth, the process involved the use of phase one instrument and phase one data in developing the measurement scale. The series of events is illustrated in Figure 3.3.
Figure 3.3: **EG Scale Development Steps**

**Source:** Researcher’s own construct

### 3.7.1 Phase one instrument

Initially, semi-formalised key individual discussions and formalised group discussions among entrepreneurship academics and industry-oriented entrepreneurs were conducted for brainstorming purposes. The preliminary discussion sessions provided insight regarding the areas to cover in the qualitative phase of data collection and how best to collect data. The process started with a systematic review of literature which identified main gaps as indicated in the conceptual framework and Table 2.3. In the presence of gaps, an interview guide was therefore developed, informed by stringent literature consultation, preliminary discussions and expert advice. The interview questions were aligned to each gap, setting the course of the in-depth interview guide. This process of an interview guide development was undertaken, bearing in mind the constructs used in previous studies, such as those by Sibindi and Arena (2015) and Manner
(2017). This phase thus involved in-depth interviews responsible for the extraction of entrepreneurship expectations and reality themes.

Interviews are regarded as a conversation mainly between two people that are instigated by the interviewer. This could be done when an interviewer seeks to acquire information for a given cause (Manner, 2017). Resultantly, four sections representing the gaps in which the researcher sought to obtain data, were probed (cf. Annexure B). The nature of the interview guide was semi-structured in practice, allowing the researcher to be flexible as per interviewee circumstances, as well as to create room for more data to be obtained through supplementary questions (Creswell, 2015). Additionally, the researcher had to run a mock interview session with some of the key individuals to address issues of bias and enhance interviewer objectivity while ensuring the reliability and validity of the instrument. The next section describes the reliability and validity of phase one instrument.

3.7.1.1 Realism Paradigm Validity and Reliability Criteria

Healy and Perry (2000) coined the criterion for measuring the validity and reliability of qualitative studies conducted within the subjective ‘world three-view’. Following the criteria, this study addressed contingent validity. The validity focuses on the existence of generative systems and the external environments that cause the systems within entrepreneurship to be dependent. Thus, the concerns of EG are conditioned by the systems evolving around the entrepreneurial component. As outlined in the authors’ criteria, this study ensured that information was obtained from information-rich sources and that cases were adequately described. Also, multiple perceptions – through interviews – were obtained to have a broader understanding of the phenomenon studied here. Bryman (2006) indicates methodological trustworthiness as reliability criteria. This study ensured that quotations from participants were used to summarise the findings, as well as to indicate the option to request for data being available to those interested in measuring the reliability of this study. The entrepreneurship factors identified from the qualitative data analysis process provided input for construct development.

3.7.2 Construct Development

This study made use of insight shared by Field (2009) and Jaglarz, Tomaszewski, Kamzol, Puskulluoglu and Krzemieniecki (2014) concerning how to develop a measurement scale. Four phases were considered in the development process. These phases are presented next.
3.7.1.1 Generation of Issues

Issues were generated in phase one study where in-depth interviews extracted underlying issues that emerging entrepreneurs generally encounter in the formative stage of business. Referring to the 44 factors (codes) identified in Study 1 results, codes with more than five quotations were considered for construct development. Such a criterion was aligned with the insight shared by Jaglarz et al. (2014). More quotations grounding a factor implied the relative importance of them being considered.

3.7.1.2 Code Group Identification

With issues generated and selected, construction of statements was next. Code groups served as variables to be measured with factors within each code group representing the attribute of the respective variable. The narratives of respondents had to be considered in deciding on the wording of the statements used in developing the measurement scale. Such an approach towards measurement scale development was deemed appropriate as this would enhance the validity of the constructs. Thus, it was ensured that each statement did measure what it was intended to measure.

3.7.1.3 Pilot Study, Construct Validity and Face Validity

Testing of the provisional questionnaire for acceptability and relevance was conducted under the pilot study phase. Construct validity was achieved as the questionnaire was distributed to respondents who highlighted some of the issues such as wording and confusion between terms (Wiid & Diggines, 2013). These issues were addressed, and thereafter face validity was conducted. Entrepreneur academia assisted in the rewording and layout of the statements. This resulted in the reducing of statements from 35 to 20. Additionally, the reliability of the measurement technique, which is its ability to replicate consistent results, as well as the validity of the measurement technique was assessed during the pilot study (Bryman et al., 2014). Cronbach’s alpha was used for the reliability test and construct validity and face validity were implemented for the validity test. The measurement scale was then used in collecting data. The collected data was then applied to subject the measurement scale to exploratory factor analysis.
3.7.1.4 EG Scale Development

The measurement scale was subjected to exploratory factor analysis for factor reduction and scale analysis. This necessitated the purification of the scale. Reliability tests using Cronbach alpha coefficients were conducted to assess the reliability of the factors for scale validation. Before exploratory factor analysis, the measurement scale had two sections: expectation and realities sections, with each section consisting of 20 statements measured by a five-point Likert scale within five categories (1 – Strongly disagree and 5 – Strongly agree). The results of the exploratory factor analysis conducted are presented in the Scale Validation chapter.

3.8 DATA COLLECTION AND CAPTURING

3.8.1 Phase one data collection

The existence of a dire need to understand what entrepreneurs expect and realise in entrepreneurship, set forth the platform to conduct an analysis in which EG codes were identified. Despite the arduous task, the process involved having chat sessions with key individuals in the field of entrepreneurship before the fieldwork, resultantly providing insight regarding the best sampling strategy to use in extracting data during phase one data collection. However, the process made use of a top-down theoretical thematic analysis, which was driven by the research question and the researcher’s focus (Braun & Clarke 2014). Upon initiating semi-formal key informant and group discussions with entrepreneurial academics, a breakthrough was achieved regarding how phase one data was to be collected. The pool of interviewees came from Polokwane and Thohoyandou respectively, totalling five interviews for phase one.

For this phase, the researcher was solely responsible for data collection. The researcher exercised diligence in all interview sessions and ensured that consent, as well as the respondent’s rights, were clearly articulated before the criteria checklist was introduced. Due to the environment in which the interviews were conducted, in the absence of a sample frame, appointments were made on the eleventh-hour, such as on the spot. This, however, afforded the carefully chosen interviewees some time off before the interview, to recollect their past experiments, and deliver it without distractions from their daily proceedings.

It is important to note that qualitative data analysis was done parallel to the qualitative data collection process. Such a measure was implemented to ascertain a data saturation point. After
analysing the first three interviews, two more interviews were conducted before data saturation was evident.

The researcher exercised frankness during phase one, which gave room to more relevant data being extracted from the in-depth interview sessions that were conducted. Noteworthy was the evidence of some similarities shared by the entrepreneurs, despite geographical and economic environment disparities. Interviews were terminated with the sixth interviewee as data saturation was evident. The interviews were audio-captured using a high quality, noise cancellation voice recorder. Thereafter, the audios were transferred to online transcribing software (the researcher made use of the software trial period as the software purchase was not budgeted for).

With the word documents obtained from the transcribing software, the researcher had to conduct a validity check of per case analysis, by replaying the audio notes while crosschecking the wording on the transcripts (Creswell, 2015). This validity check enhanced maintaining verbatim transcripts. With verbatim transcripts, available, ATLAS-ti version 8 was employed as a qualitative data analysis tool. An ‘interview analysis PhD’ research project was then created for analysis purposes (cf. Figure 3.4). With the analysis project commencing, four folders were created, namely HU Files, Memos, Output and Primary documents folders. The folders served in assisting the project management, as well as backing up files in the case of the qualitative data analysis tool expiring or failing.
This effectively managed the qualitative data analysis as more transcripts were still expected from the data collection process.¹

3.8.2 Phase two data collection

Data for phase two were collected by the researcher and two research assistants. The research assistants were officially recognised by the institution under the project number SMS/18/BIS/05/1306. Both research assistants were from the School of Management Sciences in the Department of Business Management, they had obtained an honours level qualification, and they were at date pursuing a master's degree through research. The research assistants were initially tested for their ability to successfully conduct an ethical survey. This was a measure put in place to assure the relevance of data collected. Furthermore, they were trained by the

¹ Interview analysis PhD project was initiated soon after the first interview was conducted.
researcher on how to collect primary data using the provided instrument, as well as addressing ‘on-field’ queries of respondents. Parallel to the research assistants’ fieldwork, the researcher, likewise, collected quantitative data to reduce the time spent on phase two data collection.

In the fieldwork, a participant was first briefed about this study and what it aimed to collect from the survey. Thereafter, consent was obtained with the rights of the participant given verbally and in a written format. The fieldworkers’ actions were governed by ethical principles as described in Section 3.11. After fieldwork was completed, the questionnaires were screened for quality purposes. Incomplete questionnaires and those that were not useful amounted to eight, and these questionnaires were not captured. Thereafter, the research assistants captured raw data on IBM-SPSS version 24. The researcher then went on to clean the data by rectifying any capturing errors conducted before commencing the statistical analysis.

3.9 DATA ANALYSIS

The researcher made use of ATLAS.ti version 8 and IBM-SPSS version 24 to analyse collected data for phase one and two, respectively. An analysis tool named R version 3.6.0 was used in model development. The following sections describe the process carried out in the analysis.

3.9.1 Phase one data analysis

The robustness of the qualitative data analysis tool used for phase one required the researcher to set out meaningful steps for the analysis. However, it is important to note that the analysis conducted was not confined to the gaps identified in the conceptual framework. This would have limited the frankness of the coding process and threatening the trustworthiness of data analysed, hence, codes were randomly developed. Selective coding was then employed where codes were purposively selected and clustered under the appropriate code group. Redundant codes were also reselected and analysed regarding whether they should be re-coded, merged or unlinked. Qualitative data analysis was aimed at addressing a specific objective (1) of this study. The following steps were taken in the analysis stage:

Step 1: The researcher selected the transcripts (in a Microsoft PDF format) and added them to ‘Interview analysis PhD’ project.
Step 2: Read through data presented in ATLAS.ti. This process involved coding of data using an open coding approach. This session was characterised by a recurring iterative process for cross-checking code appropriateness to the description quoted. The open-coding approach involved the selection of text and assigning it to a new code (Creswell, 2015). This resulted in the new codes being stored in the code manager in which the researcher selected some of the codes for further coding through an option known as ‘list coding’. As mentioned, this was a repetitive process until open coding was completed (cf. Annexure D).

Step 3: Constant comparison with selective coding was initiated as more transcripts were obtained for analysis. Constant comparison involves a cross-case analysis with the aim to identify any new data that could result in new codes emerging (Braun & Clarke, 2014). Additionally, the screening for redundant codes inclusive of code merging and unlinking was part of the step.

Step 4: Code groups were developed. This step marked the final process of data coding and paved the way for code group and code refinement through peer audit reviews (Creswell, 2015). Peer audit reviews were conducted on a round-table-discussion format which comprised entrepreneurship academics.

**3.9.2 Phase two data analysis**

Quantitative data were analysed using IBM-SPSS version 24. The aim was to develop a measurement scale and provide input for

- **Descriptive statistics**: These provide a meaningful presentation of data improving user readability (Bryman et al., 2014). They included statistical tests mainly addressing frequencies of respondents.

- **Exploratory factor analysis**: Factor analysis was conducted for questionnaire construction by employing scale reduction processes. Additionally, it served as a confirmatory analysis.

- **Discrete choice modelling**: The process involved the use of elastic net regression for model development. R version 3.6.0 (open source software) was employed as a tool for model development (cf. Annexure F1).

**3.10 MODELLING FRAMEWORK**
The development of a pragmatic EGF required a modelling framework that set the course of events concerning the variables of interest. To materialise this concept, discrete choice models (DCMs) were used. A DCM is used in explaining, describing and predicting sets (choices) of two or more discrete options (Sarrias, 2016). The general DCM is given in equation (1).

\[ y_{it} = x_{it}^T \beta_i + \varepsilon_{it} \]  

Where \( y_{it} \) denotes the process for individual \( i = 1, \ldots, n \) in period \( t = 1, \ldots, T \), \( x_{it} \) is a vector of independent variables (covariates) and \( \varepsilon_{it} \) is an error term. The general formulation of equation (1) falls under one of the following binary, ordered and Poisson models given in equation (2) (Sarrias, 2016).

\[
\begin{align*}
    f(y_{it}|x_{it}, \beta_i) &= \left\{ 
        \begin{array}{ll}
        \prod_{j=1}^{J} \frac{1}{y_{it}!} \exp \left[ -\exp(x_{it}^T \beta_i) \right] \exp(x_{it}^T \beta_i)^{y_{it}} & \text{if } y_{it} = 1 \\
        \prod_{j=1}^{J} [F(k_j - x_{it}^T \beta_i) - F(k_{j-1} - x_{it}^T \beta_i)]^{y_{it}} & \text{if } y_{it} = 0 
        \end{array}\right. \\
    \text{where } \quad & F(\cdot) \text{ denotes the distribution function of the error term, for which } F(\varepsilon) = \Lambda(\varepsilon) \text{ represents the logit model (logistic regression model). For the ordered model, } k_j \text{ denotes a threshold of choice } j = 1, \ldots, J - 1.
\end{align*}
\]  

From equation (2), for the binary model, \( F(\cdot) \) denotes the distribution function of the error term, for which \( F(\varepsilon) = \Lambda(\varepsilon) \) represents the logit model (logistic regression model). For the ordered model, \( k_j \) denotes a threshold of choice \( j = 1, \ldots, J - 1 \).

For this study, let \( E_G = \text{expectations} - \text{realities} \), then if \( E_G > \tau \), where \( \tau \) is some predetermined threshold, this indicates a high-risk entrepreneur based on the entrepreneurial gap. Let \( P(E_{Gi_t} = 1|x_{it}) \) be the probability of an entrepreneur highly susceptible to business failure, then

\[
P(E_{Gi_t} = 1|x_{it}) = \frac{1}{1 + e^{-E_{Gi_t}}} \]  

where

\[
E_{Gi_t} = c + x_{it}^T \beta_i + \varepsilon_{it}, i = 1, \ldots, n; t = 1, \ldots, T
\]  

with

\[
E_{Gi_t} = \begin{cases} 
1, & \text{if } E_{Gi_t} \geq \tau \\
0, & \text{otherwise}
\end{cases}
\]
where $E_G_{it}$ takes value one if the entrepreneurship gap exceeds a pre-determined threshold $\tau$, $x_{it}$ denotes the set of predictor variables (i.e. family gap ($FG$), income gap ($IG$), skills gap ($SG$) and stress gap ($StG$)). Therefore,

$$E_G_{it} = c + \beta_1 FG_{it} + \beta_2 IG_{it} + \beta_3 SG_{it} + \beta_4 StG_{it} + \varepsilon_{it}$$  \hspace{1cm} (6)

The parameters of equation (6) were estimated using the maximum likelihood (ML) method. The log-likelihood function, $L(\beta|x_{it})$ is given in equation (7).

$$\ln L(\beta|x_{it}) = \sum_{i=1}^{n} [(1 - E_G_{it}) \ln P(E_G_{it} = 0|x_{it}, \beta) + E_G_{it} \ln P(E_G_{it} = 1|x_{it}, \beta)]$$  \hspace{1cm} (7)

This modelling framework was extended to solution methods using the generalized additive model (GAM), resulting in a discrete choice-generalized additive model (DC-GAM).

### 3.11 ETHICAL ASPECTS

Conducting research requires guiding principles which facilitate a civilized manner of interacting with subjects of the research. The basic research principles indicated in Table 3.6 as suggested by Wiid and Diggines (2013) were followed in the progression of this study.

