




University of Venda

**TOWARDS A MODEL FOR SUCCESSFUL ENTERPRISES CENTRED ON  
ENTREPRENEURS' EXOGENOUS AND ENDOGENOUS ATTRIBUTES: CASE OF VHEMBE  
DISTRICT, SOUTH AFRICA**


**By**

**Ishmael Obaeko Iwara  
Student Number: 16023142**

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**Promoter:**   
**Dr B. M. Kilonzo**

**Date 7 September 2020**

**Co-promoter:**   
**Dr J. Zuwarimwe**

**Date 7 September 2020**

**September 2020**

## DECLARATION

I, Ishmael Obaeko Iwara, hereby declare that this thesis for the Doctor of Philosophy in Rural Development Degree (PHDRDV) submitted to the Institute for Rural Development at the University of Venda has not been submitted previously for any degree at this or another university. It is original in design and execution, and all reference materials contained therein have been duly acknowledged.

Student  Date 25 August 2020  
I.O. Iwara

## ABSTRACT

Over 50% of the world's economies face high enterprise failure with African countries being on the top of the list. Specifically, South Africa is among nations with the highest rate of enterprise failure, estimated at 70%, despite sustained investments by the government to support the growth of enterprises. It has been argued that the country has no entrepreneurship models to support enterprise development, as a result, policies for entrepreneurial-supporting initiatives are not driven by correct or informed mechanisms that can adequately transform enterprises. This study investigated the indicators and critical exogenous and endogenous components associated with successful enterprises, borrowing some aspects from the Economic base theory. A mixed-method was followed and 280 participants were drawn from 16 villages in four local municipalities of Vhembe District using snowball, purposive and cluster sampling techniques. A desktop review, semi-structured and structured questionnaires were tools used for the data collection. An analysis of the qualitative data was achieved through a thematic technique using MAX QDA and Atlas-ti v8. Microsoft Excel functions; descriptive statistics through STATA, while, Crosstabulation, Principal Component Analysis (PCA) and Multilayer Perceptron (MLP) model through SPSS v26, as well as Multiple Linear Regression (MLR) model using R v3.0, were exploited with the quantitative data. The results indicate that - profit margin, trends of new products, enterprise expansion and enterprise survival - are common success indicators in the area. The PCA fitted on exogenous data structure ( $n=280$ ) computed 6 principal enterprise challenges from 45 items identified qualitatively. These are - Access to finance (AF: 14.887%), Access to market (AM: 10.297%), Physical capacity (PC: 8.858), Operational cost (OC: 6.052%), Socio-cultural issues (SC: 5.628%) and Competition (Co 4.460%). The MLP based on 83 sample structure of success enterprises, however, revealed that Co presents the most challenge followed by AM, OC, SI, AF and PC which was the least challenging. Similarly, PCA post-endogenous qualitative study computed 5 principal components from 49 initial items. Bridging networks (BN) constituted 38.044% of the variance followed by Self-belief (SB:15.802), Risk Awareness (RA:6.144), Resilience (R: 4.532), and Nonconformist (NC:4.271). The MLR employed to investigate the linear relationship of the parameters revealed that BN ( $\beta_1 = 7.57$ ) is most influential and statistically significant ( $p=0.01$ ). Except for SI which is negatively related to enterprise success, R, RA and NC parameters demonstrate positive influences to enterprise success. A model for successful enterprises centred on entrepreneurs' exogenous and endogenous attributes is proposed as the main contribution of the study towards enterprises' success in the areas of the research. The key recommendation in this study is that support to enterprises should be informed by the area-specific indicators outlined in the study.

**Keywords:** African model, enterprise development, endogenous attributes, exogenous factors, rural areas



## DEDICATION

I duly dedicate this PhD study to God almighty for His sufficient grace; to my beloved mother, Mrs Beatrice Obaeko Iwara, and also to my siblings, especially Peace Obaeko Iwara (in memoriam) who had hoped to be at my graduation.

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## CONTRIBUTION OF THE STUDY TO THE BODY OF KNOWLEDGE

### Published Papers

- Iwara, I.O., 2020. The Igbo-Traditional Business School (I-TBS): A SWOT Review Synthesis. In: I, O., Adeola, eds, *Indigenous African Enterprise: The Igbo Traditional Business School (I-TBS)*. 1st ed. UK: Emerald Publishing Limited, pp. 45-62.
- Iwara, I.O., Kilonzo, B.M. and Zuwarimwe, J., 2019. Exogenous Issues Associated with Poor Performance of Rural Entrepreneurs in Vhembe District, South Africa', *Conference Proceedings on Sustainable Urbanisation of the South Africa Sweden Universities Forum (SASUF) 2019 Symposium, Port Elizabeth, South Africa*, pp.179-209.
- Iwara, I.O., Netshandama, V.O., Kilonzo, B. and Zuwarimwe, J., 2019. Sociocultural issues contributing to poor youth involvement in entrepreneurial activities in South Africa: a prospect of young graduates in Thohoyandou. *AFFRIKA Journal of Politics, Economics and Society*, 9(2), pp.111-1349.

### Manuscripts in Review

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- Iwara, I.O., Kilonzo, B.M., Zuwarimwe, J. Entrepreneur's Endogenous Attributes Necessary for Successful Enterprise Development in Vhembe Rural Areas, South Africa. *The Southern African Journal of Entrepreneurship and Small Business Development*.
- Iwara, I.O., Zuwarimwe, J. and Kilonzo, B.M. Where Does Enterprise Failure Lie?: Prospective from Rural Vhembe Areas in South Africa. *Journal of Contemporary Management*.
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## ABBREVIATIONS AND ACRONYMS

4IR	Fourth Industrial Revolution
AF	Access to Finance
AM	Access to Market
BN	Bridging Networks
CBDs	Central Business Districts
CIA	Central Intelligence Agency
Co	Competition
Covid-19	Corona Virus 2019
CPPP	Community Public-Private Partnership Programme
DSBD	Department of Small Business Development
EP	Enterprise Performance
F	Function
FAA	Federal Aviation Agency
GDP	Gross Domestic Product
GEAR	Growth, Employment and Redistribution
GEM	Global Entrepreneurship Monitor
GTAC	Government Technical Advisory Centre
IBEF	India Brand Equity Foundation
IDC	Industrial Development Corporation
IFC	International Finance Corporation
KMO	Kaiser-Meyer-Olkin measure
KNBS	Kenya National Bureau of Statistics
LED	Local Economic Development
LEDE	Limpopo Economic Development Enterprise
MLRM	Multiple linear regression model
MSME	Micro, Small and Medium Enterprises
NAMAC	National Manufacturing Advisory Centre
NC	Non-Conformist
NDP	National Development Plan

NEPA	Ntsika Enterprise Promotion Agency
NTDST	National Treasury and Department of Science and Technology
NYDA	National Youth Development Agency
OC	Operational Cost
P	Performance
P1	Phase One
P2	Phase Two
PC	Physical Capacity
PCA	Principal Component Analysis
RA	Research Assistant
RA	Risk Awareness
RPC	Research Ethics Committee
Rs	Resilience
SB	Self-Belief
SEDA	Small Enterprise Development Agency
SEFA	Small Enterprise Finance Agency
SI	Sociocultural Issues
SMMEs	Small Micro and Medium Scale Enterprises
SPSS	Statistical Package for Social Sciences
Stats SA	Statistics South Africa
TDAP	Trade Development Authority of Pakistan
TEA	Total Early-Stage Entrepreneurship Activity
TIL	Trade and Investment Limpopo
TRA	Theory of Reasoned Action
UHDC	University of Venda Higher Degree Committee
USA	United States of America
UYF	Umsobomvu Youth Fund
VIF	Variance Inflation Factor
YED	Youth Enterprise Development

## CHAPTER 1: INTRODUCTION

### 1.1 Background of the Study

The fast-growing economies in the world have harnessed entrepreneurial capital to spur growth (Sledzik, 2013; Alexander, 2018; Block, Colombo, Cumming & Vismara, 2018). They have succeeded in marrying entrepreneurship exogenous and endogenous attributes to enhance enterprise development. In doing so, entrepreneurship models were put in place as a road map that guides entrepreneurs to navigate the market and succeed. In America, for instance, Situational Model (Hersey & Blanchard, 1969), the Krueger Entrepreneurial Intention Model (Krueger & Brazeal, 1994), Normative Model of Fit (Naman & Slevin, 1993) and Entrepreneurship Dynamic Model (Buera, 2009) are well-structured instruments anchored on existing entrepreneurship realities to spur enterprise development. Similarly, the Kaizen Model (Sarasohn & Protzman, 1949), Entrepreneurship dynamic capabilities model (Zahra, Sapienza & Davidsson, 2006), Bazaar Entrepreneurship Model (Dana, 2014) and Wahaha Group International Entrepreneurship Model (Wang & Zang, 2005) are known models in Asia. These models were informed by existing problems and entrepreneurship culture in Asian markets. Continents such as Australia and Europe have also joined the ranks.

A cursory look at countries with notable entrepreneurship models indicates that they record significant growth in enterprises success more than others. In America for instance, about 70% of new jobs come from entrepreneurial activities (Edinburgh Group, 2012, Mmbengwa et al., 2013; Buchaman, 2015). The European region recorded similar development (Hatfield, 2015; Meyermans, Piroli, Lejeune, Arranz, Joseph, Maly, Biletta & Parent-Thirion, 2016), likewise, Asia (Li, 2012; Sham, 2014; OECD, 2017). Further investigations reveal that the United States of America (USA), Australia, Singapore, Malaysia, Austria, Germany and the United Kingdom (UK) have less than 15% youth unemployment rate with successful enterprises being one of the key reasons (Central Intelligence Agency (CIA), 2012; Musa & Semasinghe, 2013). In contrast with countries that have no defined entrepreneurship models such as Namibia, Kenya, South Africa to mention a few in Africa, youth unemployment is between 40% and 50% (CIA, 2012; Musa & Semasinghe, 2013; Stats SA, 2018). This is a justification that enterprise success is key to economic development, therefore, it is important for every economy to develop good indices that can inform enterprise operation.

A glimpse of the importance of successful enterprises shows that over 50% of the world's total population relies on entrepreneurial activities for a living (Organisation for Economic Co-operation and Development (OECD), 2017). Africa has an estimate of about 60% of its workforce being absorbed by enterprises (Ntiamoah, Opoku, Abrokwah, Baah-Frimpong &



Agyei-Sakyi, 2014; Mouhallab & Jianguo, 2016; Ngoa, 2017). Its contribution to the economy is far above that from government-generated employment in countries, such as Ghana, Kenya, Nigeria, Ethiopia, Somalia, Egypt and Zimbabwe (National Bureau of Statistics Nigeria, 2015; Zwinoira, 2015; Muriithi, 2017; Nagler & Naudé, 2017; OECD Stat, 2017). South Africa is no exception as the majority of its job opportunities are derived from the same source (Stats SA, 2017). There has been a concern, however, that the contributions of enterprises on the continent are far less when compared with the enormous support being given by the government. In South Africa for instance, enterprise development towards a sustainable economy is one, among other key strategies put in place post-1994 apartheid era (Rogerson, 2000; Iheduru, 2004; Herrington, Kew, Knew & Monitor, 2010).

South Africa policy reforms and programs on entrepreneurship, generally stressed the need to establish sustainable enterprises with good potentials for global competitiveness (South Africa Department of Trade and Industry (DTI), 1995; DTI, 2008; Olawale & Garwe, 2010). Among others, the broad National Framework for Local Economic Development (LED) of 2006, National Development Plan (NDP) Vision 2030 launched in 2012 and the Youth Enterprise Development (YED) strategy 2013-2023 are champions of the agenda. Institutions and agencies have been established in line with the reforms to direct entrepreneurship capacity-building towards these vision however, despite the support being given, the performance of enterprises in the country is still below the expected threshold.

Most South African-owned enterprises are less competitive when compared with similar ventures run by their migrant counterparts in the country (Charman, Petersen & Piper, 2012; Dlodla, 2014; Nkondo, 2017). Many cannot stand their counterparts in the global space (Fatoki, 2014a; Ismail, 2016; Dlodla, 2017). The majority of South African-owned enterprises continue to underperform while others fail even after being supported by the government (Douglas, Douglas, Muturi & Ochieng, 2017; Stat SA, 2017). This has spurred questions on what could be the reason for enterprise failure even though there have been numerous investments poured into them. Most enterprises disappear after receiving support, hence, recruit of new enterprises for support is an ongoing process. The situation has made the country's enterprise failure visible to the world as also noted from studies by Gwija, Eresia-Eke and Iwu (2014), Dlodla (2015) and Galawe (2017) that show that South Africa is among the top countries of the world where enterprises' development lack processes, hence, the majority fail.

Studies earlier conducted in South Africa provide an estimate of 70% overall enterprise failure rate (Asah, Fatoki & Rungani, 2015; Bushe, 2019). Recent statistics estimated a 50% failure annually (South African Entrepreneurship Magazine, 2015; Standard Bank, 2017), with Small

Micro and Medium Scale Enterprises (SMMEs) taking the lead. An estimate of 70% SMME fail in their first year of entry, 63% in the first two years, while 71% in their fifth year of operation (Kalane, 2015; Rabie, Cant & Wiid, 2016). These figures are consistent with Adisa *et al.* (2014), Fernandes and Chamsa (2014), Osakwe, Verter, Bečvářová and Chavancova (2015), who reiterate that enterprise entry is on the rise, however, the rate at which they fail is a concern. In light of the significant role successful enterprises play in economic development, in particular, on job creation (Ramoglou & Tsang, 2016), continual enterprise failure is one amongst others, for South Africa's instability and inability to manage the growing youth unemployment, as well as other social ills, like the population's xenophobic tendencies, thefts and protests (Khosa & Kalitanyi, 2014; Mafukata, 2015; Karasi, 2018; Iwara, Obadire & Amaechi, 2018).

Researches reveal that South Africa lacks proper entrepreneurship models centred on grassroots realities and from an informed point of view, to guide enterprise development (Ayankoya, 2013; Iwara, 2018; Kativhu, 2019). As a result, policymakers, entrepreneurship development practitioners and entrepreneurs are not equipped with appropriate tools for transforming enterprises. Reliance has been on foreign models and/or generalised assumptions to direct local enterprises, even though it is obvious that the nature of support required in most cases differs with location and culture; this has been a missing link. Arguably, proper intervention measures can only be utilised when enterprise challenges are understood from an informed point of view (Rusvingo, 2015; Karasi, Shambare & Nkondo, 2017; Gukurume, 2018; Rogerson, 2018). This further explains and supports the viewpoint that only grassroots entrepreneurs affected by market realities have sufficient knowledge of the precise circumstances to be able to suggest more accurate cause-effect relationships (Nemaenzhe, 2010). To close this gap, a context-based and area-specific enterprise model is required.