**Table 3.6: Ethical Aspects**

<table>
<thead>
<tr>
<th>Principles</th>
<th>Application</th>
</tr>
</thead>
<tbody>
<tr>
<td>Informed consent was obtained</td>
<td>Respondents had been given information concerning the study sufficient to facilitate decision-making on whether to participate or not</td>
</tr>
<tr>
<td>No form of privacy was invaded</td>
<td>The respondents’ identity was protected and kept anonymous</td>
</tr>
<tr>
<td>The deception was not to be used</td>
<td>Respondents were not tricked or decoyed into participating in this study</td>
</tr>
<tr>
<td>Participants were not subjected to harm</td>
<td>WHATSOEVER the research instrument required of the participant, the individual was not exposed to any physical or emotional harm</td>
</tr>
</tbody>
</table>

**Source:** Wiid and Diggines (2013)

This study was conducted under the auspices of the University of Venda with registration number SMS/18/BIS/05/1306, therefore ethical aspects that were considered for this study were aligned to those of the institution. Guided by the indicated principles (c.f Table 3.6) and those of the institution, the research was conducted in a socially and morally acceptable manner.
3.12 CONCLUSION

This chapter presented the research philosophy framing the thought process and application of methods for the successful completion of the project. A detailed scale development process was presented in line with addressing the research objectives. Furthermore, the realism paradigm was supported by the exploratory sequential research design. Supporting the design was a mixed method research approach employed for an in-depth understanding of the phenomenon. The sampling techniques used were discussed, highlighting how this study employed a non-probability sampling technique coupled with a purposive sampling design. Additionally, the data collection and analysis process carried out for each phase was articulated. Thus, insight was obtained on how the analysis was conducted in Chapter 4. Furthermore, the modelling framework presented, provided insight into how the model would be used in addressing EG concerns. Sequentially, after discussing the methods employed for this study, the next two chapters present the analysis of data collected. Chapter 4 presents Study 1 results focusing on qualitative data, and Chapter 5 presents Scale Validation and modelling results focusing on quantitative data.
CHAPTER 4

STUDY 1 RESULTS

4.1 CHAPTER OVERVIEW

Chapter four presents a detailed description of the different methods applied for data analysis. The mixed methods approach was strategically used to address the objectives of this study inherently, making it possible to achieve the purpose of this study. Chapter 4 and 5 thus provide an exposition of the results thereof, with primary data collected setting a platform for analysis and interpretation. Three scientific data analysis tools, namely ATLAS.ti version 8, IBM-SPSS version 24, and R version 3.6.0 (open source software) were sequentially used to analyse data. Study 1 results are presented in this chapter based on the first phase which focuses on the qualitative part. Figure 4.1 thus illustrates the data analysis flow chat for the entire research project.

Figure 4.1: Data analysis flow chat

Source: Researcher’s own construct
4.2 INTRODUCTION

The main aim of this study was to develop a framework that will diagnose business preparedness among early-stage entrepreneurs for assisting them to adjust to a career in entrepreneurship. To achieve the aim, the study had to address the research questions: **RQ1**: With respect to entrepreneurial preparedness, what are the factors that South African entrepreneurs struggle with the most during the early stage of business formation and how could these factors be identified? **RQ2**: What tool could be developed to detect these factors among early-stage entrepreneurs? The flow of data analysis is thus aligned to addressing the stated aim in a series of two chapters. For this chapter, firstly, a description of the cases used in Study 1 is presented. Secondly, factors affecting entrepreneurs in the early stage of business in context to entrepreneurial expectations are identified, thereby addressing specific objective (i) of this study. The next section presents a case description.

4.3 DESCRIPTION OF CASES

A total of five cases were achieved for Study 1. The sample was drawn from a pool of mainly youthful entrepreneurs attending a national South African Enactus competition on entrepreneurship and from entrepreneurs in Polokwane and Thohoyandou. A selective criterion which required respondents to have a small business operating for at least three years was implemented. Each case is now described by using pseudonyms (indicated by asterisks *) to ensure the confidentiality of the respondents.

**Respondent 1: Ms Makoti***

Being academically educated was what initially propelled Ms Makoti* into entrepreneurship. A single female in the age group 21-30 years from Limpopo Province intended to start a business that provided consulting services to investors. The idea was generated from the realisation that Ms Makoti* who studied economics since her undergraduate years, could make use of her academic knowledge to assist clients in need of her services. As an emerging entrepreneur, she opened an office in one of her targeted markets - Polokwane, defying her family’s suggestion of getting a job other than pursuing entrepreneurship. This is her response:

> Until today they still believe I should get a job and still doubt about my business. I don’t care much about family issues, I know what I am doing and where I want to
be and I am going to get there with or without them. So I am not influenced by their opinions as long as I am making progress in what I am trying to do.

Her journey in entrepreneurship has encountered a series of challenges ranging from lack of support from family to offering services towards an unresponsive target group coupled by locational challenges. Among other challenges, the business was described as having ‘failed’, but Ms Makoti* decided to learn from the experience and thereafter, implemented the necessary changes which resulted in rebooting the business. Even though similar scenarios re-occurred during her formative stage, she eventually managed to recollect her learning experience and channelled it towards a successful business. She opened another branch in Sandton, South Africa where she expressed how her business services were succeeding within the thriving city. She had implemented the necessary adjustments in her business which made her flourish in the newly targeted area.

**Respondent 2: Ms Carter***

Ms Carter* is a single woman in the age group of 21-30 years from Limpopo Province. She provides career guidance services to matric students and graduates. She began her entrepreneurial journey while she was still employed as a market researcher. During her employment time, she was exposed to many challenges that people face, which gave her insight on what to pursue in terms of entrepreneurial activities. Banking on her academic qualifications where she studied Organisational Psychology, she decided to provide career guidance to a targeted audience. In her response, she indicated the following;

*When I was still employed, I decided to register a company in 2010, but there wasn’t much I was doing by then with it. So it was achieving the first phase of the company even if you do not know what you are gone do with it. Hence, if I wasn’t really focused or keen on career guidance and career development chances are that I was going to practise whatever came my way, be it entrepreneurship or whatever. Since then, I can safely say I have not achieved much because of many factors surrounding the type of business I offer.*

Despite having acquired market-related information, it was not a walk in the park to bring into reality her business idea. Among other factors were income issues, such as foregoing a
guaranteed income (from work) for an unknown cashflow pattern (self-employed). This was perpetuated by repeated persuasion from family members who saw it fit for Ms Carter* to remain employed. She found it difficult to fully launch her business. However, she got retrenched, which to her was a blessing in disguise, since she could now approach the family for support with starting her own business. Instead, the family recommended other jobs and tried connecting her to the ‘right’ people so that she could get employed. Even though Ms Carter* remained adamant and finally launched her business, she, however, wishes she could acquire more business skills to successfully manage the venture.

Respondent 3: Mr Amapiano*

Mr Amapiano* is a married man in the age group of 31-40 years. He is based in Limpopo Province where he operates a few shops. He sells electrical equipment, from mobile phone accessories to television sets. His entrepreneurial journey began since he was at least eight years old. At that time he received mentorship from the family on how to become an entrepreneur. Furthermore, he underwent a three-year family-monitored training period, where he acquired business skills necessary to operate his own business. Mr Amapiano’s* family embraces entrepreneurship. The family system fosters entrepreneurial activities, therefore he found support from family members when he needed it. He started operating within Limpopo Province and up to the date of the interview, he has indicated to stay operating within the province as his target market is growing. Among his key factors of success, commitment was emphasised:

> If you borrow something you just have to have commitment. Commitment is business. If you say Tuesday it has to be Tuesday. Even myself, I borrow money then the day of return arrives I have to borrow someone else so that I return it to the one I borrowed first to keep commitment. In our line of business, commitment is commitment.

Being committed to business meant adhering to given principles. Mr Amapiano* believes that being reliable among business partners and suppliers gives you a competitive advantage. He has thus committed to nurturing profitable relationships with the intent to expand his business activities.
Respondent 4: Mrs Musiyambodza*

Mrs Musiyambodza* is a mother of four children and she is in the age group of 61+ years. Born and raised in Limpopo Province, she decided to sell leather products like shoes and travelling bags, after her husband had generated the idea. Hence, the entrepreneurial journey began. Fortunately for her, her family supported the entrepreneurial idea as they expected to generate income which would cover the family expenses. To date, she no longer has dependent children and she is working independently of her children’s opinions. She indicated how family perceived her as an entrepreneur as highlighted by the following extract:

*People were happy, especially my children, because they knew they were going to get money to take them to school and food to eat, because the father was not working. They supported me to start the business. Right now I do not have dependent children and I am not working on the children’s opinion. I want to work until I die. The business was my husband’s idea and then I initiated.*

Mrs Musiyambodza* indicated that before the leather business, she used to “work somewhere” where she was not satisfied. In her quest to seek satisfaction, she then decided to pursue her husband’s idea. From the start, she stayed positive and managed to implement the necessary adjustments that could prepare her for the entrepreneurial journey. She became flexible and implemented stringent principles that would govern her business conduct. Thus, she managed to circumvent some of the stress factors such as financial issues, that early-stage business entrepreneurs encounter. Interestingly, most of her expectations in the business were met. She alludes this success to God, who she strongly believes has been guiding her throughout the entrepreneurial journey.

Respondent 5: Mr Spencer*

Mr Spencer* is a married man in the age group of 41-50 years who is based in Limpopo Province. He sells home products. On his arrival in South Africa from Northern Africa, he located in the Free State. He was confronted with a series of challenges as he intended to initiate his business idea to sell curtains. He was armed with skills of sewing, and hence he expected to have a responsive market in the Free State. Unfortunately, the Free State market proved to be unresponsive towards his services. He believes that people in the Free State were not building at his time of arrival, but
Fortunately, they were building in the Limpopo Province. He then decided to relocate to the Limpopo Province where he identified a gap in the market as expressed by the following extract:

_Most of them would travel as far as Johannesburg to look for curtains, but now I was here providing them with affordable quality curtains. So people appreciated my services and then they would pay deposits before I even started the work. Others they would layby for the payments. So I worked extremely hard because it was not easy since I had a lot of clients. With every vision, you need to sacrifice for you to achieve your vision. Without sacrifice, you can’t get where you want to be. I respect people, my client, what they need no matter how far it is I go and take it and deliver, I make sure that my clients are happy._

As he tapped into the opportunity which was supported by a responsive market in the Limpopo Province, he managed to raise capital for opening a restaurant. One of his entrepreneurial drivers was making sacrifices. His entrepreneurial journey was characterised by making sacrifices towards pursuing his vision. The restaurant then managed to raise capital to open his first homeware shop, and thereafter growth was imminent. His expectations did not materialise in his formative stage, but he managed to realign himself to reality, which included relocating to where he is a proud owner of at least three homeware shops, among others.

The description of the respondents thus provides a platform for further analysis. Identifying factors that emerging entrepreneurs encounter and mainly struggle with as the first objective of this study, is therefore addressed in Section A.

### 4.4 IDENTIFYING EG FACTORS

Thus, this section dwells on a procedure known as open coding, that centres on the systematic analysis of continuously relating data to given cases (Age, 2011). Open coding thus preceded the finalisation of selective coding for further analysis (Heath & Cowley, 2004). Open coding was adopted to identify EG-related factors (cf. Annexure E). Figure 4.2 presents a word crunch based on the words within quotations contained in the codes. The word cloud presents the words ‘you’ - referring to the entrepreneur, and ‘business’ – referring to the venture as the most-quoted words. This is an interesting observation as this study was aimed at unravelling EG issues which affect
emerging entrepreneurs. Other words are highlighted within the cloud which is of further interest to this study such as money, family, skills, grow, job inclusive of stress.

Figure 4.2: Word Cloud

Source: ATLAS.ti

The next subsections take a step further by discussing the aspects enclosed within each code with a specific link to the code group they fall under. For analysis purposes, at least three to five codes with the most quotations were selected per group. Discussing the selected codes allows expanding on the views expressed by the respondents in respect of entrepreneurs’ level of preparedness, together with issues referring to expectations and realities.
4.4.1 Familism Factors

Figure 4.3 illustrates a network diagram of codes linked to familism. These codes are supported by respondents’ quotations.

Source: ATLAS.ti
The entrepreneurship arena is influenced either directly or indirectly by family matters. In most cases, entrepreneurs exist within a family set-up, regardless of the household setting. This arguably creates an influential role enacted by the family, adding to the social structure of the entrepreneurial journey. Additionally, the entrepreneur’s personal factors may further be influenced by family matters, resultanty shaping the entrepreneur’s way of thought. This study thus dissected familism based on how it affects the preparedness of the emerging entrepreneur and thus shape up the entrepreneur’s expectations.

i. Passive Agreement
A common sentiment expressed by the respondents was the issue of families agreeing to take the entrepreneurship option. Emerging entrepreneurs perceived their families to be receptive towards their pitch of starting a venture, as opposed to the traditional means of getting employed. The entrepreneurs’ preconceived ideas of how well their families would openly welcome their ‘audacious’ route, was generally resisted if not at all prevented. It is among such reasons thatRespondent 1 of a Black African ethnic background had this to say:

_ I think I only told my family that I have a business last month because I told them I have a job because they believe in job security and everything and if I had told them I have a business, they probably would have thought I am crazy. So, I can only say they found out last month in a nutshell, so it’s only now when they are starting to accept rather that I am in business. (Respondent 1, Quote 6)_

The misalignment of the entrepreneur’s expectations against the realities confronted upon seeking family agreement emanates to issues in the family matters gap. The respondents indeed had to put their creative skills to the test by surviving the resistance they might have received during the family approval stage. In some cases, the lack of agreement starts a series of related family issues that the entrepreneur might not have anticipated. This might lead to the fading of the individual's determination, if not the termination of the entrepreneur route. In other cases, where a respondent persisted with the entrepreneurship idea, a passive agreement was achieved. This was mainly done to subtly acquit the family from any 'looming danger' the respondent is pursuing in the field of entrepreneurship, and also to receive credit in case the respondent hits a jackpot in business.
The foregoing sentiments were expressed by the Black African population. Interestingly, a detour from the former expressions was observed from an Indian population. A positive reception was granted to entrepreneurs in need of approval within the Indian population. Such an agreement was done orally, hence, the entrepreneurs expected family approval, which they did receive. Juxta positioning the citations of the respondents reveals how family matters do indeed influence the entrepreneur’s level of preparedness towards business. This study was not entirely focusing on ethnical issues as expressed by the respondents. The different ethnic backgrounds demonstrate a different character for family agreeing to the route of entrepreneurship. For that reason, Respondent 3 with an Indian ethnic background had this to say:

_They give me the freedom to do whatever I wanted to do and increase my voltage and they encourage us. Sometimes parents support us but we have to give it back to them._ (Respondent 3, Quote 7)

### ii. Entrepreneur upbringing

Family background has a part to play in the upbringing and shaping how entrepreneurs conduct their activities. It further fosters either an entrepreneurial behaviour or inhibits the emergence of entrepreneurship. Depending on the family background, an emerging entrepreneur might be confronted with a limiting family sociocultural system. Such systems were indicated by the respondents to be embedded within the education system which purportedly persuades families from pursuing an entrepreneurial route. The make-up of the respondents was grounded on the ability of the family background to nurture or inhibit an enabling environment for entrepreneurship. An enabling family background would enhance the level of preparedness for the emerging entrepreneur and simultaneously approve of the entrepreneurial intentions, but the opposite is equally true. In some cases, as outlined by the respondents, the family background is financially limited and, hence, the thought of entrepreneurship is circumvented, however, with the available resources the family may enhance the entrepreneur’s abilities through an enabling environment. Thus, Respondent 2 had this to say:

_They also need to embrace and acknowledge all the resources that are within our spaces in the sense that, our land is rich in agricultural how about if the system actually encourages agricultural activities starting from home. You get exposed to how do you plant and take care of animals. You then get to the level of selling it through the streets or any. This means the person is now acquiring selling skills_
and in doing so acquire accounting skills. So, in business one should look around them and see what is that they have that they can use to their advantage. (Respondent 2, Quote 35)

With such an understanding, an entrepreneur with expectations of starting a new business would have to overcome the challenges encountered when emerging from an inhibiting family background – in this case, a family background that does not nurture entrepreneurship. However, it is equally important to note that the same family background that does not nurture entrepreneurship, might approve of entrepreneurial intentions. The main issue only arises when the family background has the responsibility to act as an enabler in improving the entrepreneur’s level of preparedness in starting a new venture. As such, Respondent 5 cited the following:

*Nurture is important in terms of shaping up our future, I was nurtured from the age of 8 to 10 years on how to become independent.* (Respondent 5, Quote 14)

Therefore, an entrepreneur’s upbringing will either promote entrepreneurship, inherently shaping the emerging entrepreneur’s expectations in a seemingly applaudable way, or impede the development of entrepreneurship and thus influencing the expectations of the emerging entrepreneur.