The primary objective of this research is to propose a relevant holistic model that integrates exogenous and endogenous attributes of successful enterprise operation in the Vhembe District in Limpopo Province.

## **1.2 Statement of the Research Problem**

Even though South Africa is highly involved in entrepreneurial activities, there is yet to be a specific model informed by the country's specific realities to support and spur successful enterprise operation. The current policies supporting enterprise development in the country are anchored on foreign models which lack compatibility with local realities (Brand *et al.*, 2013; Churchill, 2017). Lack of a South African-based entrepreneurship model has contributed to the high attrition rate of enterprises, despite the massive government investment put in place

for their prosperity in the country (Abor & Quartey, 2010; Brand *et al.*, 2013; Gwija *et al.*, 2014; Brixiová, Ncube & Bicaba, 2015; George, Corbishley, Khayesi, Haas & Tihanyi, 2016; Kativhu, Mwale & Francis, 2018). An overview of progress in entrepreneurial activities in the country reveal 9% average Total Early-Stage Entrepreneurship Activity (TEA). This is below the expected TEA at 20% in the country, as well as 14% in the Southern African region; this suggest the urgency of interventions that can help enterprises improve (Herrington & Kew, 2014; Mike & Penny, 2016, Galawe, 2017). The overall enterprise failure rate in the country stands at 70% (Asah *et al.*, 2015; Bushe, 2019), significantly affecting unemployment rate, estimated at 38.1%, inequality and poverty problems in the country (Stats SA, 2018). This explains that enterprises are not growing to the expected threshold. Compared to countries like USA, Australia, France, China, Japan and Pakistan where enterprise-support programmes are influenced by country-specific models (Zuwarimwe, 2009; Mazzarol, 2014; Dana, 2014; Barnes & de Villiers Scheepers, 2018; Macdonald, 2018; Momsen, 2018), South Africa, however, does not use this approach. In the light of the fact that entrepreneurial activities differ with cultures and areas, the imposition of foreign models on the country, rarely results in the much-needed success (Kamunge, Njeru, Tirimba, 2014; Dlodla, 2015; Souza, Santos, Lima, Cruz & Lezana, 2016; Thein, 2016). This is a clear justification that proper determinants for enterprise support have still not been harnessed in the country. One solution to this problem, is the designing and development of a support model based on attributes that reflect the realities of grassroots entrepreneurs.

### **1.3 Justification/Rationale of the Study**

The proposed model unearths the nature of enterprise development support needed based on stakeholders common understanding. It will enable policymakers and entrepreneurship development practitioners to provide enterprise capacity building from an informed point of view. Entrepreneurs may also use the model as a guide to successfully develop an enterprise given that the indicators conform with the realities on the ground. The holistic nature of the proposed model which comprised of enterprise success indicators, exogenous factors and endogenous attributes contributes immensely to new knowledge in the field of rural development and entrepreneurship. Building enterprise capacity is often critical to sustainability, especially in rural areas where there is a high business failure, unemployment, growing youth population, poverty, as well as rural-urban migration (Fete, 2012; Mmbengwa *et al.*, 2013). This impact is consistent with the SA National Development Plan 2013, SA New Framework for Local Economic Development 2018, African Union Agenda 2063, and the United Nation 2030 Sustainable goals 1; 2; 8; 9; 10 and 11. Given that the model provides an understanding of enterprise operation from the grassroots realities, it is expected that it will

influence policy reforms to move away from the use of foreign models to what is locally sourced such that the support will be more target-specific.

#### 1.4 Research Objectives

The main objective addressed in this study was to establish a holistic model that integrates the entrepreneurs' exogenous and endogenous attributes for successful enterprises in the Vhembe District. To achieve this, the following research objectives and associated research questions presented in Table 1, were addressed.

**Table 1.1: Objectives and Associated Questions**

Research objectives	Research questions
1) To examine enterprise success indicators	I. Do enterprises in the Vhembe District, have expansion potential? II. Are the entrepreneurs innovative in terms of introduction of new products? III. Do enterprises in the area have sustainable profit margins? IV. Do enterprises in the area survive after being supported?
2) To analyse the exogenous factors associated with successful enterprises	I. What are the external challenges affecting enterprise success in the area? II. How have external issues caused enterprise failure in the area? III. How can the issues be mitigated to improve enterprise success in the area?
3) To distil the endogenous attributes associated with successful enterprises	I. What are the internal issues responsible for enterprise success in the area? II. How have the internal issues contributed to enterprise success in the area? III. How can the issues be used to improve enterprise success in the area?

#### 1.5 Scope and Delimitation of the Study

This study is limited in both the field of study and the rural areas involved in the study. The field of this study falls within the subject discipline of entrepreneurship with specific reference to enterprise success indicators, exogenous factors and endogenous attributes required for successful enterprise operation. The study was conducted in four local municipalities of the Vhembe District in South Africa. Vhembe District is situated in Limpopo Province, one of the provincial administrative hubs of the country. Its economic activity is predominantly agrarian with high-level involvement in entrepreneurial activities, especially SMMEs. Regardless of these activities, unemployment and poverty levels in the area are high, with enterprise failure as a major contributor. The focus of this research is on enterprises in rural areas, regardless of the typology and size, however, only South African local-owned enterprises that have

operated for five years and above in the area were sampled. Participants were drawn from different categories in relationship to aspects like, entrepreneurs' gender and age group. Both supported and non-supported entrepreneurs were involved to ensure variation.

## **1.6 Outline of the Thesis**

This thesis is organized into seven chapters. Chapter 1 presents the background of the study, research problems, research objectives and associated questions, as well as scope and delimitation of the study. Literature on the topic is presented in Chapter 2. In this presentation, definitions of key terms and concepts, enterprise success indicators, enterprise exogenous issues and endogenous attributes of entrepreneurs were deliberated upon. In addition, entrepreneurship models, concepts, approaches, as well as theory were also discussed in this chapter. The discourse served as a roadmap towards the conceptual framework underpinning the current study.

In Chapter 3, a description of the study area, and the general methodological approach followed were outlined; this included the research design, population and sampling procedure, data collection, and data analyses. Ethical consideration, limitations and pre-testing were also outlined in this chapter. Chapter 4 presents the results and discussions on enterprise success indicators and performance, in line with Objective 1. Chapters 5 and 6 present the results and discussions of exogenous factors and endogenous attributes associated with enterprise success, in line with Objectives 2, and 3, respectively. Lastly, Chapter 7 synthesised the thesis and provided a relevant holistic model for enterprise operation in line with aim of the study. This Chapter also outlines the contribution of the study and key recommendations.

## **CHAPTER 2: LITERATURE REVIEW**

### **2.1 Introduction**

An analysis of the literature provides operational definitions of key terms and concepts used in the study, global enterprise development models, policy measures and support programmes put in place by the South African government to spur successful enterprise operation and development. The literature also covers enterprise performance from the global point of view and within the context of South Africa. The review justified the need for continual support for enterprises and the conceptual framework underpinning the current study. Various issues associated with poor performance, failure as well as the success of enterprises were outlined. Arguments grappling with definitions of - enterprise failure, performance, as well as measurement indicators – formed part of the deliberations.

### **2.2 Operational Definitions of Key Terms and Concepts**

The key terms defined in this section which were used in the study are entrepreneurship, entrepreneur, entrepreneur's endogenous attributes, an enterprise, enterprise's exogenous factors, and a model.

#### **2.2.1 Entrepreneurship**

Entrepreneurship is an act and process of designing, organising, establishing and driving a new economic activity (Ramoglou & Tsang, 2016; Al Ayyubi *et al.*, 2017). In this study, it refers to the process of involving in any innovative and creative economic activity, to maximize personal wealth or social surpluses.

#### **2.2.2 Entrepreneur**

An entrepreneur is an individual who runs an innovative economic activity (Sitoula, 2015). It is a person who initiates, maintains or organizes a profit-oriented business unit for the production or distribution of economic goods and services (Krejci *et al.*, 2015). In this study, an entrepreneur refers to someone engaged in an innovative economic activity that has an impact on the socio-economic and material life of the individual and society.

#### **2.2.3 Entrepreneur's endogenous attributes**

Entrepreneurs' endogenous attributes are the internal traits distinctive to an individual, such as behaviour, innovation, experience and knowledge, resilience, skills development which influence their motives, actions and performance (Ummah & Gunapalan, 2012; Ha *et al.*,

2014; Krejci *et al.*, 2015; Kativhu, 2019). In this study, endogenous refers to inherent attributes or characterise unique to a person.

#### **2.2.4 Enterprise**

An enterprise is a business unit established to achieve economic goals (Sreevidya, 2011). In this study, an enterprise refers to an established innovative activity that has positive repercussion for anyone involved and society.

#### **2.2.5 Enterprise's exogenous factors**

An enterprise's exogenous factors are external elements that influence entrepreneurial operation and development positively or negatively (Lukason & Hoffman, 2015; Abd Rani & Hashim, 2017; Lewis, 2018). Exogenous is the direct opposite of endogenous. It refers to something that grows from the outside an aspect which has external cause or origin. In this study, exogenous factors within the context of entrepreneurship refers to external resources either existing independently or put in place to influence enterprises.

#### **2.2.6 Model**

A model refers to anything established and tested to serve as a guide or roadmap to follow (Engle, 2007; Kaboub, 2010). It is a dimensional representation of a structure or subject in a summarized form. To be more precise, we propose that a model is a replica of reality which directs individuals to successfully navigate an environment. It sums what is required to thrive in entrepreneurship such that individuals distil learning points from the model to succeed in their entrepreneurial endeavour. This definition explains the meaning of a model as applied in the current study.

### **2.3 Existing Enterprise Development Models**

Economies in the world have known entrepreneurship models anchored on entrepreneurial predispositions peculiar to their area (Table 2.1). As earlier mentioned, Asia, Australia, America, and Europe have successfully harnessed the model approach to enhance enterprise development. Evidence of successful enterprise development in many countries of these regions is a justification that the model approach to entrepreneurship, which is lacking in Africa, may be a crucial constraint to the continent's enterprise success.

**Table 2.1: Global Entrepreneurship Models**

<b>Model/concept</b>	<b>Region</b>	<b>Key Attributes</b>	<b>Author(s), Year</b>
Entrepreneurial quality configuration model.	Europe	Self-driven, motivation, energizer behaviour, experience, education, family-based orientation.	Guzman and Santos, 2001.
The Ajzen model of planned behaviour.	Europe	Behavioural intention, subjective norm, and attitudes.	Ajzen, 2001.
The Shapero model entrepreneurial event.	Europe	Perception of the desirability, perception of feasibility and propensity to act.	Shapero and Sokol, 1982.
Intention-based models.	Europe	Enterprise development through predictive power, surrounding behaviours, observation and good state of mind.	Ajzen and Fishbein, 1980.
Model of the institutional work.	Europe	Infant enterprise development using institutional entrepreneurs/enterprises.	Tracey, Phillips and Jarvis, 2011.
Model of female entrepreneurship.	Europe	Entrepreneurship start-up goals and mode of entry.	Orhan and Scott, 2001.
Situational models.	America	Decision-making and personality power of prediction.	Hersey and Blanchard, 1969
The Krueger entrepreneurial intention model.	America	Perceived feasibility and perceived desirability mediate the influence of perceived social norms/self-efficacy on intent.	Krueger and Brazeal, 1994.
Personality trait model.	America	Internal locus of control, high need for achievement, and a moderate risk-taking propensity.	Brandstätter, 1997; Korunka et al, 2003.
The normative model of fit.	America	Entrepreneurial style, organizational structure, and mission strategy for measuring fit in an entrepreneurial environment.	Naman and Slevin, 1993.
Entrepreneurship dynamic model.	America	Non-monotonic relationship between wealth and entry into entrepreneurship.	Buera, 2009.
Kaizen model.	Asia	Teamwork, discipline and collective suggestions.	Sarasohn and Protzman, 1949.



Lenova group and Haier group: Transformational entrepreneurial model.	Asia	Orientation for shareholding, partnership, collaboration and multiple ownership.	Wang and Zang, 2005.
Bazaar entrepreneurship model.	Asia	Enterprise development through kinship ties/community networks.	Dana, 2014.
Human Resource Management (HRM).	Asia	Assertiveness, competitiveness, innovation and accomplishment.	Wang and Zang, 2005.
Entrepreneurship dynamic capabilities model.	Asia	Substantive capabilities and dynamic capabilities.	Zahra <i>et al.</i> , 2006
Family business: Wenzhou individual entrepreneurship model.	Asia	Family-oriented and driven ventures.	Wang and Zang, 2005.
Wahaha group growth: International entrepreneurship model.	Asia	Organised arrangements for joint ventures with foreign enterprises.	Wang and Zang, 2005.
A bounded multidimensional model of social entrepreneurship.	Australia	Behavioural dimensions, innovativeness, proactiveness and risk management.	Weerawardena and Mort, 2006.
The integrative model.	Australia	Enterprise development based on new knowledge through research outcomes.	Hindle and Yencken, 2004.
A higher-order structural model	Australia	Innovation, entrepreneurial self-efficacy, and human capital.	Lee <i>et al.</i> , 2016.
Igbo Traditional Business School Model (I-TBS).	Africa	Enterprise development through apprenticeship and solidarity.	Agozino and Anyanike 2007; Kanu, 2019.
Traditional African informal credit enterprise model.	Africa	Credit mobilization and social capital for enterprise development.	Moses <i>et al.</i> , 2015; Koenane, 2019.

**Source:** Own compilation based on literature review as per column 4

### 2.3.1 Asian Enterprise Development Models

The Asian entrepreneurship models are centred on cultural attributes, such as religious ties, family bonds, social kinship, norms and values (Dana, 2007). As a result, entrepreneurial activities form part of their culture. The Wenzhou Individual entrepreneurship model, for instance, promotes strong ties and collaborations (Wang & Zang, 2005). It is a Chinese orientation that promotes merging resources to run a collective enterprise. In most Asian societies, entrepreneurial skill and labour is abundant, however, access to capital, continuous competition and access to markets are huge challenge (Khan & Abasyn, 2017; Trade Development Authority of Pakistan (TDAP), 2017; Mukherjee, 2018; Chitrakar, 2019). Joint efforts, therefore, is ideal in raising start-up capital. Partners collectively manage the day-to-day affairs which also eliminates the cost of hiring employee. Lastly, each partner draws clients from their social networks which helps in promoting the enterprise.