**iii. Family dissuasion**

The way in which a family is set up and organised establishes a platform from which expectations can be framed. An inhibiting family background that does not approve of entrepreneurship, will expect the emerging entrepreneur to follow similar conventional means to deal with matters. Therefore, Respondent 1 and 2 indicated the following:

‘*Cause they were not allowed to have those dreams, they think the next person should not be allowed as well, because that’s how they were raised.* (Respondent 1, Quote 17)

*My family also perceived that since I got fired, I will take heed of their suggestions, but then they had to act in a wait-and-see approach whereby they say let the kid put their hand in the fire and she will learn from that.* (Respondent 2, Quote 69)
Due to the family systems governing the conduct of family members, a family system that is not aligned with entrepreneurship is likely to discourage entrepreneurial activities, either due to misconceptions or to underlying values that shape the family’s way of doing things. As such, conventional family backgrounds craft their expectations in a similar conventional manner. As cited by Respondent 1 (quote 17), the family’s system projects its expectations on the emerging entrepreneur and anticipates the expectations to be met. Thus, family expectations can collide with the entrepreneur’s expectations. For instance, Respondent 2 expected approval of the entrepreneurship journey from the family, yet the family expected the emerging entrepreneur to pursue the route of getting employed. If unmanaged, such conflicts could deter the entrepreneur into following the conventional means of getting employed with the motive to meet family expectations. Hence, the entrepreneur’s unmet expectations such as lack of approval may allow the individual to succumb to family expectations eventuating to discontinued business. Also, family expectations may proceed to having a ‘constant supply of cash’ from the business which can then be used for family interests. As expressed by Respondent 1 (quote 37) such expectations can be disastrous in successfully managing a business. The entrepreneur is then faced with a task of financially managing the business and the financial expectations of the family. Poor preparedness in this area by the entrepreneur could lead to a struggling business with a happy cash-stacked family or vis-à-vis. Therefore, the need to maintain a balance for this matter results in becoming amplified.

iv. Financial Support
Lack of financial support from the family was grounded on the misconceptions that exist between the family and the entrepreneur. The respondents indicated explicitly the family’s failure to comprehend what entrepreneurship entails, which results in the misconception of the activity in its totality. The respondents concurred to such misconceptions leading to unrealistic expectations such as the existence of a ‘constant cash supply’ that an entrepreneurial venture would provide. This expectation by family members would then defeat the ability to provide financial support to the entrepreneur. Similarly, some families were described as failing to see the light regarding entrepreneurship, thus not believing in the venture’s success, despite attempts to make them adequately comprehend the type of activity it enfolds. Such misconceptions culminated into a lack of financial support for the entrepreneur. Evidently, Respondent 1 and 2 responded as follows regarding family members’ concern about the individual’s cash inflow:
Until today they still believe I should get a job and still doubt about my business. (Respondent 1, Quote 8).

Even today they still think I must get employed because of job security. (Respondent 2, Quote 19).

Such misconceptions are deeply engraved into the family’s background and dictated by the family values. Hence, the issue of an educational system that elaborates and persuades individuals to embrace contemporary activities such as entrepreneurship, was proposed by Respondent 2 (quote 33). The proposition raised is aimed at reducing misconceptions among individuals, and eventually, increase entrepreneurship awareness. Misconceptions were deemed a disruptive force that blocks the family from financially supporting the entrepreneur and thus discontinue the emerging entrepreneur from progressing with business. Consequently, the emerging entrepreneur should thus be prepared to deal with the lack of financial support, and thereby realistically align personal expectations in a way that will avoid conflict with any arising misconceptions.

v. Labour Support
The provision of labour by family members in support of entrepreneurship was hinted to be influenced by family values. Values shape how conduct is carried out within a family set-up. Also, values reveal what the family prioritizes and appreciates. If the family background is grounded on values that recognise entrepreneurship, it will be evident in the family’s way of dealing with matters. Therefore, the family will provide labour support when required. In some cases, a system to ascertain the availability of labour has been developed by families that value entrepreneurship. Such values for entrepreneurship can be transferred to the next generation if a family labour system has been established. Hence, Respondent 2 cited the following:

It is already a system that is in place. (Respondent 2, Quote 26)

Respondent 2 states a system in place that promotes entrepreneurship. Accentuating the respondent’s view, if an entrepreneur emerges from a family that has concrete values and an existing system which recognises entrepreneurship, it becomes a feasible activity for the entrepreneur to receive labour support as well as other support, and pursue entrepreneurship comfortably. At most, the entrepreneur is in a better position to deal with entrepreneurial
challenges and if not, successfully manage the business. However, if the established system is grounded on values that do not recognise entrepreneurship, the emerging entrepreneur is confronted with an arduous task of breaking free from the system, as well as introducing entrepreneurship into the family values until it is conceptualised. All this, unfortunately, determines if the emerging entrepreneur will receive labour support from the family or not.

vi. Emotional Support

Most of the time an emerging entrepreneur will require emotional support from social ties – any available source to establish their business. Emotional support is essential as it supports the welfare of the entrepreneur. Challenges arise when an emerging entrepreneur expects support from the family and that support is not rendered, due to some of the issues discussed earlier on. As consistently stated throughout this study, such unmet expectations could lead to the derailment of the entrepreneur from the business journey. In other cases, the support could be rendered, but on a conditional basis, with an attempt to persuade the emerging entrepreneur to go back to the conventional way of employment as cited by Respondent 2:

*Somehow, they do try and support here and there, or rather another challenge is they don’t get the line of business I am in. In their supporting, you find out that they are suggesting something else.* (Respondent 2, Quote 20)

Emerging entrepreneurs, therefore, need to be prepared to accept any outcome regarding family support with the knowledge of avoiding discontinuation of business. The next section focuses on business management and how it also affects the preparedness of the entrepreneur.

4.4.2 Business Management Factors

The factors presented within this code group reveal how an emerging entrepreneur may craft or influence entrepreneurial expectations. The description of codes revolves around past business experience and or the intention to pursue or grow the business. Figure 4.4 presents an illustration of business factors.
Figure 4.4 shows business management factors and the cited quotations.

Figure 4.4: Business Management Factors

Source: ATLAS.ti
i. Being over-ambitious

This subsection sought to analyse how entrepreneur expectations as an aspect of business management factors, can influence an individual into becoming overambitious. Per Respondent 1, business management experience enhances certain realistic expectations to be shaped in line with the type of business pursued. In the absence of such a background, the entrepreneur may lead to ‘false hope’ or overambitious expectations. Business experience may be acquired through the learning phase of entrepreneurship. However, emerging entrepreneurs should have expectations in line with the business as outlined by Respondent 1 and 2 respectively:

   If stress is part of the business, then things will be normal as you progress. The reason being is that people always expect to be on the boom all the time in business yet it’s not always like that. But if someone like me expects days of low sales I am in tune with reality and if you know that business might go wrong at sometimes you won’t be stressed. (Respondent 1, Quote 111)

   Obviously, when you dream that much you also dream big. You start to count the chickens before the eggs hatch so, well the truth is the opposite. It takes a long time for the business to get to that level where you expected it to be. Well, depending on how persistent you are you can still wait for that moment for it to get to you or somehow if it is not getting to you, you might find yourself demotivated or quitting or maybe saying let me take another route such as being into tenders. (Respondent 2, Quote 49)

Expectations, as outlined by the respondents, set the tone of business for the entrepreneur. Subsequently, the attitude and perception towards entrepreneurship are further framed by the entrepreneur’s expectations. Mostly, misaligned expectations are common among emerging entrepreneurs, which if poorly managed, could lead to quitting of business as outlined by Responded 2. With misaligned expectations as an example being drawn from self-efficacy factors, these may influence the ambition of the entrepreneur. Eventually, when the overambitious entrepreneur fails to meet both goals and realise expectations, the probability to discontinue business is likely to increase.
ii. Know when to quit the business/idea
Respondent 1 plainly outlined why failure is a factor which is overlooked by emerging entrepreneurs. Failure is crafted if the business idea or venture being pursued by the entrepreneur was not researched. Emerging entrepreneurs might pursue a business with the expectation that it will succeed despite the absence of research. This eventuates to misaligned expectations, poor business preparations, and unclearly defined business focus. These aspects collectively contribute to failure, confirming to what Respondent 1 mentioned:

So now if your business idea is not researched it won’t work. (Respondent 1, Quote 60)

Ultimately, emerging entrepreneurs initiate failure by not researching the business idea. When such a business is pursued, the reality is bound to strike and when an unprepared entrepreneur faces the reality, the adjustment needs will be great and possibly difficult to implement and maintain, hence, Respondent 1 indicates the idea will not work. Therefore, it becomes important for an emerging entrepreneur to know when to let go of a business that is no longer feasible. However, issues of over commitment may delay the objectivity to quit. Such actions may be fortified by factors such as the need for recognition.

iii. Operational discipline
The expressions birthing the operational discipline, emphasise the importance of the entrepreneur to be disciplined in business. This enunciates the need for aligned expectations which will assist the emerging entrepreneur to stay on course.

So it was achieving the first phase of the company even if you do not know what you are gone do with it. Hence, if I wasn’t really focused or keen on career guidance and career development chances are that I was going to practise whatever came my way be it entrepreneurship or whatever. (Respondent 2, Quote 7)

As asserted by Respondent 2, the failure to coach oneself into staying on course and making necessary adjustments in business will keep the entrepreneur from achieving the main idea. Thus, venturing into unplanned businesses could lead to the loss of focus by the entrepreneur, which could influence the effective allocation of limited resources, resultantly failing to achieve any of the pursued business ideas.
iv. Business know-how
The respondents expressed business know-how as a cognitive ability to change a business idea into an opportunity. The presence of business know-how helps the entrepreneur to prepare for the prospective business and align their expectations accordingly. In some cases, as outlined by Respondent 2, the art of learning about business and acquiring the necessary skills to pursue an identified gap, improves the know-how of the business.

So I used the skills I got from my undergraduate degree to identify the gap and the gap became the business. (Respondent 1, Quote 34)

For me to start a business was because I was already employed and since the area of my work is in market research my employer was also in market research. In turn that’s when I found a gap of what I’m focusing on which is career guidance. (Respondent 2, Quote1)

From the respondents’ view, if one has academic knowledge, it is expected that they should identify business opportunities and pursue them. Consistently, the ability to conduct market research was noted to be relevant in identifying opportunities. All this adds up to collective business know-how, which is an asset necessary in preparing an entrepreneur while realistically aligning expectations.

v. Grow the business
In addition to the accumulated business know-how, the respondents indicated the relevance of growth. This in accordance with the respondents’ view which refers to the application of knowledge to the business practice.

If you start with 5000 and then make enough for stock worth a 100 000 then it means you would have acquired needed knowledge to manage that stock. (Responded 1, Quote 80)

Apparently, Respondent 1 was of the opinion that business know-how is acquired through growth. Such a perception may also stand as a basis for misaligned expectations. Whereas an individual may target to improve the growth of a business, banking on the know-how acquired, but which that know-how might not be relevant for the pursued business opportunity, leading to overconfidence related issues.
4.4.3 Personal Management Factors

Personal management codes identified by respondents are illustrated in Figure 4.5 for further analysis.

Figure 4.5: Personal Management Factors

Source: ATLAS.ti
Personal management factors consist of codes that relate to the individual aspect of the entrepreneur. These factors are professed to exist whether the individual is an entrepreneur or not. However, their description is presented in relation to entrepreneurship and EG concerns.

i. Intellectualise
The respondents expressed the importance of understanding the market one intends to serve. This was explained by Respondent 2, who had to conduct market research to find out what was lacking within the targeted market and what would be needed to bridge the gap.

I realised there were so many qualified people especially straight out of tertiary with so many qualifications. However, there were still seating at home waiting to be employed. So, I realised there was a gap. The error that I realised was the foundation phase where they lacked career knowledge. (Respondent 2, Quote 4)

Despite market intelligence being relevant in preparing an entrepreneur for a new business, an entrepreneur needs to demonstrate the intellectual abilities to operate a business. In that same context, self-efficacy levels might increase, due to the presence of intellectual abilities. Such abilities assist entrepreneurs to digest market intelligence. However, increased levels of self-efficacy could mislead the entrepreneur. Therefore, misaligned expectations may be developed which would result in the greater demand for business adjustment needs when confronting reality.

ii. Preparative
The essence of this code was drawn towards expressing the need for an entrepreneur to be prepared in starting a new business. The respondents expressed the relevance of one being able to sacrifice personal interests for the furtherance of business activities.

I had to cut my lifestyle to one holiday per year which was Christmas so that I meet family expectations and manage the business. (Respondent 4, Quote 6)

This level of preparedness as cited by Respondent 4, requires determination. The emerging entrepreneur should be prepared to make sacrifices. In some cases, entrepreneurs may not expect to make such sacrifices and, hence, when confronted with the need to do so, challenges emerge which could become a source of tension for the entrepreneur. This could drive entrepreneurs to business discontinuity if the tension is not adequately managed.
iii. Detach from social anxiety
In entrepreneurship, the need to draw the line between social structures and the entrepreneur was noted as a necessity. This says a lot about the ability of the entrepreneur to filter in what is important from the social structure. This was expressed by the respondents. The main ability is to remain focused on the vision despite challenges. This implied that the entrepreneur had to be adequately prepared to detach himself from aspects that could cause tension or distraction in pursuing business. Respondent 1 shared the following:

*Until today they still believe I should get a job and still doubt about my business. I don’t care much about family issues, I know what I am doing and where I want to be and I am going to get there with or without them. So I am not influenced by their opinions as long as I am making progress in what I am trying to do.* (Respondent 1, Quote 13)

The ability to detach oneself is deemed to be of importance when balancing expectations and reality, as well as implementing business adjustments when needed. Emerging entrepreneurs who have a solid entrepreneurial drive, are inclined to be in a position to prepare themselves better for similar entrepreneurial challenges for the continued success of the business.

iv. Relational
An emerging entrepreneur should be relatable. This is important regarding interpersonal skills which are necessary for business. Advantages come forth from the ability to improve sales, close deals, and market business activities. Furthermore, an emerging entrepreneur can negotiate with suppliers for favourable payment conditions, as stated by Respondent 4.

*We make deals with our suppliers so that we pay them later. These skills have made us survive in the business.* (Respondent 4, Quote 7)

However, banking on the relational factor for business success could mislead the emerging entrepreneur. In circumstances where marketing skills such as the ability to be relatable, are no longer yielding different results or meeting expectations, the entrepreneur might be faced with a need to adjust business strategies. Failure to do so would leave the individual susceptible to low sales and even loss of market which could eventually cause firm failure. Put in a different scenario, an entrepreneur pursuing business with the expectation that the respective businesses’ success
is in their ability to be relatable, could be found between a rock and a hard place when other business issues emerge, overshadowing the relatable factor.

v. Inquisitive
The ability to probe into business trends and opportunities was noted as a necessity for emerging entrepreneurs. An emerging entrepreneur who possessed an inquisitive trait and who was well-managed could improve chances of acquiring market intelligence and business know-how. However, Respondent 2 shared that more could be done towards entrepreneur preparedness:

*I actually wish that from primary there could be entrepreneurship subjects where learners can be exposed to how to run a business.* (Respondent 2, Quote 32)

Entrepreneurial education has brought about different perspectives. The two-fold perspective is enfolded in the ability of entrepreneurial education to yield successful entrepreneurs and the ability to be adequately prepared for practice. However, entrepreneurial education has also been observed to increase expectations. In such cases, the ‘educated’ entrepreneur will need to adapt, and in other circumstances, the entrepreneur may become robust as they put their trust in their education credentials. All this leaves the individual susceptible to business failure. Hence, effective management of entrepreneurial education and the inquisitive trait is necessary among emerging entrepreneurs.

4.4.4 Entrepreneur Management Factors

Entrepreneur management code group emerged because of the need to separate the entrepreneur factors from personal management factors. For instance, Section 4.4.3 deals with subjective idiographic management factors. As for entrepreneur management factors, these are nomothetic in nature and have a role in the preparedness of an entrepreneur. Figure 4.6 illustrates the network diagram for entrepreneur management factors.
Figure 4.6: Entrepreneur Management Factors

Source: ATLAS.ti
i. Business Capable

The essence of the factor is expressed in the ability of an individual to handle business activities. This speaks to the basics such as planning, organising, leading and controlling. When one is ‘business capable’ they can apply and effect necessary adjustments to keep business progressing. This is captured by Respondent 2:

So, I had to opt for another marketing strategy whereby I had to go to schools offer free services for a certain group of learners and then those schools get exposed to me. (Respondent 2, Quote 56).

This attribute towards entrepreneur management reduces the chances of being exposed to the traps of business failure. Business failure can thus be circumvented if the entrepreneur is business capable and all other factors can be controlled. However, the effective application of business abilities mitigates possibilities of failure. Unfortunately, emerging entrepreneurs might assume that they are business capable, although they are still had to learn, which could defeat their willingness to learn about the business. This leaves them vulnerable to the turbulence of the formative stage.

ii. Entrepreneurship reverence

When emerging entrepreneurs admire and/or see entrepreneurship as an art worthy of praise, and which could usher them into greater dimensions of independence, they would give it preference as well as sacrifices. Respondent 2 is cited as having drawn the line for family members and thereby detaching himself from their expectations with the intention to pursue self-employment. This reflects behavioural tendencies that favour entrepreneurship.

I had to be stubborn also because they would try and connect me with the ‘right’ people just to get me employed and I would be like, ‘I don’t want to be there. I want to work for myself. I am tired of being an employee.’ So that was the overcoming part. (Respondent 2, Quote 89)

An entrepreneur who demonstrates entrepreneurship reverence is likely to be in a position to make sacrifices and implement sound decisions for the progression of any entrepreneurial
activities. Unfortunately, entrepreneurship reverence is mainly expressed verbally, as opposed to the adequate allocation of resources to see it materialize and yield positive outcomes.

iii. Receptive to coaching

An entrepreneur faces new challenging situations during and after the formative stage of business. Respondents noted the need for an emerging entrepreneur to be receptive for coaching. Coaching, in this case, could be targeted at diagnosing psychological issues such as tension. The willingness to receive guidance at this point is considered of value.

*If you get anxious there are a lot of clubs with free training that you can join online or attend in person. (Respondent 1, Quote 76)*

Recollecting the influence of entrepreneur education, an emerging entrepreneur could be receptive or unreceptive towards guidance. Likewise, the existence of business know-how could delude the entrepreneur from receiving coaching as the value might not be comprehended. Also, if the respective emerging entrepreneurs have linked entrepreneurship success to their academic credentials, they could overlook the need for coaching. This unravels the issue of misaligned expectations being founded on academic credentials or existing business know-how, leaving the entrepreneur exposed to unwanted risks.

iv. Committed to business

Emerging entrepreneurs’ commitment is tested in the early stage of business. When expectations are not being realised and goals not being achieved, persistence would keep the entrepreneurs in business, if failure is not imminent. Respondent 5 states that if an entrepreneur can make sacrifices for the business, then the vision may be achieved. Retrospectively, it speaks to a business commitment.

*With every vision, you need to sacrifice for you to achieve that vision. (Respondent 5, Quote 7)*

Unfortunately, commitment may at some points be viewed as an expectation. The excitement of starting a new venture could mislead the entrepreneur into thinking they will be committed to the business. Over time, when business demands increase and pressure mounts, that commitment
could be questioned. Therefore, it requires individuals to be adequately prepared for successful adjustments to take place in their businesses.

v. **Courage to lead**

Most entrepreneurs are expected to take calculated risks, steer the venture into profitable business activities and cultivate the growth of the business. This requires courage and boldness. It also speaks of being responsible and taking account of the entrepreneur’s actions. An expression of courage is captured in the words of Respondent 1:

\[
I \text{ know what I am doing and where I want to be and I am going to get there with or without them. (Respondent 1, Quote 10)}
\]

The courage to lead requires emerging entrepreneurs to be bold in making decisions and monitoring that those decisions are implemented. The early stage of business involves networking within the micro business environment, which requires great interaction with potential clients and suppliers. This could involve the immediate need to make decisions on the spot. One of the respondents cited that an emerging entrepreneur, as the business starts, “they become a salesperson, a human resource person, an accountant” (Respondent 2) while managing the business. At this point, it will no longer be an expectation that one will be courageous to lead, but a reality that must be undertaken as the business events unfold.

4.4.5 **Leadership Skills Factors**

An emerging entrepreneur must deal with employees, customers, suppliers inclusive of social ties that could have an interest (whether positive or negative) in the business. Such relationships can be managed if the entrepreneur is conscious of the leadership skills that influence his or her abilities to steer a venture and inherently shape the ways to conduct the business. Thus, such factors may as well influence the expectations an emerging entrepreneur might develop. Figure 4.7 thus captures the factors identified from the qualitative data analysis process.
Figure 4.7: Leadership Skills Factors

Source: ATLAS.ti
i. Be independent

Being independent has been addressed in literature as one of the personal factors entrepreneurs might consider. However, when it comes to leadership, an emerging entrepreneur is expected to make decisions independent of any other factors that could inhibit objectivity. Also, it requires the emerging entrepreneur to 'act against the grain' when the need arises, as conceptualised by Respondent 1 on the orthodox marriage parallel:

*Yes! They inspire me and make me realise that an African woman should not be bound by culture if you want to make it in this life. You need to understand that it's not an orthodox marriage where people are expected to conform to our culture that will make you win in life.* (Respondent 1, Quote 57)

Most emerging entrepreneurs seek independence to establish and manage their systems freely. This independence further demands effective leadership for these systems to hold and be productive. However, if being independent is not managed following the progression of the business, challenges could emerge. The result then becomes apparent – the need to adjust accordingly.

ii. Self-motivated

The emerging entrepreneur may draw motivation from intrinsic and extrinsic factors, even though the individual is expected to be self-motivated. Some of the factors identified in the qualitative data analysis are dependent on the motivation of the entrepreneur. For example, a self-motivated entrepreneur is likely to be committed to the business and interested in the progression of business activities. Therefore, the emerging entrepreneur as a leader becomes a source of motivation or influence for individuals in the immediate sphere of influence.

*It’s a choice. If there are women making more money, yet they have children and with all these things they are participating it means, it’s possible.* (Respondent 1, Quote 54)

Whether the entrepreneur draws motivation from external factors or not, the onus is on the entrepreneur to maintain the motivation. If being independent is placed out of context by the entrepreneur, like assuming that they will have more free time off work, fewer decisions to make,
schedule a new flexible working routine, then these expectations could mislead the individual for entrepreneurship. At the point when the business demands more from the individual, challenges could arise as the expectation was that one would be independent of demanding work.

iii. Tenacity

An entrepreneur as a leader is characterised by the ability to be persistent. Tenacity is necessary to overcome some seemingly unshakeable challenges. Respondent 2 indicated that a persistent entrepreneur – depending on the tenacity levels - will achieve what they want to at some point.

*Well, depending on how persistent you are you can still wait for that moment for it to get to you or somehow if it’s not getting to you.* (Respondent 2, Quote 52)

In contrast, misplaced persistence may overthrow the business into a catastrophic state. Take for example an entrepreneur who expected to achieve societal recognition as ‘a successful business owner’. If the business is performing below the expected threshold, the persistence of the entrepreneur to maintain societal recognition could lead to over commitment. As a leader, over commitment results in the misuse and poor allocation of resources. Eventually, the business will succumb to poor management and failed leadership, leaving the firm vulnerable to collapse. Therefore, it is essential to strike a positive balance as a leader, knowing what to pursue, when to quit, and what to do.

iv. Have foresight

The ability to grow the business is equally influenced by the emerging entrepreneur’s ability to have foresight. Leadership requires the individual to plan and organise resources to sustain business activities. Respondent 5 emphasised the need to stay ahead of the competition, by having the foresight as well as an inquisitive nature.

*Competition makes you grow – if you don’t give up it will make you grow. I am always looking for new things for people. Even this shop we don’t have similar shops because always my mind is always thinking about new things before competitors see it.* (Respondent 5, Quote 11)
Failure to have foresight, could leave the emerging entrepreneur as a follower in the market and thus spending more on trying to gain market share and at the same time to be competitive. As for those individuals with foresight and that could be leaders in the market, they can gain new customers and even build their business image. Thus, one may not expect to have foresight within the business but should have foresight when in business. Conversely, the entrepreneur who has foresight could enhance his or her business know-how.

v. Self-disciplined

Being self-disciplined is a leadership skill that is expected to be an attribute for entrepreneurs. The journey of entrepreneurship is turbulent and loaded with risks. If the emerging entrepreneur is not disciplined, it becomes an arduous exercise for the business to be ‘disciplined’ in its activities.

*Its simple things, promising is important and keeping commitment is key.*

*(Respondent 3, Quote 5)*

Respondent 3 indicated that being self-disciplined is the art of being reliable in the business – to be able to commit to one’s actions, be it paying the suppliers or delivering to customers. One should, however, not base the success of the business on their self-discipline capacity. Being a reliable person in business indeed widens the span of opportunities the emerging entrepreneur may enjoy, but discipline does not necessarily guarantee that the business will be successful. However, the absence of self-discipline could jeopardise the image of the entrepreneur and the business.

4.4.6 Financial Management Factors

Financial management factors reveal some of the issues that emerging entrepreneurs encounter, either personally or through external forces. In the quest to understand these factors and how they influence EG, a network diagram illustrating the codes identified during data analysis is presented in Figure 4.8, and the factors are also described thereafter.
Figure 4.8: Financial Management Factors

Source: ATLAS.ti
i. Ability to risk

An emerging entrepreneur should have a financially sound mind and demonstrate the ability to take calculated risks. Since entrepreneurship activities revolve around the flow of finances, the ability to overcome fear associated with uncertainty, and take risks for a higher return on investment, these activities can be considered as a favourable aspect for an emerging entrepreneur.

*The stress comes through from the fear of the unknown, fear of getting out of that comfort zone, fear of finding yourself demotivated, fear of getting out of the lifestyle that you were used to and then downgrading.* (Respondent 2, Quote 79)

Respondent 2 indicated the forces that act against taking calculated risks which entrap emerging entrepreneurs from pursuing available opportunities. However, this attribute falls under a volatile aspect, and risks should not merely be taken in the expectation of a higher return – an error committed by emerging entrepreneurs. As cited by Respondent 1, you can start with R5000 and experiment with it until you achieve targeted results. In the event of a loss, the stress will not be as much as when compared to one who would have started with R100 000.

ii. Increased cash inflow

Entrepreneurs may expect increased cash flow within the formative stage of business. However, such an expectation may be misled as with most start-ups, since it may take longer to reach the break-even point than expected. Increasing cash inflow is an art that requires business growth (diversity and expansion). Respondent 3 indicates that for an increased cash flow to be observed, growth should be imminent.

*When a few months pass we try to bring in new things so as a business we have to grow.* (Respondent 3, Quote 9)

However, entrepreneurial activities differ and so does the rate of increase in cash inflow. In reality, emerging entrepreneurs are likely to be deterred when the increase in cash flow does not lead to higher profit margins. Financial management is thus an aspect that should be carefully managed to keep emerging entrepreneurs from being demotivated.
iii. Individual financial discipline

Initially, self-discipline relates to how the individual controls and manages their personal factors concerning the external forces. As for financial discipline, this relates to how the individual spends money and generates income. In the early stage of business, start-up costs are hefty and the business requires cash inflow to keep it operating. High levels of financial discipline are required, even more at this stage, to avoid overspending operating funds. In some cases, entrepreneurs might forego their salaries and lifestyle to boost the business as cited by Respondent 4 and 5 respectively.

_I had to cut my lifestyle to one holiday per year which was Christmas so that I meet family expectations and manage the business._ (Respondent 4, Quote 6)

_You should accept what you have and work from that point. You can't wear Nike, yet you can't afford it. You can wear it tomorrow, you can be on an aeroplane tomorrow. Now live within your means._ (Respondent 5, Quote 23)

Financial discipline is key in saving the emerging entrepreneur from the ‘instant millionaire syndrome’. Assuredly, if expectations are aligned according to financial management, other business factors such as commitment will not necessarily fade.

iv. Individual freedom

Most entrepreneurs indicated that the reason to pursue entrepreneurship was to obtain individual freedom. This freedom would be sustained by a steady cash inflow, which suffices to meet their life-oriented expectations. For instance, Respondent 4 wanted individual freedom to be obtained by an increased cash inflow.

_I was earning too little and then I thought if I started my own business, I would earn more._” (Respondent 4, Quote 8)

The risk of pursuing a business for financial gain lies within a time-bound frame. The entrepreneur might discontinue business when the expected financial gain does not materialise on time, yet the business could have been maturing.
v. Financing Issues

Entrepreneurs are faced with the need for capital during the formative stage and even after for expansion purposes. With the existence of a support structure and the private sector, entrepreneurs expect to find capital to be an easy task. Some entrepreneurs, as mentioned in the literature, even attach the success of a business to the outcome of the application of funds.

proceeds and I have never failed in paying back the money and made sure I paid it back. (Respondent 4, Quote 5)

As mentioned by Respondent 4, after receiving funds from the bank, the respondent had to exercise financial discipline in ensuring that the loan was fully paid back. However, receiving money from the private sector is not an easy task, as collateral is required. Even so, the availability of capital does not necessarily relate to business success.

4.5 CONCLUSION

This chapter analysed five cases of qualitative data using ATLAS. ti version 8. The purpose of Study 1 results was to address a specific objective (1) of this study. Business factors that emerging entrepreneurs struggle with and that would require coaching and guidance, were identified and discussed in relation to EG. Six code groups were established as a result of the analysis. The identification and explanation of the groups establish much-needed input for Chapter 5. Chapter 5 thus presents scale validation and model validation results, while making use of the results obtained from Study 1.
CHAPTER 5

SCALE AND MODEL VALIDATION

5.1 CHAPTER OVERVIEW

This chapter presents a continuation of analysis conducted for scale validation. Chapter 4 presented results proceeding from phase one data collection, mainly aimed at focusing on the business factors that affect entrepreneurs in the early stage of business. With the factors identified, they were subjected to the scale development process, which was aimed at developing a self-diagnoses measurement scale. The measurement scale was then exposed to statistical validation while further presenting data for model validation.

5.2 INTRODUCTION

Firstly, the description of phase two respondents is presented. The availability of respondents' description improves the level of understanding, the type of data collected, the inferences drawn from the data analysis, and this resultantly provides a platform to replicate the study with a similar group of respondents by future researchers. Following through is the statistical scale validation, sequentially addressing specific objective (ii). The measurement scale validation is achieved through a series of dimension reduction tests which are confirmed by reliability tests. Lastly, data modelling tests are conducted validating the model.

5.3 DESCRIPTION OF RESPONDENTS

The description indicated in Table 5.1 is a summary of the respondents that participated in phase two data collection phases. Phase one respondents had an opportunity to participate in phase two of this study, hence, their description was included in the description of phase two data collection. A fair balance regarding gender presentation was obtained for this study. Most of the respondents were at least 25 years of age while occupying the full-time managerial status. The managerial status results provide a reason to understand how the respondents have a hands-on approach towards managing their businesses.

2 It was ensured that respondents were owners of the businesses they were managing. However, a distinction was sought to understand their managerial status of the business.
Table 5.1: Respondents’ Descriptions

<table>
<thead>
<tr>
<th>Variable</th>
<th>Attribute</th>
<th>Frequency</th>
<th>Valid Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Male</td>
<td>99</td>
<td>46.0</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>115</td>
<td>53.5</td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td>1</td>
<td>0.5</td>
</tr>
<tr>
<td>Age</td>
<td>18-24</td>
<td>9</td>
<td>4.2</td>
</tr>
<tr>
<td></td>
<td>25-35</td>
<td>81</td>
<td>37.7</td>
</tr>
<tr>
<td></td>
<td>36-45</td>
<td>77</td>
<td>35.8</td>
</tr>
<tr>
<td></td>
<td>46+</td>
<td>48</td>
<td>22.3</td>
</tr>
<tr>
<td>Managerial Status</td>
<td>Full-time manager</td>
<td>175</td>
<td>81.4</td>
</tr>
<tr>
<td></td>
<td>Part-time manager</td>
<td>36</td>
<td>16.7</td>
</tr>
<tr>
<td></td>
<td>Missing</td>
<td>4</td>
<td>1.9</td>
</tr>
<tr>
<td>Type of Business</td>
<td>Service</td>
<td>96</td>
<td>44.7</td>
</tr>
<tr>
<td></td>
<td>Merchandise</td>
<td>90</td>
<td>41.9</td>
</tr>
<tr>
<td></td>
<td>Hybrid</td>
<td>29</td>
<td>13.5</td>
</tr>
<tr>
<td>Years in Business</td>
<td>less than a year</td>
<td>20</td>
<td>9.3</td>
</tr>
<tr>
<td></td>
<td>1-3 years</td>
<td>42</td>
<td>19.5</td>
</tr>
<tr>
<td></td>
<td>4-7 years</td>
<td>56</td>
<td>26.0</td>
</tr>
<tr>
<td></td>
<td>8-10 years</td>
<td>48</td>
<td>22.3</td>
</tr>
<tr>
<td></td>
<td>10+ years</td>
<td>49</td>
<td>22.8</td>
</tr>
</tbody>
</table>

Source: Researcher’s own construct

Also, a reasonable number of respondents had been in business for more than ten years as indicated by the distribution of years in business.³

5.4 SECTION A: MEASUREMENT SCALE VALIDATION

The measurement scale was subjected to exploratory factor analysis for factor reduction and scale analysis. This necessitated the purification of the scale. Reliability tests using Cronbach alpha coefficients were conducted to assess the reliability of the factors in the process validating the scale. The next section presents the Exploratory factor analysis used to validate the scale.