Similarly, the Kaizen entrepreneurship model is based on family networks, social ties and trust; it has its roots in Japan, although influenced by American businesses and quality-management teachers in the early 1950s. It has since spread throughout the world (Sarason & Protzman, 1949; Misiurek, 2016). The model is based on the notion that entrepreneurs should come together to share suggestions; work as a team and achieve organisational goals (Kristiansen, 2004; Root, 2017). This concept encourages innovative entrepreneurs to unite and generate a considerable number of proposals that can produce an appropriate holistic entrepreneurship framework (Hamel, 2010; Misiurek, 2016). One of its assumptions is that access to start-up capital is easy in a joint effort and growth is more rapid when partnership is central.

The Kaizen is a Japanese philosophy, which refers to “improvement” or “progress” achieved through collective efforts (Hamel, 2010). It is anchored on continuing involvement of everyone in an organization, to pursue a single goal, thus, people partner to start an enterprise and subsequently involve others (mostly the younger generations) within their cultural lines. This makes individualism the lowest ranking factor in enterprise development (International Business Center (IBC), 2012). Ideas brought by members of the group are respected and treated equally (Kotelnikov, 2016). The integral part of Kaizen is that the model promotes specialization and efficiency, as members learn from each other in the process of executing any joint task. This approach builds broader networks and promotes sales because every member of the group attracts and maintain certain networks relevant to his/her enterprise.

Pakistan informs entrepreneurial activities with a Bazaar model; an ancient social and cultural system in Asia, which influences the nature of economic activities and sustainable livelihood (Dana, 2014). The model is that which spurs people to transact business based on a personal relationship. Consumers/clients in this context do not necessarily focus on the quality/quantity

of goods and service or price as patronage is unconditional to whom they have symbiotic relationships. People pledge support to those with common ties such as ethnicity, religion, social group, and family background, with hopes for returns in the future. Like other forms of Asian models, Bazaar, therefore, promotes partnership and collaboration amongst known individuals (Basu, 1998; Sriram, Mersha & Herron, 2007). These ideologies are consistent with Wenzhou entrepreneurship model, Wahaha group growth - International entrepreneurship model and the Transformational entrepreneurial model (Wang & Zang, 2005), which are also Asian-based models. Research conducted in Africa, specifically South Africa, reveals that Asian-driven enterprises succeed more when given equal market opportunities (Charman & Piper, 2011; Dlodla, 2014; Nkondo, 2017). One major reason behind their success is their business approaches which draws largely from their traditional entrepreneurship models. Asians build on culture and social networks to generate resources that inform enterprise development and operation, rather than relying on government.

### **2.3.2 Australia Enterprise Development Models**

Most Australian entrepreneurship models are educational-based and individually-driven. The orientation of the Integrative model, for instance, stipulates that research is an assured means of enterprise development and entrepreneurial activity, thus, entrepreneurship ideas should be investigated and tested before implementing to limit chances of failure (Hindle & Yencken, 2004). Assumptions behind the model are that research helps in exposing societal issues beneath common understanding and in identifying niche entrepreneurial approaches to close any gaps. It is, hence, an armoury to access requisite entrepreneurial knowledge, discover ideas convertible into opportunities, as well as, understand useful measures of harnessing financial and human resource needs for proper enterprise development and operation.

The Higher-order structural model is another Australian-based orientation, useful for enterprise development. This model fronts the notion that proper enterprise development requires innovation, entrepreneurial self-efficacy and human capital (Lee *et al.*, 2016). Innovation explains the process of devising new ideas as a solution to a problem (Hallak, Lindsay & Brown, 2011; Lin, 2013). It defines how one understands an entrepreneurial environment, identify gaps and come up with new solutions in the form of products and services that are acceptable to the public. Solution-driven ideas are key in enterprise development because they enable entrepreneurs to view problems as opportunities – a stand that makes entrepreneurs compete better in a perfect market. Self-efficacy explains the confidence and level of control an entrepreneur has in running an enterprise (Hallak, Assaker, Lee, 2015). This characteristic speaks directly to entrepreneurs' influence, directions, and their confidence to strategize (Hallak *et al.*, 2011; Brown *et al.*, 2012; Hallak *et al.*, 2015). Human

capital in the context of the model is the level at which one has developed, therefore, explains the extent of ideas, experience and knowledge entrepreneurs have to invest in their endeavours (Lee *et al.*, 2016). Such development could be through formal education, or non-formal education acquired through practices. Entrepreneurial human capital, innovation and self-efficacy determine how opportunities and obstacles are perceived and overcome in entrepreneurship.

Unlike the former, the Multidimensional model of social entrepreneurship enable enterprise development and operation through the help of existing structures (Weerawardena & Mort, 2006). Establishment and nurturing of new enterprises to maturity are anchored on existing successful entrepreneurial institutions. In this context, emphases are on the roles (mentorship, guidance, funding) social missions, government agencies and other stakeholders who can assist to ensure start-up, uptake and prosperity of enterprises. The model is pivotal in leveraging enterprise development/operation obstacles, like lack of knowledge, guidance and resources – challenges that cause poor business entry, low performance and high failure rates (Dees, 2017; Yunus, 2017). Weerawardena and Mort (2006) indicate that innovativeness, proactiveness and risk management should be a driving force for enterprise wanting to be anchored on the model. Based on the review, Australian entrepreneurship models are educational-based with much emphases on endogenous attributes. Evidence of exogenous support is premised on forward-backward integration, wherein government institutions, successful large enterprises and other key stakeholders involved in entrepreneurship development nurture infant enterprises to maturity.

### **2.3.3 European Enterprise Development Models**

Studies about entrepreneurship conducted earlier in Europe showed a departure from business entry influences and entrepreneurial environment. A view found common in most of the models is the state of preparedness necessary for entry into entrepreneurship; this approach holds the notion that enterprise development and entrepreneurial activities begins with a mindset, thus, an important support required to enhance enterprise success, is helping individuals to develop this mindset and orientation. The Intention-based model, for instance, is of the view that an entrepreneurial intention is the state of mind, which motivates, directs and guides an entrepreneur to start and manage a successful enterprise (Ajzen & Fisbein, 1980; Hindle, Klyver, Jennings, 2009). An entrepreneur's good state of mind, ability to observe and learn from the environment determine enterprise performance (Krueger, Reilly, Carsrud, 2000; Hindle *et al.*, 2009; Grimaldi *et al.*, 2012). Capacity-building, therefore, should be that which helps entrepreneurs to understand the business environment and develop a state of mind restrictive of negative influences. The intention-based model draws most of its aspects

from Bandura's (1977) social learning theory, also referred to as 'social cognitive theory' (Bandura & Walters, 1977). The theory is based on the point that individual behaviour is part of an inseparable triadic structure wherein, surrounding behaviours constantly influence each other (Bandura, 2001; Hindle *et al.*, 2009). In this context, only individuals with strong resistive mindsets can make and implement decisions independently. In other words, lack of proper entrepreneurial orientation may subject an entrepreneur to negative influences that arise in the environment. This suggest rigorous endogenous enterprise skills development, especially on entrepreneurial behaviour and mindset.