³ The number of years in business is a cumulative figure of the respondent’s total experience in business.
5.5 EXPLORATORY FACTOR ANALYSIS

Exploratory factor analysis was conducted with the objective to develop an EG scale. Variables used in the analysis were derived from the issues generated from phase one data collection output. The variables of interest were exposed to vigorous tests for the measurement of internal consistency during factor analysis. The test for internal consistency is an imperative procedure for a researcher not to consider before conducting factor analysis. Such a test ensures that the ‘garbage in and garbage out’ statistical faux pas is eliminated, essentially improving the value of the results obtained from factor analysis.

Factors with an eigenvalue greater than one (1) were extracted for the entire factor analysis. The point of inflexion was further considered with the number of factors before the inflexion point being chosen (Stevens, 2002). As for factor loadings, loadings that had an absolute value below 0.4 were suppressed. Field (2009) boldly asserted the unrealistic use of orthogonal rotation methods on naturalistic data, which merely involves human thoughts and further supported the use of oblique rotations of such data as was done in this study. Based on such arguments, it was tenable to apply a Promax rotation method to both sections. The respective rotation method was justified as the variables that were measured, resemble psychological constructs that are naturally not independent of one another.

5.5.1 Expectations Section

Principal component analysis extraction method was applied on 20 variables, using Promax rotation with Kaiser Normalisation method. The Kaiser-Meyer-Olkin (KMO) confirmed the sampling adequacy for the analysis with the results indicating a KMO coefficient of 0.675 and Bartlett’s test of Sphericity reported a value of 1047.024, making it significant (.000) for Principal component analysis. The structure matrix in Table 5.2 indicates the factor loadings, communalities, Cronbach’s alpha coefficients, and the number of extracted factors for the realities attributes.
Table 5.2: Structure Matrix for Expectations Factors

<table>
<thead>
<tr>
<th>Component</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>EF2</td>
<td>.775</td>
<td></td>
<td></td>
<td>.595</td>
</tr>
<tr>
<td>EF1</td>
<td>.764</td>
<td></td>
<td></td>
<td>.642</td>
</tr>
<tr>
<td>EF3</td>
<td>.655</td>
<td></td>
<td></td>
<td>.464</td>
</tr>
<tr>
<td>REF5</td>
<td>.645</td>
<td></td>
<td></td>
<td>.401</td>
</tr>
<tr>
<td>REF4</td>
<td>.618</td>
<td></td>
<td></td>
<td>.294</td>
</tr>
<tr>
<td>EF6</td>
<td>.592</td>
<td></td>
<td></td>
<td>.446</td>
</tr>
<tr>
<td>ES3</td>
<td>.649</td>
<td></td>
<td></td>
<td>.546</td>
</tr>
<tr>
<td>EI5</td>
<td>.647</td>
<td></td>
<td></td>
<td>.281</td>
</tr>
<tr>
<td>EI2</td>
<td>.538</td>
<td></td>
<td></td>
<td>.466</td>
</tr>
<tr>
<td>EST1</td>
<td>.522</td>
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<td>.230</td>
</tr>
<tr>
<td>EB3</td>
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<td>.422</td>
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<td>ES5</td>
<td></td>
<td></td>
<td>.764</td>
<td>.439</td>
</tr>
<tr>
<td>Cronbach's Alpha</td>
<td>.765</td>
<td>.563</td>
<td>.610</td>
<td>.655</td>
</tr>
<tr>
<td>Eigen</td>
<td>3.460</td>
<td>2.355</td>
<td>2.007</td>
<td>1.539</td>
</tr>
<tr>
<td>% of variance</td>
<td>14.418</td>
<td>9.813</td>
<td>8.363</td>
<td>6.413</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.
Rotation Method: Promax with Kaiser Normalization.

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

After conducting repeated factor analysis tests, four components were extracted. Each component was named after considering the statements within the component and insight gained from Study 1 analysis. Respectively, component 1 was named as E-familism; component 2 as E-business mindset; component 3 as E-preparedness; and component 4 as E-proficiency. Next, the components are described conceptually in Table 5.3.
Table 5.3: Expectations Component Description

<table>
<thead>
<tr>
<th>Component name</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>E-Familism</td>
<td>The perceived influence of social ties from family members towards business is measured by R-familism variable.</td>
</tr>
<tr>
<td>E-Business mindset</td>
<td>The variable measures the assumed (a self-report) cognitive individual capacity of the emerging entrepreneur.</td>
</tr>
<tr>
<td>E-Preparedness</td>
<td>The perceived confidence of an emerging entrepreneur regarding his or her ability to adapt to entrepreneurial change is measured by the variable.</td>
</tr>
<tr>
<td>E-Proficiency</td>
<td>The anticipated entrepreneurs’ ability to operate a business is measured herein.</td>
</tr>
</tbody>
</table>

Source: Researcher’s own construct

5.5.2 Realities Section

Principal component analysis extraction method was applied to 20 variables using Promax Kaiser Normalisation rotation method. The Kaiser-Meyer-Olkin (KMO) confirmed the sampling adequacy for the analysis with the results indicating a KMO value of 0.786 and the Bartlett’s test of Sphericity reported a value of 1589.367, making it significant (.000) for Principal axis factoring analysis. The structure matrix for Realities factors is presented in Table 5.4.
Table 5.4: Factor Structure Matrix for Realities Factors

<table>
<thead>
<tr>
<th>Component</th>
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<th>2</th>
<th>3</th>
<th>4</th>
<th>Commonalities</th>
</tr>
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<td></td>
<td></td>
<td></td>
<td>.578</td>
</tr>
<tr>
<td>RI5</td>
<td>.675</td>
<td></td>
<td></td>
<td></td>
<td>.579</td>
</tr>
<tr>
<td>RI1</td>
<td>.673</td>
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<td></td>
<td></td>
<td>.574</td>
</tr>
<tr>
<td>RS1</td>
<td>.628</td>
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<td></td>
<td></td>
<td>.435</td>
</tr>
<tr>
<td>RS2</td>
<td>.587</td>
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<td></td>
<td></td>
<td>.457</td>
</tr>
<tr>
<td>RS3</td>
<td>.576</td>
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<td></td>
<td></td>
<td>.574</td>
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<td>RST3</td>
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<td>RRF5</td>
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<td>.718</td>
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<td></td>
<td>.335</td>
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<tr>
<td>RF1</td>
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<td>.765</td>
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<td>RRF4</td>
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<td>.504</td>
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<tr>
<td>RF6</td>
<td></td>
<td>.593</td>
<td></td>
<td></td>
<td>.625</td>
</tr>
<tr>
<td>RST1</td>
<td></td>
<td></td>
<td>.754</td>
<td></td>
<td>.399</td>
</tr>
<tr>
<td>RS7</td>
<td></td>
<td></td>
<td>.678</td>
<td></td>
<td>.341</td>
</tr>
<tr>
<td>RST2</td>
<td></td>
<td></td>
<td>.578</td>
<td></td>
<td>.185</td>
</tr>
<tr>
<td>RB4</td>
<td></td>
<td></td>
<td>.549</td>
<td></td>
<td>.330</td>
</tr>
<tr>
<td>RB1</td>
<td></td>
<td></td>
<td>.469</td>
<td></td>
<td>.598</td>
</tr>
<tr>
<td>RS6</td>
<td></td>
<td></td>
<td></td>
<td>.853</td>
<td>.733</td>
</tr>
<tr>
<td>RS5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>.844</td>
</tr>
<tr>
<td>Cronbach’s Alpha</td>
<td>.772</td>
<td>.755</td>
<td>.644</td>
<td></td>
<td>.722</td>
</tr>
<tr>
<td>Eigen</td>
<td>4.898</td>
<td>2.401</td>
<td>2.133</td>
<td></td>
<td>1.410</td>
</tr>
<tr>
<td>% of variance</td>
<td>22.265</td>
<td>10.914</td>
<td>9.693</td>
<td>6.411</td>
<td></td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.
Rotation Method: Promax with Kaiser Normalization.a
a. Rotation converged in 6 iterations.
b. When factors are correlated, sums of squared loadings cannot be added to obtain a total variance.

Four components were extracted from factor analysis. Each component was named after considering the statements within the component and reflecting on phase one study results. Respectively, component 1 was named as R-business mindset; component 2 as R-familism; component 3 as R-preparedness and component 4 as R-proficiency. The components are described conceptually in Table 5.5 next.
Table 5.5: Realities Component Description

<table>
<thead>
<tr>
<th>Component name</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>R-Business mindset</td>
<td>The variable is made up of attributes measuring the actual cognitive individual capacity of the emerging entrepreneur.</td>
</tr>
<tr>
<td>R-Familism</td>
<td>The actual influence of social ties from family members towards business is measured by R-familism variable.</td>
</tr>
<tr>
<td>R-Preparedness</td>
<td>The variable measures the actual confidence of an emerging entrepreneur regarding his or her ability to adapt to entrepreneurial change.</td>
</tr>
<tr>
<td>R-Proficiency</td>
<td>The actual entrepreneur’s ability to operate a business is measured herein.</td>
</tr>
</tbody>
</table>

Source: Researcher’s own construct

5.5.3 Purification of the Scale

The first quality lens considered in the purification of the scale was validity. Inter-item comparisons were conducted to assess the correlation among items within a factor. This was achieved by identifying items that had high or low correlation. If items represented two factors, the item that had a high correlation coefficient was retained in this factor, while the low correlation coefficient was eliminated from the factor. The second quality lens was on an intra-item unit of analysis. Considering the five-point Likert scale used in the measurement scale development, items were to demonstrate an average mean that is close to the third scale point (serving as a central point). Thus, items reflected a desired degree intra-item correlation. As for items that failed to reflect the desired degree, they were to be eliminated. However, in this study, all items reflected the desired degree concerning an intra-item unit of analysis.

The third quality lens was on measuring internal reliability by evaluating the corrected item-total correlation of the items within a factor. A cut-off point of 0.3 was maintained for corrected item-total correlation coefficients. Items with coefficients below the cut-off point were excluded from further analysis. The fourth and final quality lens was considering the Cronbach’s Alpha if an item is deleted. This measure assisted with the selection of items that were to be eliminated for improved Cronbach’s Alpha coefficients, with the measurement scale refined.
5.5.4 Construct Description

The EG measurement scale is a multidimensional construct comprising two sections each with four components spread over a similar scale. In one section, entrepreneurial expectations of entrepreneurs when they started the business, are measured. In the other section, the realities of business encountered by entrepreneurs against what they primarily expected, are measured. The nature of the construct does not provide right or wrong responses but a five-point Likert scale of (1) strongly disagree to (5) strongly agree. Its nomological point of interaction is confined to the theoretical grounds of entrepreneurship at best the discrepancy theory. The measurement scale may be used along with other instruments, attempting to measure the level of preparedness for entrepreneurs.

5.5.5 Purposes of the Created Scale

EG measurement scale has three definite purposes. Firstly, it measures the individual entrepreneurial gap for entrepreneurs, thereby collecting data that is necessary for computing EG positions, with the provision for remedial action to be effected. Secondly, the instrument serves as a measurement scale used by support structures that collect data for prediction of entrepreneurs' level of preparedness, directly revealing their susceptibility to business failure. Thirdly, the EG measurement scale can be used for research purposes, whether in the attempt to refine the scale or for further findings regarding this study. EG measurement scale can thus be used in cross-sectional and longitudinal surveys. The EG measurement scale can, therefore, be used as a self-diagnosis tool (self-report) by individuals using a weighted average to identify the mathematical position of a user's EG.

5.6 SECTION B: MODEL TESTING

The results presented in this section are derived from phase two data collection in line with testing the model. Meaningful data were provided by 215 respondents, and thus their data was advanced for further analysis. The modelling and analysis were done using the open-source software, R version 3.6.0, which is available on the R Cran (https://cran.r-project.org/). Initially, the model developed for this study was based on the conceptual framework. A set of predictor variables were developed in accordance with insight from literature. The original model is expressed as follows:

\[
EG_{it} = c + \beta_1 FG_{it} + \beta_2 IG_{it} + \beta_3 SG_{it} + \beta_4 StG_{it} + \epsilon_{it} \tag{8}
\]
The set of predictor variables for model (8) are family gap \((FG)\), income gap \((IG)\), skills gap \((SG)\) and stress gap \((StG)\). However, after empirical evidence was collected and analysed, four different sets of predictor variable names were developed. The items within each variable did not cause any significant changes to the structure in which the model was originally developed. The revised model is expressed as follows:

\[
EG_{it} = c + \beta_1 BM_{it} + \beta_2 PF_{it} + \beta_3 PP_{it} + \beta_4 FS_{it} + \epsilon_{it}
\]  

(9)

The set of predictor variables are business mindset \((BM)\), proficiency \((PF)\), preparedness \((PP)\) and familism \((FS)\). The model is in sync with the components of the measurement scale.

With the revision addressed, Figure 5.1 presents plots of EG on different tests.

![Figure 5.1: Plot of entrepreneurship gap (EG) based on a sample of 215 respondents](image)

**Source:** R version 3.6.0

Figure 5.1 illustrates the normal distribution of EG on data of 215 observations with four predictor variables. From a total of 215 respondents, i.e. \(n = 215\), the data was split into two sets, i.e. a training set with \(n_1 = 200\) respondents and a validation set of \(n_2 = 15\) respondents. Elastic Net Regression was used to prevent overfitting through shrinkage methods of Ridge
and Lasso, resultantly providing meaningful data for predictions (Hastie, Tibshirani & Wainwright, 2015).

For a start, if $EG > 0$ it implies that one is likely to struggle with running the business which may result in its collapse. Initially, a threshold ($\tau$) to help in determining a binary variable for EG was set. This threshold, $\tau$, that was determined as the average of the EGs from the training set was $\tau = 0.405996$. If $EG > \tau$, it would signal the entrepreneur is likely to face serious challenges. More so, the emerging entrepreneur is likely to be susceptible to high risk business failure. If $EG < \tau$, it would signal low possibilities of susceptibility to high risk business failure, as the emerging entrepreneur would be more aligned with reality. Thus, the individual would find it less challenging to initiate any adjustment needs.

![Figure 5.2: Plot of EG](source)

**Source:** R version 3.6.0

Figure 5.2 illustrates the EG plots by observation. The horizontal dotted line denotes the threshold $\tau = 0.405996$. With EG plots known, the likelihood of the entrepreneur to succeed
in adjusting to business needs upon facing business challenges could be predicted. Figure 5.2 shows that respondents above the threshold level (positive EG) face a dilemma of surviving the early stage of business as compared to respondents plotted below the threshold (negative EG). The tests made use of raw data which was necessary for observing the density of EG and the possibility of any outliers.

5.6.1 Model Validation

A cross-validation test using Lambda was conducted, which validated the model and its ability to predict the likelihood of an entrepreneur’s level of preparedness. The elastic net was used for variable selection. To avoid over shrinkage of coefficients within correlated predictors as carried out in Ridge, while avoiding the discarding of some correlated predictors as carried out in Lasso, Elastic net penalty mixes the two by addressing any wild behaviour or extreme correlations. Elastic net further bridges the gap between Lasso and Ridge (Hastie et al., 2015).

Table 5.6 presents a variable selection for a one sparse matrix consisting of 45 items at different alpha values for confirmatory purposes. The sparse matrix of 45 items consists of 20 items measured in the entrepreneurial expectations section and 20 items in the business realities section, while five items are from the demographic section.