The Ajzen entrepreneurship model is of similar opinion, that behaviour influences society, individual performance and enterprise operation. The Ajzen Model of Planned Behaviour emerged from the Theory of Reasoned Action (TRA), grounded on people's attitudes, such as learning, expectancy-value, consistency, and attribution (Fishbein & Ajzen, 1975; Ajzen & Fishbein, 1980). Major constructs of the model include subjective norm, attitudes, and behavioural intention. Subjective norm is a perceived social pressure from peers, mentors, friends, and family members to portray certain behaviours (Friedkin, 2010). Subjective norm determines performance in two ways. Firstly, good performance if the external pressure influences good attitudes. Secondly, poor performance if the external influences subject individuals to negative behaviours, thereby, negatively, transforming their entrepreneurial intention. The Ajzen Model has been criticized based on it making assumptions that are based on cognitive processing (Botsaris & Vamvaka, 2012; 2016), and ignoring how one's needs might affect behaviour before one engages in a certain action (Sniehotta, 2009). For instance, people may opt for a particular product because they possess a positive attitude towards it and not necessarily based on their immediate need for it. Intensions may also influence individuals to venture into something which was not based on peer pressure.

The central pillars of Shapero model of entrepreneurial development also focus on business entry and level of preparedness (Shapero & Sokol, 1982), however, the model also stress a point that perception of desirability, feasibility and propensity to utilize opportunities, determine survival and success (Botsaris & Vamvaka, 2012; Ngugi, Gakure, Waithaka, & Kiwara, 2012). An entrepreneurial event occurs when one is lured to entrepreneurship by innovation, entrepreneurial training or opportunities (Shapero & Sokol, 1982). Entrepreneurial events necessitate a potential to start an enterprise before the propensity to act. The perceived feasibility is the gradation an entrepreneur feels, that he/she is personally capable of starting and operating an enterprise. Cognisant of this fact, enterprise development may be stagnant in a situation wherein the actor's inner feeling to venture, and capabilities to thrive, are absent. This sentiment closely supports the Krueger entrepreneurial intention model (cited in Botsaris

& Vamvaka, 2012) which explains that enterprise development and expectations may not be achieved where credibility, suitability and readiness are lacking.

Orhan and Scott (2001), in their model of Female Entrepreneurship, recommends that entrepreneurs should outline proper entrepreneurial goals before entry into a business. These goals serve as a road map that will guide enterprise development, as well as operations. This notion is consistent with the Quality configuration model which sees business motives, entry approach and personal traits as key enterprise development indicators (Guzmán & Santos, 2001). Motivation and energizing behaviours, such as ambition to grow, innovative and collaborative spirit, as well as reactivity in leadership, are also contributing factors.

Unlike most other European entrepreneurship models that draw mostly on endogenous attributes, the Institutional work model is highly dependent on exogenous support for enterprise development and operation. It is based on the notion that the scale of enterprises can be expanded by establishing a strong bond between institutional and individual enterprises (Tracey *et al.*, 2011). In this approach, infant enterprises may have a window of opportunities to tap from grounded and large enterprises either through skill transfer, guidance, funding or collaborations.

#### **2.3.4 Americas Enterprise Development Models**

Enterprise development models in America are centred on internal business traits, knowledge building, market orientation and government support. For instance, the Situational entrepreneurship model assumes that enterprise development and successful entrepreneurial activity are achieved when an entrepreneur is knowledgeable about market environment (Ribeiro-Soriano & Urbano, 2009). In addition to the fact that such an understanding enables entrepreneurs to identify value proposition and strategize to compete better (Schwarz, Almer-Jarz & Wdowiak, 2006), it also empowers such entrepreneurs to make better predictions and decisions for their enterprises (Souza, 2016). This narrative puts knowledge at the centre of enterprise development and entrepreneurial activities in America. Naman and Slevin (1993), in their Normative Model of fit, stressed that a proper enterprise development is that which takes feasibility into account. The model recommends quality assurance, thus, entrepreneurial ideas are tested on grassroot realities and examined to unearth their potentials, before they are rolled out. In this context, environmental turbulence, entrepreneurial style, organization structure, mission strategy, and financial performance are key indicators for measuring enterprise suitability and appropriateness. This practice helps in minimising business incompatibility which often affect enterprise development, operation and prosperity.

Personality Trait Model is anchored on exogenous and endogenous components necessary for enterprise development/operation. Personality trait in this sense is understood as enduring patterns of oneself, in perceiving, understanding, relating and thinking about the environment (American Psychiatric Association (APA), 2000). These traits determine the ability to interact with external and internal loci of control for a perfect enterprise operation (Frese & De Kruijff, 2002; Karabulut, 2016); this attribute distinguishes successful entrepreneurs from others. In the model, educational background, level of experience and location are key factors that determine the functionality of an enterprise (Liñán, 2004). Innovative mindset, zealotry, risk-taking and self-efficacy are key attributes required to influence enterprise success (Liechti *et al.*, 2014). In other words, a successful enterprise development and practices requires a combination of factors.

The Traits model of entrepreneurship is centred on two key areas of enterprise development. Firstly, clarity and guarantee of an entrepreneurial focus during business entry (Gartner, 1989). An assurance survey which evaluates the strengths, weaknesses, opportunities and threats of an entrepreneurial idea is most ideal because it enables entrepreneurs to understand both the negative and positive aspects of their initiative. This helps in decision-making towards a successful enterprise development. Secondly, neuroticism, extraversion, conscientiousness, openness and agreeableness, assertiveness, self-efficacy, and self-esteem as key complementary attributes towards a successful enterprise development/operation (Gartner, 1989; Izquierdo & Buelens, 2008; Ribeiro-Soriano & Urbano, 2009; Botsaris & Vamvaka, 2012). This is consistent with Gan (2010) and Cardon, Stevens and Potter (2013) who maintain that in the presence of exogenous support, an entrepreneur requires innovation, self-efficacy, skills and behaviour to function and succeed.

### **2.3.5 African Enterprise Development Models**

Africa has a long history of enterprise practices embedded in their culture upon which its economy is built (Imhonopi, Urim & Iruonagbe, 2013; Oluwabamide, 2015; Osiri, 2020). The advent of colonisation on the continent has transformed African structural system, whereby the traditional systems of entrepreneurship have been replaced with western ideologies (Imhonopi *et al.*, 2013). As a result, most of the African traditional entrepreneurship models have become extinct, and unfortunately, the few in existence have been under-reported in academic literature. Arguably, none has been verified, validated or falsified in the broader array of policies and practices in the continent. This is one reason enterprise development across countries on the continent is lagging behind (Ayankoya, 2013; Brand *et al.*, 2013; Churchill, 2017; Kativhu, 2019). Lack of grassroots models anchored in the realities of indigenous entrepreneurial activities prevents identification of the exact nature of support

necessary for enterprise development/operation; this has caused enterprises to suffer setbacks (Agozino & Anyanike, 2007; Onwuka, 2015). In addition to the lack of documentation, the few in practice, such as the Igbo Traditional Business School (I-TBS) model and Accumulating Savings and Credit Associations (ACSAs) enterprise model are not recognised, making it difficult to replicate or integrate them into the contemporary enterprise space.