Table 5.6: Variable selection using shrinkage method: Elastic net

<table>
<thead>
<tr>
<th></th>
<th>$\alpha = 0.1$</th>
<th>$\alpha = 0.3$</th>
<th>$\alpha = 0.5$</th>
<th>$\alpha = 0.7$</th>
<th>$\alpha = 0.9$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lambda.min</td>
<td>0.00361</td>
<td>0.00773</td>
<td>0.00673</td>
<td>0.02129</td>
<td>0.00653</td>
</tr>
<tr>
<td>Lambda.1se</td>
<td>0.10270</td>
<td>0.04967</td>
<td>0.03939</td>
<td>0.03389</td>
<td>0.02402</td>
</tr>
</tbody>
</table>

5.6.1.1 Model validation at $\alpha = 0.9$

The extracted data set presents the coefficients of the 45 items subjected to the model with $\lambda_{\text{min}}[1] 0.00653$ and $\lambda_{\text{1se}}[1] 0.02402$.

Glmnet function was applied to compute the solution path.

```r
attr("class")
```

---

$^4$ Positive EG is an unfavourable position while negative EG is a favourable position
> print(cvfitelastic)

> coef(cvfitelastic, s="lambda.min")  # s= Lambda

45 x 1 sparse Matrix of class "dgCMatrix"

(Intercept) -5.7291152921
A1a .
A1b .
A1c 0.3951884157
A1d .
A2m .
A2f .
A3a -0.0001755052
A3b 0.0039073140
A4a -0.1509555717
A4b 0.0051214934
A4c .
A4d .
A5a .
A5b .
A5c .
A5d 0.0615308685
A5e .
DF1 0.6460971969
DF2 0.6108238298
DF3 .
DF4 0.8305663478
DF5 .
DF6 0.4502149031
DI1 0.5901665768
DI2 1.0154626297
DI3 0.6035380399
DI4 0.4874349423
DI5 .
DS1 0.3652440858
DS2 0.5584016660
DS3 0.9849450858
DS4 0.6805060324
DS5 0.6230572928
DS6 0.5709947775
With the coefficients extracted from the train set representing the prediction capacity of the model concerning the EG threshold, the next step was testing the model at $\alpha = 0.5$.

### 5.6.1.2. Model validation at $\alpha = 0.5$

Like the extraction process in Section 5.6.2, the extracted coefficients of the 45 items were subjected to the model at $\alpha = 0.5$ with $\lambda_{\text{min}}[1] = 0.00673$ and $\lambda_{1\text{se}}[1] = 0.03939$. Similarly, Glmnet function was applied to compute the solution path.

```r
attr("class")
[1] "cv.glmnet"

> #print(cvfitelastic)

> coef(cvfitelastic, s="lambda.min") # s= Lambda

45 x 1 sparse Matrix of class "dgCMatrix"

(Intercept) -5.722383829
A1a -0.184663263
A1b -0.073599142
A1c 0.403866141
A1d  .
A2m -0.054442440
A2f 0.048191388
A3a -0.096528460
A3b 0.099483479
A4a -0.176092149
A4b 0.108976506
A4c  .
```
A4d .
A5a -0.025746237
A5b -0.001718088
A5c 0.053167464
A5d 0.185893717
A5e .
DF1 0.664002160
DF2 0.627239303
DF3 .
DF4 0.828371930
DF5 0.041317973
DF6 0.489983075
DI1 0.584643579
DI2 0.967080847
DI3 0.591352143
DI4 0.495219217
DI5 .
DS1 0.392752655
DS2 0.559969317
DS3 0.954792461
DS4 0.674128133
DS5 0.628766287
DS6 0.599627182
DS7 0.749168140
DST1 0.716138746
DST2 0.631799828
DST3 0.455045732
DST4 0.328199991
DST5 0.377641374
DB1 0.441220488
DB2 0.636075082
DB3 0.521583566
DB4 -0.258418545

With the coefficients extracted and the model tested at different alpha values, the model was evaluated by assessing a cross-validated error plot which is illustrated in Figure 5.3.
The left vertical line in Figure 5.3 is representative of the minimum point (where the error curve hits its lowest). As for the right vertical line, it indicates the most regularised model. At this point, the model predicting capacity was validated. Since the model serves as a predicting tool, a testing set of 15 respondents from this study was used as a validation set. Table 5.7 presents the model prediction validation results.

5.6.2 Model Prediction Validation

Predictions were carried at $\alpha = 0.9$ and $\alpha = 0.5$, respectively. These were validated against the actual EG of each respondent in the testing set. The actual EG was calculated from the data set. The average expectations value and the average business realities value were computed to determine the actual EG: $EG = \text{expectations} - \text{realities}$. The results of the actual EG for the respective testing set are presented in Table 5.7. The predicted coefficient from the two testing models should correspond to the actual EG. The highlighted rows indicate some predictions which did not correspond to the actual EG. However, with predicting models, such anomalies are common. Considering the anomalies indicated by the predictions, the coefficient for each model is not by far a huge discrepancy from the threshold determining EG position.
Table 5.7: Model Prediction Validation

<table>
<thead>
<tr>
<th>Respondent</th>
<th>EG (Actual)</th>
<th>Predicted (using model $\alpha = 0.9$, lambda.min)</th>
<th>Predicted (using model $\alpha = 0.5$, lambda.min)</th>
</tr>
</thead>
<tbody>
<tr>
<td>201</td>
<td>1</td>
<td>0.9913329</td>
<td>0.9942809</td>
</tr>
<tr>
<td>202</td>
<td>0</td>
<td>0.0665109</td>
<td>0.0859018</td>
</tr>
<tr>
<td>203</td>
<td>1</td>
<td>0.9986346</td>
<td>0.9992668</td>
</tr>
<tr>
<td>204</td>
<td>0</td>
<td>0.2099563</td>
<td>0.2326681</td>
</tr>
<tr>
<td>205</td>
<td>0</td>
<td>0.6941629</td>
<td>0.5768409</td>
</tr>
<tr>
<td>206</td>
<td>1</td>
<td>0.9999924</td>
<td>0.9999970</td>
</tr>
<tr>
<td>207</td>
<td>1</td>
<td>0.9885959</td>
<td>0.9947572</td>
</tr>
<tr>
<td>208</td>
<td>0</td>
<td>0.1454508</td>
<td>0.1138509</td>
</tr>
<tr>
<td>209</td>
<td>0</td>
<td>0.1057451</td>
<td>0.0664787</td>
</tr>
<tr>
<td>210</td>
<td>0</td>
<td>0.00720068</td>
<td>0.0057309</td>
</tr>
<tr>
<td>211</td>
<td>1</td>
<td>0.7643900</td>
<td>0.7169537</td>
</tr>
<tr>
<td>212</td>
<td>1</td>
<td>0.3178223</td>
<td>0.4112480</td>
</tr>
<tr>
<td>213</td>
<td>1</td>
<td>0.8141942</td>
<td>0.8490012</td>
</tr>
<tr>
<td>214</td>
<td>0</td>
<td>0.5697841</td>
<td>0.6251859</td>
</tr>
<tr>
<td>215</td>
<td>0</td>
<td>0.4174171</td>
<td>0.4154681</td>
</tr>
</tbody>
</table>

Source: Researcher’s own construct

The test results validated the model for prediction purposes. This was achieved by comparing two EG model prediction coefficients against the actual EG.

5.7 CONCLUSION

This Chapter presented results obtained from both qualitative and quantitative data. An EG measurement scale was developed based on the issues generated from Study 1 results. The issues presented as a questionnaire statement were subjected to exploratory factor analysis, which reduced the items to 20 and categorised them into four components. The developed EG measurement scale was then used in data collection. This quantitative data was used for model testing and validation. Conclusively, this chapter presented two useful tools in addressing EG issues – the measurement scale and the revised model.
CHAPTER 6

KEY RESEARCH FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

6.1 CHAPTER OVERVIEW

The preceding Chapters 4 and 5 presented the findings of this study. The sequential presentation of the findings was aligned with the research design employed for this study. Thus, the specific objectives of this study were addressed concerning the data analysis process. This chapter presents the key research findings - the novelty demonstrated by this study. The research problem and research question are critically addressed within the ambit of this chapter. Furthermore, conclusions on each specific objective are presented in sequential order, while theoretical and practical implications are provided. The presentation of the stated sections is rounded up by the research limitations and the indication of avenues that future studies may pursue.

6.2 INTRODUCTION

This chapter presents the evaluations conducted in addressing the research problem, research question and the specific objectives, inherently achieving the purpose of this study. To recapture what this study sought to address from its commencement, the research problem is recollected:

In the South African context, the lack of credible diagnostic tools that assess emerging entrepreneurs’ level of business preparedness is problematic. This potentially limits business advisors’ and financiers’ ability to holistically evaluate and advise entrepreneurs in the formative early stages of entrepreneurship (Underhill Corporate Solutions, 2011; Parliamentary Monitoring Group, 2012; Al-Lamki, Al-Sumri, Al-Ismaili & Al-Busaidi, 2016).

The aim of this study then was to develop a framework model that will diagnose business preparedness among early-stage entrepreneurs for assisting them to adjust to a career in entrepreneurship. This diagnostic tool would be used by business advisors and financiers. In the quest to address the researchable problem, two research questions were formulated:

**RQ1:** With respect to entrepreneurial preparedness, what are the factors that South African entrepreneurs struggle with the most during the early stage of business formation and how could these factors be identified?
RQ2: What tool could be developed to detect these factors among early-stage entrepreneurs?

In the intent to answer the research questions, three specific objectives were formulated. The following specific objectives were then formulated:

i. To identify business factors that South African early-stage entrepreneurs are struggling with most and therefore, require their adjustment to thrive in entrepreneurship.

ii. To develop a self-diagnosis measurement scale to assist entrepreneurs in monitoring their entrepreneurship gaps.

iii. To develop a framework model that measures entrepreneurs’ expectations as well as their lived experiences of running a business.

With specific objectives outlined, this study sought to collect data which would be analysed to address the research questions of this study. To map the frame from which data was to be collected, a conceptual framework was developed, guiding the evidence collection process. The conceptual framework was developed, conscious of the findings identified in extant literature. This scoped out the extent that this study would encompass, which included, family gap, skills gap, stress gap and income gap. Conceptually, it is within these mentioned gaps where business factors that early-stage entrepreneurs struggle with and therefore require assistance, were to emerge. Furthermore, the factors were to be synchronised to the entrepreneurship gap wherein adjustment needs would arise. Figure 6.1 provides a recap of the entrepreneurship gap conceptual framework.

In context, the gaps as represented by the line arrows, resemble the entrepreneurship gap which is statistically deduced. However, for conceptualising EG, the line arrows were not statistically computed but presumed. For instance, the line arrow resembling the family gap is a result of a huge discrepancy (measured by the length of the line arrow) between what the entrepreneur expected and the reality thereof regarding family matters. The same concept may be applied to the income gap line arrow. The discrepancy experienced is not as huge, since the entrepreneurial expectations regarding income and the realised income are represented with a shorter line arrow. As explained in Chapter 5 results in the modelling section, to statistically label the line arrows as an example, the family gap would be $\alpha = 0.8$ while the income gap would be $\alpha = 0.5$. If these gaps exceed the given threshold, then the individual’s EG plot reflects a positive result for EG and vice versa.
With the conceptual framework set, the nature of this study thus required an exploratory sequential research design supported by a mixed method approach. This ensured that relevant data would be collected, which would be used in presenting findings for each specific objective. Interestingly, this study did not seek to confirm the conceptual framework, but to explore possibilities beyond the conceptual framework. Accordingly, issues generated in Study 1 provided a wider platform, which paved the way for an encompassing framework model to be developed. Such results are presented among the key findings of this study.
6.3 CONCLUSION ON SPECIFIC OBJECTIVE (i)

Specific objective (i) aimed to ascertain the business factors that South African early-stage entrepreneurs are struggling with most and as such, require their adjustment to thrive in entrepreneurship. A review of extant literature revealed some of the areas in which these business factors emerge. From the entrepreneurial sphere, business factors that instigated challenges were found to be embedded within the business component and the entrepreneur component. With the business component, external factors such as government’s role in entrepreneurship were noted to be a platform that triggers off business factors that affect early-stage entrepreneurs. Issues that arose were mainly due to the supposedly misconceived perceptive of entrepreneurship development by the government and its support structure.

For instance, the entrepreneurship discourse between the government and the entrepreneur was identified to be a platform that projects different business factors capable of instigating erratic situations for the emerging entrepreneur. Also, the misaligned resource issues versus the misleading entrepreneur capacities revealed some issues of parallel challenges that emerging entrepreneurs faced. However, business factors posing challenges to entrepreneurs were identified to be predominant within the micro perspective of entrepreneurs. Most business factors revolve around the immediate environment of the entrepreneur. Personal factors, social structures and institutional structures were documented to be a prevalent source of intertwined business factors, which present reasonable challenges for the emerging entrepreneur.

Since extant literature provided insight and assisted in identifying some common areas that present business factors associated with problematic issues, an attempt to unravel underlying issues was made in this study. Issues that emerging entrepreneurs struggle within the early-stage of business, were generated for analysis. These issues were grouped to form six enclosing groups, namely business management, entrepreneur management, familism, financial management, leadership skills, and personal management. These group factors were identified to be the frames in which the entrepreneurship gap is born. To comprehend this conception, Table 6.1 provides a summary of the identified business factors accompanied by their operational definitions. The summary provides insight into issues that emerging entrepreneurs struggle with inherently, leading to the existence of EG.
<table>
<thead>
<tr>
<th>Group Factor</th>
<th>Business factor</th>
<th>Operational definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Management</td>
<td>Being overambitious</td>
<td>Exceeding the reasonable level of determination</td>
</tr>
<tr>
<td></td>
<td>Business know-how</td>
<td>Having some form of expertise that is relevant in business</td>
</tr>
<tr>
<td></td>
<td>Grow the business</td>
<td>Stimulating business growth</td>
</tr>
<tr>
<td></td>
<td>Know when to quit the business/idea</td>
<td>The ability to apply sound decisions on terminating unfeasible operations</td>
</tr>
<tr>
<td></td>
<td>Management of resources</td>
<td>Being resourceful with limited resources</td>
</tr>
<tr>
<td></td>
<td>Operational discipline</td>
<td>Adhering to ethical business conducts and principles</td>
</tr>
<tr>
<td></td>
<td>Poor budgeting</td>
<td>A non-resourceful budgeting system</td>
</tr>
<tr>
<td></td>
<td>Poor strategizing</td>
<td>An ineffective planning system</td>
</tr>
<tr>
<td>Entrepreneur Management</td>
<td>Business capable</td>
<td>An individual who demonstrates the ability to operate a business</td>
</tr>
<tr>
<td></td>
<td>Committed to business</td>
<td>One who is dedicated to business and its profitability</td>
</tr>
<tr>
<td></td>
<td>Courage to lead</td>
<td>An individual who can empower the stakeholders of the business</td>
</tr>
<tr>
<td></td>
<td>Entrepreneurial drive</td>
<td>The desire linked to business success that keeps the individual in business</td>
</tr>
<tr>
<td></td>
<td>Entrepreneurship reverence</td>
<td>The ability to perceive entrepreneurship as a better source of individual economic stability</td>
</tr>
<tr>
<td></td>
<td>Receptive to coaching</td>
<td>The willingness of an entrepreneur to learn, be corrected and be guided</td>
</tr>
<tr>
<td>Familism</td>
<td>Emotional support</td>
<td>Emotive and intangible support provided by family members to the entrepreneur</td>
</tr>
<tr>
<td></td>
<td>Entrepreneur upbringing</td>
<td>How the entrepreneur was nurtured from childhood</td>
</tr>
<tr>
<td></td>
<td>Family dissuasion</td>
<td>An indirect disagreement to the propositions of the entrepreneur</td>
</tr>
<tr>
<td></td>
<td>Financial support</td>
<td>The provision of capital by family members towards the entrepreneur’s business</td>
</tr>
<tr>
<td></td>
<td>Labour support</td>
<td>The provision of labour by family members towards the entrepreneur’s business</td>
</tr>
<tr>
<td></td>
<td>Passive agreement</td>
<td>An indirect agreement with leverage to deny the propositions of the entrepreneur in the event of unfavourable business situations</td>
</tr>
<tr>
<td>Financial Management</td>
<td>Ability to create wealth</td>
<td>The skill to save more profits and reduce spending for wealth creation</td>
</tr>
<tr>
<td></td>
<td>Ability to risk</td>
<td>The skill to take calculated decisions based on known probabilities</td>
</tr>
<tr>
<td></td>
<td>Financing issues</td>
<td>The struggle involved with securing funding</td>
</tr>
<tr>
<td></td>
<td>Increased cash inflow</td>
<td>The enlarged cash balances either in reality or expected</td>
</tr>
<tr>
<td></td>
<td>Individual financial discipline</td>
<td>The skill of the entrepreneur to effectively manage business withdrawals</td>
</tr>
<tr>
<td>Individual freedom</td>
<td>The availability of a financially stable source of income that the entrepreneur can spend without risking business activities</td>
<td></td>
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<tr>
<td>-------------------</td>
<td>--------------------------------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td><strong>Leadership Skills</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Be flexible</td>
<td>The skill to adapt to different business situations while being open to suggestions</td>
<td></td>
</tr>
<tr>
<td>Be independent</td>
<td>The ability to act and decide objectively</td>
<td></td>
</tr>
<tr>
<td>Have foresight</td>
<td>The skill to anticipate the future of the business and the trends in the market</td>
<td></td>
</tr>
<tr>
<td>Self-disciplined</td>
<td>Morally upright and in a position to instil discipline among stakeholders</td>
<td></td>
</tr>
<tr>
<td>Self-motivated</td>
<td>The inner desire to keep business progressing while motivating stakeholders</td>
<td></td>
</tr>
<tr>
<td>Self-reliant</td>
<td>The sense of sufficiency from within, not depending on external forces.</td>
<td></td>
</tr>
<tr>
<td>Strong-minded</td>
<td>The willpower to confront challenges and overcome them for business survival</td>
<td></td>
</tr>
<tr>
<td>Tenacity</td>
<td>The persistence demonstrated by an entrepreneur in pursuing feasible options</td>
<td></td>
</tr>
<tr>
<td>Visionary</td>
<td>The imaginative capacity of the entrepreneur that creates a blueprint for the business</td>
<td></td>
</tr>
<tr>
<td><strong>Personal Management</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Astuteness</td>
<td>The intellectual capacity demonstrated by the individual</td>
<td></td>
</tr>
<tr>
<td>Detach from societal anxiety</td>
<td>A skill to set business boundaries from societal concerns</td>
<td></td>
</tr>
<tr>
<td>Good individual welfare</td>
<td>A sense of well-being of the individual</td>
<td></td>
</tr>
<tr>
<td>Individual sense of balance</td>
<td>The intrinsic balance to handle demands</td>
<td></td>
</tr>
<tr>
<td>Inquisitive</td>
<td>A research skill for harnessing information</td>
<td></td>
</tr>
<tr>
<td>Intellectualise</td>
<td>The ability to apply logic in decision-making skills</td>
<td></td>
</tr>
<tr>
<td>Preparative</td>
<td>The evidence of readiness by an individual</td>
<td></td>
</tr>
<tr>
<td>Relational</td>
<td>Initiate and nurture profitable direct relationships</td>
<td></td>
</tr>
</tbody>
</table>

**Source:** Researcher’s own construct
For example, the group factor of personal management consists of a business factor namely ‘Relational’. How does such a business factor cause challenges that emerging entrepreneurs suffer within the early stage of business? To adequately address the question, one should refer to the operational definition presented in Table 6.1. Consider an emerging entrepreneur who either assumes or is certain that he or she is relational, henceforth closing deals and retaining clients will be an easy task. Such a predisposition of success with respect to that area of client relationships could mislead the entrepreneur. If the success fails to materialise, challenges could arise which would require certain adjustments to be initiated by the entrepreneur. However, consistent corroboration of negative feedback regarding client relationship as an example, could yield several challenges that the emerging entrepreneur would struggle with. The struggles are fortified, especially when the emerging entrepreneur was not adequately prepared, since the relational trait was expected to ‘deliver’, thus establishing the presence of EG.

Another example from the business management group factor – the business factor termed as being over-ambitious was generated as a source of hard-hitting situations for emerging entrepreneurs. The operational definition states that the entrepreneur exceeds a reasonable level of determination. In some cases, where operations are well considered and adequately prepared, certainty is known and the probabilities of success are high, being over-ambitious may pay off. However, this requires, among other factors, a strong level of commitment, effective allocation of resources, and a stable yet cost-effective system to support the over-ambitious acts of the entrepreneur. At this point, if an emerging entrepreneur is over-ambitious (i.e. sets target too high, invests more than enough), organising the above-mentioned resources to support the entrepreneur would be an arduous task (considering it is in the early stage of business), let alone a source for new challenges. The negative impact of being over-ambitious is further exacerbated by the failure to achieve rewards or meet expectations. As reiterated in the extant literature, the effects of such factors if inadequately addressed, could deter the entrepreneur from the business. Respectively, an emerging entrepreneur who is over-ambitious is likely to have too high expectations. This paves way for EG development and if intervention is not rendered, it could affect the survival chances of the entrepreneur in business.

The generated factors are representative of issues that emerging entrepreneurs encounter in the early stage of business. Multitudes of studies have taken a similar slot of identifying challenges, but mainly from a macro business perspective (Fatoki & Garwe, 2010; Arasati, 2011; Luiz & Mariotti, 2011; Radipere & Ladzani, 2014; Kalane, 2015; Mthabela, 2015; Hyder
& Lussier, 2016; Kalitanyi & Bbenkele, 2017; Mamabolo et al., 2017; GEDI, 2017). This study, however, took a twist and focused on the union of the entrepreneur component from a micro-entrepreneur perspective and the business component at large. The intention was to determine how an emerging entrepreneur deals with business factors and in that process, how the same individual degenerates the situation due to EG. Going against the common trends in entrepreneurship research, this study regarding specific objective (i), has revealed some underlying issues that research has generally overlooked. Policymakers, scholars and the entrepreneurs have comparably ascribed factors that challenge entrepreneurs to be mainly external factors, yet such an assessment is misleading. With the emergence of the generated factors, a platform has been created to further inquire on different resolutions that could be of use in improving the preparedness of emerging entrepreneurs.

Emerging entrepreneurs encounter a series of macro business-related challenges in the early stage of business. These challenges could be dealt with reasonably if the individual – an entrepreneur – is adequately prepared. Improved levels of preparedness can be enhanced through supplement coaching and advisory services that are grounded on the business factors, generated by this study and among other factors of relevance in arresting early-stage business failure. Thus, the generated issues provide information that is credible in developing a diagnostic tool, that is useful in improving the level of preparedness among emerging entrepreneurs.

6.4 CONCLUSION ON SPECIFIC OBJECTIVE (ii)

An objective to develop a self-diagnosis measurement scale which assists entrepreneurs to monitor their entrepreneurship gaps was achieved. This was done by developing an instrument that has variables deduced from the generated factors summarised in the conclusions of specific objective (i). Four variables represented as factors were identified, namely business mindset, proficiency, preparedness and familism. The measurement scale developed is primarily aimed at assisting emerging entrepreneurs in monitoring their EG levels, simultaneously arming the support structure with improved tools, aiding advisory and coaching sessions for entrepreneurs.

The common trait observable in most scholarly work is to develop an instrument that specifically serves for the sole purpose of the study being undertaken (Zabkar et al., 2010). Consideration of the instrument to be used in future researches might not be expressed by many. Since this study was looking at a phenomenon that requires monitoring EG while developing a model that predicts the susceptibility of emerging entrepreneurs to high risk
business failure, an accompanying instrument was deemed necessary in completing the diagnostic tool package.

Entrepreneurship scholars such as Al-Lamki et al. (2016) developed a measurement scale that measures the entrepreneur’s readiness and the probability of success. This study similarly sought to address the level of preparedness of entrepreneurs by exploring the EG phenomenon and thereafter predicting the susceptibility of emerging entrepreneurs to high risk. The scholars went on to indicate how their measurement scale is unexhaustive as it only focuses on the economic and political categories. A call for an exhaustive measurement scale by the scholars was then recommended. Relatedly, a call for detailed research making use of an exploratory research design to gather empirical evidence on similar issues was made by Dias and Teixeira (2017). Hence, this study not only provides a measurement scale for enhancing early-stage entrepreneurship development but answers to calls in research.

Studies such as those conducted by Mamabolo et al. (2017) on entrepreneurship management skills provide evidence on how the entrepreneurship component still lacks evidence-based research. In an attempt to improve the entrepreneur’s management practice through the identification of relevant skills, the author’s study took a similar research design aimed at generating management skills necessary for entrepreneurial development. This study, upon the development of the instrument, stands in support of the prior scholarly work oriented towards improving the overlooked entrepreneur component in emerging economies. Also, with the development of new categories within this study, adding to the body of knowledge which was not primarily covered by other scholars, an engaged and exhaustive approach towards assisting emerging entrepreneurs on an individual level can be achieved.

6.5 CONCLUSION ON SPECIFIC OBJECTIVE (iii)

In the quest to address early-stage business failure as a result of EG, a diagnostic tool in the form of a framework model was developed, which measures entrepreneurs’ expectations, as well as the entrepreneurs lived experiences of running a business. It is within this EG frame of entrepreneurial expectations and lived experiences where friction occurs as emerging entrepreneurs struggle with related business factors prevalent in the formative stage of business. The understanding thereof is captured in the conception that an emerging entrepreneur who has low levels of EG (negative EG) is likely to deal with business factors adequately while those with high levels of EG (positive EG) struggle with business factors. Arriving at such a point where entrepreneurial expectations and their lived business experiences can be measured, thus requires an exhaustive assessment.
Firstly, one should consider the components that influence the development of entrepreneurial expectations. This study identified key components (predictor variables) that have an influential role in shaping the individual’s business expectations (business mindset, proficiency, preparedness, familism). These components have a direct influence on the cognitive capacity of an emerging entrepreneur. For instance, Hermans et al. (2015) viewed over-optimism and overconfidence as aspects that lead to overambitious entrepreneurial behaviour, which speaks to a business mindset.

Therefore, to understand why and how some entrepreneurs have either high or low levels of EG, an assessment of the key components is required. Each component consists of statements that reflect issues which emerging entrepreneurs struggle within the early stage of business and where advisory services could be rendered. To compute the expectations value, entrepreneurial expectations are assessed in several items that exist within each component. The average of the expectations value is calculated, which would be used to compare the average value obtained for the realities section.

Secondly, one should consider how the entrepreneur responds and or adapts to the realities presented by business, against the set expectations. The same four variables assessed in the expectations’ section are likewise assessed in the reality section leading to the attainment of a realities average value. This is measured in the lived experiences of the entrepreneur. However, within the EG phenomenon, the lived experience section is an independent variable which requires the entrepreneur to adapt, yet the entrepreneur’s expectations section is a dependent variable which is influenced by several factors. Therefore, the realities measurement reflects how the entrepreneur has adapted and or realised through the journey of business.

After the assessments of the two sections (entrepreneurial expectations and entrepreneurs lived experiences - realities) have been completed, a comparison is made. Comparing the two sections results in gaps \( (EG = expectations - realities) \). In the realisation of an EG, the value can be used in predicting the probability of an entrepreneur’s susceptibility to risk. Put differently, an emerging entrepreneur with higher levels of EG (positive EG) is understood to be susceptible to high risk of business failure. The reason, therefore, lies in the conception that entrepreneurs with high levels of EG have more demands regarding adjustment needs in the attempt to realign with reality. Resultantly, handling the struggles encountered in the early stage of business becomes a mammoth task. The realisation of a positive or negative EG is obtained juxtaposed with the statistically computed threshold \( \tau = 0.405996 \). To
operationalise the concept, a diagnostic framework model which this study coined as the Entrepreneurship Gaps Framework (EGF) model, was developed and is presented next.

6.5.1 Entrepreneurship Gaps Framework Model

![Diagram of EGF Model](image)

Figure 6.2: EGF Model

Source: Researcher's own construct

The EGF model is mathematically expressed as:

\[ EG_{it} = c + \beta_1 BM_{it} + \beta_2 PF_{it} + \beta_3 PP_{it} + \beta_4 FS_{it} + \varepsilon_{it} \]  

where \( EG_{it} \) takes value one if the entrepreneurship gap exceeds the statistically determined threshold \( \tau (\tau = 0.405996) \), or value zero (nought) when \( EG_{it} \) is below the threshold. This is based on the set of predictor variables [i.e. Business mindset (BM), proficiency (PF), preparedness (PP) and familism (FS)].

The EGF model consists of components that measure entrepreneurial expectations, indicated as the predictor variables in the latter statement. These components do not act in isolation but are intertwined to produce an array of effects on the entrepreneur. As outlined in Chapter 2,
the entrepreneur’s ability to filter the influence of such factors, is of importance, as this will be relevant in developing entrepreneurial expectations (Talebi et al. 2014). The applicability of the model is presented next.

6.5.2 Applicability of EGF Model

To illustrate the concept expressed by the model, Figure 6.3 displays an exemplified EGF.

Figure 6.3: Applicability of EGF Model

Researcher’s own construct

As presented in the EGF model (Figure 6.2), EG is subjected to entrepreneurs’ expectations as identified by this study. The expectations are subject to four predictor variables, i.e. business mindset (BM), proficiency (PF), preparedness (PP) and familism (FS). These predictor variables are presented as components determining the position of EG and thereby provide a starting point for understanding entrepreneurship failure. The illustration in Figure 6.3 points out the existence of two zones. Zone 1 (the area in shade) shows the area of high susceptibility to risk of business failure, while Zone 2 (unshaded area) demarcates the area of low susceptibility to risk of business failure. However, this is dependent on the position of the
threshold. Therefore, Zone 1 is an area that represents positive EG while Zone 2 represents negative EG.

Regarding Figure 6.3 in Zone 1, an emerging entrepreneur who has an EG value above the threshold, is comprehended to have misaligned business expectations to business realities. Similarly, the individual experiences more pressure in terms of adjusting to entrepreneurship realities as one would not have expected such changes. This is attributed to the necessity to effectively adjust to business realities and the subsequent challenges arising thereof, due to different factors contributing to the entrepreneurial gap, which were not accounted for during the start-up of the business. In contrast, an emerging entrepreneur with an EG value below the threshold (Zone 2), is less likely to be affected. The emerging entrepreneurs can expect and account for possible business adjustments in a manageable condition since business expectations and realities are more aligned.

Referring to the non-fixed EG axis in Figure 6.3, the emerging entrepreneur EG plots are depicted within Zone 2. This means the individual has little chance of being susceptible to high risk business failure if street vending, spaza shop or coffee shop business (as examples for illustration purposes) is pursued. However, the emerging entrepreneur is still susceptible to the risk of business failure if a bus company or technological company is pursued based on the threshold position. Similarly, if the EG plot of the emerging entrepreneur is above the threshold, this would imply that the individual is highly susceptible to high risk of business failure even when operating a spaza shop. Since the entrepreneurial expectations and realities are misaligned – as represented by a positive EG – this will mislead the individual if not erode the preparedness level. This all comes down to how the emerging entrepreneur is not adequately prepared for such types of businesses. Hence, the threshold level demarcates the zones. It should be noted that the type of businesses indicated in Figure 6.3 were plotted, based on the supposed business challenges they present and the level of business adjustments that take place to survive in business. In summary, the EGF model can be used on any type of entrepreneur, despite different business sectors, since the EGF model focuses on the entrepreneur component. Any support structure from the public organisations (i.e. funding agencies) to private institutions (i.e. banks) can at best make use of the tool for decision-making.
6.6 CONCLUSION ON THE RESEARCH PROBLEM

The high attrition rate of emerging businesses in South Africa signifies the need to develop workable means or methods that could be of use in decreasing the rate of early-stage business failure and ultimately, to improve economic growth. The developed EGF model is a diagnostic tool acting as a self-monitoring kit for emerging entrepreneurs and simultaneously acts as a decision tool for CDIs. The call for such a diagnostic tool has been indirectly requested by Underhill Corporate Solutions (2011); Ruiz et al. (2015); Olugbola (2017). This study thus developed a tool that could be used to holistically evaluate emerging entrepreneurs while paving for appropriate remedial action to be initiated. In other words, when the EGF model is applied, the emerging entrepreneur should be able to re-evaluate his or her expectations in line with the propensity of the business to deliver those expectations. This would, however, require improving the individual's preparedness, wherein CDIs could stimulate such improvements through effective coaching, advising and monitoring, and thorough evaluation.