The I-TBS is an informal arrangement that offers a wide range, of original and practical cutthroat business education to interested individuals (Aleke, 2018; Kanu, 2020). It is a concept that encompasses several models, such as the *Igba-Boi* (literally, to serve another), *Imu-Ahia* (to learn a trade), *Igba-odibo* (to learn marketing concepts) *Imu-Oru* (to learn a craft) and *Igba-oso-ahia* (to learn tricks of raising money) (Agozino & Anyanike, 2007; Lady-Franca, 2016; Iwara, Amaech & Netshandama, 2019). These are closely related, although, each of these models comes with different structures, rules, and terms of operation. I-TBS is a longstanding Igbo (a tribe in Nigeria) indigenous approach of providing, especially the young adults, with entrepreneurial knowledge and wealth-creation for sustainable livelihood (Kanu, 2020). This approach has formed part of the Igbo culture and practices, and has been in existence for centuries. It is an orientation that encourages young adults to participate in a process of authentic knowledge acquisition through apprenticeship and/or mentorships scheme over a certain period, thus, equipping and fortifying them to own and run their own successful enterprises (Orugun & Nafiu, 2014; Lady-Franca, 2016).

The I-TBS started gaining recognition after the official calling-off of the slave trade in Africa, in the 1900s (Iwara *et al.*, 2019). In the slave-trade era, about thousands of individuals, from the Igbo tribe, were sold into slavery at Bonny, Calabar and Elem Kalabari. The majority of the slaves were forced into various entrepreneurial activities such as tenancy farming and sharecropping (cotton, spices, sugar & tobacco) industries in the Americas, Asia and Europe (Ohadike, 1998). At that time, many see the labour as being evil, however, it was a window of opportunity for most Igbo slaves to improve on their inherent entrepreneurial traits and master certain new entrepreneurship skills for livelihood. Unlike many others, who relied on the government for survival after the slave-trade was abolished, the Igbo ex-slaves united and embark on entrepreneurial activities, such as palm oil and kernel refining given that they have the required skills and orientation.

Solidarity plays an important role in enterprise development in Igbo tribe and this is a pivotal component of the I-TBS. According to Kanu (2020) the model is “anchored on the people’s recognition of the need for one another; their spirit of resilience as well as their think-home-philosophy. The doggedness, perseverance solidarity among the business people within the system are some of the reasons the system thrives”. Lady-Franca (2016) further adds that this



“indigenous people see themselves as a collective group who work together on the basis of their common ancestry, history, language, and, at times, religion. Indigenous entrepreneurship has strong overlaps with ethnic, social, and domestic entrepreneurship”.

As earlier mentioned, the primary intention for involvement in the palm oil and kernel activity was household survival, however, scale-up of production earned Nigeria the largest export resources in the early 1900s (Ohadike 1998 & Iwara *et al.*, 2019). The majority of other Igbo ex-slaves, ventured into local craft, merchandise, cottage industries trading and various forms of farming to sustain a living. These practices dominated for centuries, then they became the norm, leading culture and powerful instruments used to grow the economy. According to Udegbe (2013), the I-TBS does not only impact the development of the Igbo tribe but has contributed significantly to generating investments across areas of Nigeria and beyond.

The construct of the I-TBS creates a lifetime relationship between apprentices and mentors. Unlike the contemporary methods of entrepreneurial skills transfer which in most cases entails financial commitments between the giver and the receiver, the I-TBS builds on solidarity. As a result, there exists a close relationship that influences a strong business partnership between the giver and receiver of skills (Iwara *et al.*, 2019). The form of relationship the Igbo man builds during this apprenticeship is not common in a conventional apprenticeship setting. The Igbo man nurtures and builds on the existing social capital to create wealth for sustainable livelihood, provide for/and defend the lineage, uphold his heritage as well as preserve his wealth which is passed on to the younger generation (Ugoani, 2014; Orugun & Nafiu, 2014; Alike, & Umunze, 2019). This cultural norm and orientation have lived for centuries.

In Africa, access to entrepreneurial skills training and start-up funding is a huge challenge (Dugguh, 2017; Atera, Onyanha & Majiwa, 2018; Kyalo & Kiganane, 2018). As a result, young people prefer to queue behind others for government employment, despite the numerous job opportunities entrepreneurial activities offers (Iwara, Netshandama, Kilonzo & Zuwarimwe, 2019). Lack of proper orientation which guides infant entrepreneurs through startup and other growth stages is a challenge grappled with by many people. It is due to these conditions that very few young individuals manage to sustain in business even after being given basic training and funding support. Arguably, the experience of becoming a failure, after having being funded and/or given initial training deter entrepreneurial interests of young people. The I-TBS, specifically, the Igba-boi model has potential not only in eliminating many business obstacles but ensuring strides. In addition to the free skills transfer, apprentice’s sustainability (feeding, accommodation, health and other basic needs during the training) and enterprise start-up capital are entirely the responsibility of the master (Aleke, 2018; Agu & Nwachukwu, 2020).

Mentors contribute significantly to mentees start-up resources, such as contributing to finance, equipment and networks (Aleke 2018; Iwara *et al.*, 2019; Kanu, 2019; Kanu, 2020). Masters guide their ex-mentees through businesses' window-period and provide them basic support needed to thrive in their own enterprises. This, coupled with the enormous training resources and the willingness of the mentors to transfer skills could explain why young people in the Igbo tribe are widely optimistic about venturing into business. They rarely fail and have demonstrated a high level of success; as a matter of fact, they are known as the most successful in business, in Nigeria (Orugun & Nafiu, 2014; Obi, 2016). This is in agreement with Lady-Franca (2016) who stresses that the I-TBS encourages young adults to participate in a process of authentic knowledge acquisition through practical training and other forms of support.

The I-TBS ideology has social and economic imperatives that enable community development. Beneficiaries are expected to give back to their masters and the society (Kanu, 2020), hence, mentees always outline goals and work out modalities to achieve them within the threshold (Agozino & Anyanike 2007; Aleke 2018; Kanu, 2019). Top on the list of goals is to expand the enterprise, enroll apprentices and widen the scale of the business circle. The I-TBS approach is mainly attributed to Nigeria, however, there are elements of its practices in some African countries, such as Ethiopia, Somalia, Egypt and Ghana (Charman *et al.*, 2012; Dlodla, 2014; Hassan, 2015; Nkondo, 2017). In the light of its success stories, there have been calls for the integration of I-TBS into the contemporary entrepreneurship programs for general use. This has not been achieved due to the fact that the approach's reliability, even within the context of Igbo society is still questioned (Okoro, 2018; Iwara *et al.*, 2019; Kanu, 2020). It is, therefore, not clear how the model can successfully be replicated across areas. Unlike many other models in the world, the I-TBS is still grappling with validity issues; these concerns require empirical attention.

Traditional African informal credit enterprise model is another indigenous initiative, grassroots Africans often harness for enterprise development and operation (Matuku & Kaseke, 2014; Luthuli, 2017; Mulaudzi, 2017; Koenane, 2019). Globally, it is mostly referred to as Rotating Savings and Credit Associations (ROSCAs) or/and Accumulating Savings and Credit Associations (ACSAs) (Hosseini, 2017; Van Wyk, 2017). *Esusu* is the Nigeria version of the model (Moses *et al.*, 2015), *Chama* in Kenya (Sile & Bett, 2015) and *stokvel* in South Africa (Mulaudzi, 2017). This is an arrangement where a network of community members with common vision pool resources together to actualize their goal. It is an informal system with no intermediation and subsidy or any form of government regulations (Rodima-Taylor, 2020). The model holds promise for economic and social development, especially among marginalized

individuals in rural areas (Gugerty, 2007; Ramagoshi, 2016); often it is used to generate enterprise start-up/expansion capital and business networks.