6.7 PRACTICAL IMPLICATIONS

A closer look at CDIs making use of EGF model reveals how managers can improve their services. With limited resources available CDI managers in charge of allocating funds are restricted to make decisions based on the business component alone. At the emergence of EGF, managers can now have a comprehensive understanding of the entrepreneur together with the business component. Progressively, a holistic assessment of the client seeking funds will thus be achieved, providing reasonable information that every manager in charge of funds would greatly embrace. At best, the manager can, therefore, predict the entrepreneur's likelihood of susceptibility to high risk business failure, thereby creating a platform for sound decisions to be made. Irrespective of managerial position, entrepreneurs making use of the EGF model should bear in mind the constant need to stay on par with business realities, by using the EGF model as a tool.

Conclusively, in cooperating the findings, the EGF model acts as a more comprehensive diagnostic mechanism that improves early-stage entrepreneurship survival. The EGF model addresses the need for an entrepreneur to adjust successfully to business realities. Emerging entrepreneurs will be able to assess their ability to effect necessary changes towards establishing and operating a successful venture easily. This is based on the results of the EGF model. Besides, this assessment should lead to the identification of problem areas and thus conceive the implementation of remedies that advance the chances of entrepreneurship survival. Since the EGF model comprises predictor variables consisting of items in which
entrepreneurs struggle with the early stage of entrepreneurship as supported by empirical
evidence (Study 1 results), emerging entrepreneurs are assessed against these factors via a
measurement scale. The results thereof display the entrepreneurial gap of the respective
emerging entrepreneurs. As a start, relevant support with regards to advising and mentoring
will, therefore, be provided, improving the chances of the emerging entrepreneur to adjust to
business realities accordingly. Simultaneously, the CDIs can re-evaluate their strategies
towards entrepreneurship development, resulting in them providing the vital support resources
for categories of entrepreneurs.

The collaborative efforts of the entrepreneur and the support structures would, in turn, be
assisted by the EGF model which would enhance entrepreneurship survival in emerging
economies. This process should assist in developing strategic avenues that emerging
businesses could consider to effectively manage initial challenges associated with high EG
levels and business adjustment processes. With such outputs from this study, funding
agencies, post-funding support agencies, mentors, emerging entrepreneurs and interested
stakeholders would have a more comprehensive and informed platform to tackle early-stage
business failure, which should, eventually, lead to improved survival ratings of emerging
businesses in South Africa.

6.8 RECOMMENDATIONS FOR FURTHER RESEARCH

The nature of this study was exploratory, seeking to establish a platform for conceptualising
early-stage business failure on an individual level as opposed to a firm level. The findings of
this study are limited to the business environment of South Africa. However, notable areas of
interest should be pursued in future researches. These include:

• Focusing on specific demographic selections. For instance, this study did not take into
  consideration the effect of EG on different ethnic groups as this was not the aim of the
  study.
• Focusing on a specific type of business. Thus, comparisons can be made across business
types.
• Longitudinal studies may be conducted to unravel issues beyond the depth of this study.
• More Independent variables should be included in developing the EGF model as well as
  the consideration of a comparative analysis with other machine learning techniques.
6.9 CONTRIBUTION TO THE BODY OF KNOWLEDGE

This study has addressed requests in research covering both methodological requests to solution-oriented requests. Thus, new information was generated in understanding early-stage business failure in an emerging economy. This was supported by the comprehension of how the level of preparedness of emerging entrepreneurs can be measured. Extant literature has supported the suggestions that small businesses are deteriorating, mainly because of a lack of resources. This study, however, disregarded the norm to reveal how ‘lack of resources’ may simply be a tip of an iceberg, by demonstrating the influence and effect of the entrepreneurial component on business failure. Such a presentation provides relevant information to the body of knowledge within the entrepreneurship field.

Additionally, this study generated issues that emerging entrepreneurs struggle within the early stage of business. Furthermore, a measurement scale was developed which measures the entrepreneurship gap experienced by emerging entrepreneurs. Cementing the contributions was the development of an EGF model. EGF model is presented as a diagnostic tool that helps in predicting the likelihood of individual success versus failure. Inherently, it also required remedial action to be allocated efficiently and effectively. These contributions add substance to the body of knowledge and provide a background for dissecting similar issues affecting entrepreneurship survival.

6.10 CONCLUSION

This chapter presented conclusions on the specific objectives of this study together with the conclusion of the research problem. A summary of the key findings in Study 1 results was presented. The same applies to Study 2 results, in which the summary was presented under specific objective (ii) conclusions. This chapter further presented the EGF model which is a diagnostic tool for emerging entrepreneurs, advisors, evaluators and financiers. Additionally, an explanation of how the EGF model works was presented. Conclusively, practical implications for stakeholders were presented with special interest expressed regarding the support structure and CDIs. Thus, the standpoint of this study was presented to achieve the purpose of this study while addressing the research problem.
REFERENCES


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ANNEXURE A: CONSENT FORM

SCHOOL OF MANAGEMENT SCIENCES
DEPARTMENT BUSINESS MANAGEMENT
INFORMATION SHEET AND INFORMED CONSENT FORM

Introduction

My name is Nheta Daniel S, a PhD Candidate at the University of Venda. I am researching on: ENTREPRENEURSHIP GAPS FRAMEWORK: AN EXPLORATION INTO EXPECTATIONS VIS-A-VIS REALITIES OF ENTREPRENEURSHIP.

I kindly request for your 20 minutes participation in this research by expressing your views on the topic. The purpose of this study is to develop a model that will assist emerging entrepreneurs to remain in business by surviving the first years of operation. Your participation is voluntary, you are kindly asked to give your honest opinion as it will influence the quality of the research output. Be assured that all the information gathered from you will remain confidential.

INFORMED CONSENT FORM

In terms of the ethical requirements of the University of Venda, you are invited to complete this form as an indication of your permission to voluntarily participate in this study

I ___________________________ hereby confirm that I have been fully informed about the purpose, procedures, and activities of the study. The rights and risks of learners’ participation have also been fully explained to me. I was given full opportunity to ask any questions and I understand that participants can withdraw from the study at any stage and time, without giving any reasons.

I therefore hereby Give/Do not give my consent to voluntarily take part in the study as outlined (Delete the inapplicable).

Signature: ___________________________ Date: __________________
Researcher signature: __________________ Date: __________________
ANNEXURE B: INTERVIEW GUIDE

INTERVIEW GUIDE

for a

PhD Thesis entitled:

ENTREPRENEURSHIP GAPS FRAMEWORK: AN EXPLORATION INTO EXPECTATIONS VIS-A-VIS REALITIES OF ENTREPRENEURSHIP

PhD in Business Management

COMPILED BY: Daniel S Nheta
Dear Participant,

My name is Daniel S Nheta a PhD Candidate (Entrepreneurship) at the University of Venda. To complete my thesis, I am inviting you to participate in an interview of a research titled: “Entrepreneurship Gaps Framework: An exploration into expectations vis-a-vis realities of entrepreneurship”.

The research questions formulated for the study is:

**RQ1:** With respect to entrepreneurial preparedness, what are the factors that South African entrepreneurs struggle with the most during the early stage of business formation and how could these factors be identified?

**RQ2:** What tool could be developed to detect these factors among early-stage entrepreneurs?

Be assured that all the information gathered from you will remain confidential.

Thank you for taking the time to participate

Yours sincerely,

Researcher
Daniel S Nheta
Email: danielnheta@gmail.com
Cell phone number: +27 72 103 2203
Please note the questions provided below serve as a guideline, questions might be rephrased or changed during the interview process to solicit more information and to probe. The questions are aligned to the above research question and also divided into areas of inquiry to assist the researcher in probing.

Section A: Family Gap

1. How does family perceive you as a business person/entrepreneur?
2. How do you manage family expectations and business realities?

Section B: Skills Gap

3. What business skills are needed to start a business?
4. From these skills how do you apply them in your business?

Section C: Income Gap

5. Some people consider starting a business as being tough and disastrous to your income. What do you have to say about this statement?
6. How should a business person manage income issues in order to keep the business operating?

Section D: Stress Gap

7. Operating a business is considered stressful, what is your story regarding this area?
8. Are there any survival or coping strategies that a business person should have to overcome stress?

THANK YOU!
ANNEXURE C: QUESTIONNAIRE

ENTREPRENEURSHIP GAPS QUESTIONNAIRE

Dear Participant,

Introduction
Thank you for participating in this research. This questionnaire is part of a study designed to develop a framework model based on the differences between your expectations and the business realities. The questionnaire should only take up to 20 minutes of your time. Your cooperation is much appreciated.

General Instructions
The following instructions and conditions must be understood by all respondents:
(a) Answer from your own perspective, as honestly as possible;
(b) Please complete all sections, do not leave any unanswered questions;
(c) Please note that your name is not required, hence confidentiality is assured.
(d) Indicate your selected response by marking with a cross (x).
(e) Note. There are no wrong or right answers.
(f) By completing the survey, you indicate that you voluntarily participate in this research.

The primary investigator, Mr. Nheta DS, can be contacted during office hours on his mobile phone at 072 103 2203, or email danielnheta@gmail.com.

Thank you.

Mr. Nheta Daniel
Definition of terms:

**EXPECTATIONS:** The hopes that; you had for the business, that drove you into business, what you anticipated achieving or receiving as you operated the business and the possibilities you might have had that necessitated you starting a business.

**REALITIES:** The truth of your lived experiences in operating a business.

Definition of categories:

**Familism:** This concerns issues of influence or possibilities that you have come across with your family inclusive of siblings when you first started the business (family expectations) and after, when you are now in business (realities).

**Business mindset:** What you thought and understood about yourself regarding your business.

**Preparedness:** This concerns any expectations you had based on skills you might have towards starting the business and how ready you were to adapt to business life. More so, when you were in business did those skills materialise as expected and did you adapt? (realities)

**Proficiency:** The expected ability of one to operate a business and the reality of being able to operate the business.

**SECTION A:** Demographics

1. **What is your age?**
   - 18 – 24 years: 1
   - 25 – 35 years: 2
   - 36 – 45 years: 3
   - 46+ years: 4

2. **What is your gender?**
   - Male: 1
   - Female: 2
   - Other: 3

3. **What is your managing status of the business?**
   - Full-time manager: 1
   - Part-time manager: 2

4. **Indicate your type of business**
   - Service: 1
   - Merchandise: 2
   - Manufacturing: 3
   - Hybrid: 4

5. **Indicate the number of cumulative years in business**
   - Less than 1 year: 1
   - 1 – 3 years: 2
   - 4 – 7 years: 3
   - 8 – 10 years: 4
   - 10+ years: 5
### SECTION B: Expectations

NB: All questions with an asterisk symbol (*) reflects a negative worded question

<table>
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<th>E-Familism</th>
<th>Strongly Disagree (1)</th>
<th>Disagree (2)</th>
<th>Neutral (3)</th>
<th>Agree (4)</th>
<th>Strongly Agree (5)</th>
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</thead>
<tbody>
<tr>
<td>FS1 A family member will be willing to mentor me in business</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>FS2 My family will approve of my intention to start a business</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>FS3 My family values entrepreneurial activities</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>FS4 If I start my own business, my family would see me as a failure</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>FS5 My family would expect me to get a job over a business</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>FS6 If I start my own business, my family would support me financially</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>E-Business mindset</th>
<th></th>
<th></th>
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<tbody>
<tr>
<td>BM1 With my educational background, it should be easy to start a business</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>BM2 I anticipate creating wealth from starting a business</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>BM3 I expect to have more financial freedom when running my own business</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
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<tr>
<td>BM4 I think I am bold enough to face the challenges of starting a business</td>
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<td>BM5 I am determined to start and keep my business going</td>
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<td>3</td>
<td>4</td>
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<tr>
<td>PP2 I have experience to grow my business</td>
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<tr>
<td>PP3 I have enough business skills to balance business and social life</td>
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<tr>
<td>PP4 I am principled to have good business practises</td>
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<td>4</td>
<td>5</td>
</tr>
<tr>
<td>PP5 I have enough information relevant for my business</td>
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<td>5</td>
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<tr>
<td>PP6 My business will not negatively affect my personal finances</td>
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<tr>
<td>PP7 My past business experience (mistakes) will assist in managing the business</td>
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<tr>
<td>PF2 I have all necessary skills to start a business</td>
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# SECTION C: Realities

**NB:** All questions with an asterisk symbol (*) reflects a negative worded question

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<th>Neutral (3)</th>
<th>Agree (4)</th>
<th>Strongly Agree (5)</th>
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<tbody>
<tr>
<td>FS1 My family values entrepreneurial activities</td>
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<td>2</td>
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<tr>
<td>FS2* Now that I have started my own business, my family sees me as a failure</td>
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<tr>
<td>FS3 My family approves my intention to start a business</td>
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<tr>
<td>FS4* My family is unhappy because I chose a business over a job</td>
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<td>FS5 A family member mentors me in business</td>
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<tr>
<td>FS6 My family supports my business financially</td>
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<td>BM1 I have more financial freedom from running my own business</td>
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<tr>
<td>BM2 I am creating wealth from my business</td>
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<tr>
<td>BM3 I am financially disciplined to run my own business</td>
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<tr>
<td>BM5 It is easy to advertise my business to other people</td>
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<tr>
<td>BM6 With my educational background, it is easy to start a business</td>
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<tr>
<td>BM7 I am flexible enough to adapt to the changing business environment</td>
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<td>PF2* I do not have all necessary skills to start a business</td>
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Thank you
ANNEXURE D: PHASE ONE DATA ANALYSIS

Step 2 process: Opening coding

Step 2 process: Code manager
ANNEXURE D1: PHASE ONE DATA ANALYSIS

Step 4: Code group Manager
ANNEXURE E: CODE BOOK REPORT

Project: INTERVIEW ANALYSIS PHD
Report created by 11613021 on 1/20/2020

Code Report – Grouped by: Code Groups
All (44) codes

Business Management
8 Codes:

- BM: being over ambitious
- BM: business know-how
- BM: grow the business
- BM: know when to quit the business/idea
- BM: management of resources
- BM: operational discipline
- BM: poor budgeting
- BM: poor strategising

Entrepreneur Management
7 Codes:

- EM: business capable
- EM: committed to business
- EM: courage to lead
- EM: entrepreneur upbringing
- EM: entrepreneurial drive
Familism
6 Codes:
- FS: emotional support
- FS: family dissuasion
- FS: financial support
- FS: labour support
- FS: lack of support from family
- FS: passive agreement

Financial Management
6 Codes:
- FM: ability to create wealth
- FM: ability to risk
- FM: financing issues
- FM: increased cash inflow
- FM: individual financial discipline
- FM: individual freedom

Leadership Skills
9 Codes:
- LS: be flexible
● LS: be independent
● LS: have foresight
● LS: self-disciplined
● LS: self-motivated
● LS: self-reliant
● LS: strong-minded
● LS: tenacity
● LS: visionary

---

**Personal Management**

8 Codes:

● PM: astuteness
● PM: detach from societal anxiety
● PM: good individual welfare
● PM: individual sense of balance
● PM: inquisitive
● PM: intellectualise
● PM: preparative
● PM: relational
ANNEXURE F: PHASE TWO DATA ANALYSIS.

EXPECTATIONS SECTION: RELIABILITY MEASUREMENT PER ITEM WITHIN FACTOR

### Item-Total Statistics E-Factor 1

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### REALITIES SECTION: RELIABILITY MEASUREMENT PER ITEM WITHIN FACTOR

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ANNEXURE F1: ELASTIC NET REGRESSION IN R.

```r
# Load necessary libraries
library(glmnet)
library(ggplot2)

# Data preparation
# Assume 'X' is the predictor matrix and 'y' is the response variable
X <- as.factor(X)
Y <- as.factor(Y)

# Fit the Elastic Net model
fit <- glmnet(X, y, family = "binomial")

# Plot the model
plot(fit, xvar = "lambda", label = TRUE)

# Obtain the lambda value
lambda <- fitted(fit)[which.max(fit$lambda)]

# Refit the model with the optimal lambda
fit_optimal <- glmnet(X, y, family = "binomial", lambda = lambda)

# Plot the optimal model
plot(fit_optimal, xvar = "lambda", label = TRUE)
```