In terms of capital mobilization, with this system, people contribute to a pool which allows them to access a lump sum for enterprise startup or expansion (Koenane, 2019). It also provides saving, lending and borrowing systems without stringent requirements, such as collateral, enterprise registration or bank account status; thus, access to capital is fast with less interest rates and flexible payment terms. This leaves a wide-shared belief that informal-credit approach to enterprise development is convenient and more assured. In addition, typical informal credit-structures bring people together on physical platforms to interact and share, thus, connecting individuals in a cohesion society (Sile & Bett, 2015). This helps in building community advantage and strong social capital – a resource pivotal for business networks and market channels.

Arguably, credit mobilization and social capital for enterprise development demands strong resilience from many individuals on traditional African credit enterprise model; about 74% of Kenyans use *Chama* (Sile & Bett, 2015). There is rarely a single adult in the Igbo and Yoruba tribe of Nigeria who is not involved in one or more *Esusu* (Moses *et al.*, 2015). In South Africa, *Stokvel* has about 11.4 million membership (approximately 23% of the country's population), spread across 820 000 officially- registered *stokvels* with the NASASA (NASASA, 2016; Mulaudzi, 2017), although, in practice, there are many more unregistered *stokvels*. Recent statistics explains that about 50% of the indigenous population (adults) in the country participate in *stokvel* activities (NASASA, 2018), showing that the initiative offers good opportunities and has been widely embraced. Within the context of enterprise development, the model, however, addresses only two key issues - firstly, access to finances and secondly, networking. This limitation coupled with issues of standardization, formalization, lack of empirical evidence and global recognition makes this initiative difficult to be integrated into the contemporary space for use, despite the significant role it plays in enterprise development. This suggest, the need for further studies on how the model can be improved as a standard for enterprise development in Africa.

## **2.4 Enterprise Development in South Africa**

The The post-1994 reforms put in place by the government, took into account the economic development at local level. As outlined in the White Paper on Local Government (Republic of South Africa (RSA, 1998) and the Green Paper on the same concern (RSA, 1997), local governments should scale-up skills' training and funding of local initiatives to enhance better livelihood, especially, among those in the rural areas. Entrepreneurship development,

particularly, the sustainable small scale enterprise development is among the key pillars identified. It is believed that scaling-up such initiative would ensure socio-economic inclusion of the marginalised, reduction of poverty and dependency among the population (Herrington *et al.*, 2010).

Cognisant of the fact that entrepreneurial activities, especially that of small enterprises are critical to improving economic growth in the country (Lekhanya & Mason, 2014), the DTI has introduced an integrated strategy for the promotion of entrepreneurship and small enterprises' development. It was mandated to ensure access to small business support and information, strengthen small business advocacy, as well as enhance effective service and monitoring impact (DTI, 2007). The DTI Black Business Supplier Development Programme, Small Enterprise Finance Agency (SEFA), and the Industrial Development Corporation (IDC) were structures created to support the mandate. Subsequently, the National Youth Development Agency (NYDA), the Small Enterprise Development Agency (SEDA), the Center for Small Business Promotion (CSBP), the Ntsika Enterprise Promotion Agency, and the Khula Enterprise Finance Limited were also founded (SA Economic Development Department, 2014). As depicted in Table 2.3, there are several other agencies and numerous programmes outlined in each to foster enterprise development, operation and success in the country.

In Limpopo where the current study was conducted, Ladzani (2010) explained that the provincial government was involved in the discussion process that led to the White Paper on the National Strategy for the Development and Promotion of Small Business in the country. Taking into account that SMMEs are pivotal for leveraging the unemployment and economic inequality that the country is grappling with, Limpopo joined efforts with other provinces to support the National Small Business Amendment Act of 2004. This provides for a favourable business environment, market accessibility, flexible policy and regulations, as well as security for small business development. Within the context of Limpopo, two key structures were established. Firstly, the Limpopo Economic Development Enterprise (LEDE) that seeks to develop and promote a suitable enterprise sector by offering investment opportunities to grassroots entrepreneurs (LEDE, 2006). Secondly, the Trade and Investment Limpopo (TIL) that is responsible for leading enterprise development network for establishments that intend to expand its market operations within the country and beyond (TIL, 2006). Several other initiatives through the local municipal governments were rolled out in an effort to scale up enterprise development and operation; despite these efforts, small enterprises' failure rates continue unabated. Evidence shows that several efforts have been made to promote enterprise success, however, in practice, much more is needed as most of the structures established contribute little to what is actually needed.

**Table 2.2: South African Key Enterprise Support Strategies**

<b>Agency</b>	<b>Programmes</b>	<b>Nature of support</b>	<b>Target</b>
Small Enterprise Development Agency (SEDA)	<ul style="list-style-type: none"> <li>• Enterprise Development fund</li> <li>• SEDA Technology Programme</li> <li>• Cooperative and Community Public-Private Partnership Programme (Coop &amp; CPPPP)</li> <li>• The Public Sector SMME Payment Assistance Hotline</li> </ul>	<ul style="list-style-type: none"> <li>• Pre-start-up orientation</li> <li>• Registration, tender and procurement</li> <li>• Mentorship through start-up</li> <li>• Skills training and counselling</li> <li>• Planning – feasibility and market check</li> <li>• Access to finance (up to 90% support on start-up and/or expansion)</li> <li>• Market promotion</li> <li>• Technical support and technology transfer</li> <li>• Market linkages</li> </ul>	All citizens of SA with a specific focus on the youth and women
National Youth Development Agency (NYDA)	<ul style="list-style-type: none"> <li>• NYDA Grant Programme</li> <li>• Youth Build Programme</li> </ul>	<ul style="list-style-type: none"> <li>• Access to finance (free start-up &amp;/or expansion capital)</li> <li>• Mentorship</li> <li>• Market linkages</li> <li>• Skills training</li> </ul>	SA youth (18-35 years)
Small Enterprise Finance Agency (SEFA)	<ul style="list-style-type: none"> <li>• Retail Finance Intermediaries</li> <li>• Specialised Funds and Joint Ventures</li> <li>• Credit Guarantee Scheme</li> <li>• Land Report Empowerment Facility</li> <li>• Post-Loan Business and Institutional Strengthening Support</li> </ul>	<ul style="list-style-type: none"> <li>• Access to credit: Bridging loan, term loan and structured finance</li> </ul>	SA citizens and Permanent Residents
National Empowerment Fund (NEF)	<ul style="list-style-type: none"> <li>• Imbewu Fund</li> <li>• Corporate Fund</li> <li>• Rural and Community Development Fund</li> <li>• uMnotho Fund</li> </ul>	<ul style="list-style-type: none"> <li>• Monitoring and regulations</li> <li>• Planning and knowledge management</li> <li>• Start-Up and expansion capital</li> <li>• Procurement and franchise finance</li> </ul>	Black SA citizens
Industrial Development Corporation (IDC)	<ul style="list-style-type: none"> <li>• Grow-E Scheme</li> <li>• Support Programme for Industrial Innovation (SPII)</li> <li>• Risk Capital Facility Programme</li> </ul>	<ul style="list-style-type: none"> <li>• Access to credit – debt, equity, guarantees, trade finance, bridging finance, venture capital</li> </ul>	SA-based entrepreneurs with more focus on women and

Agency	Programmes	Nature of support	Target
	<ul style="list-style-type: none"> <li>Transformation and Entrepreneurship Scheme</li> <li>Agro-Processor Linkage Scheme</li> <li>Agro-Processing Competitiveness Funds</li> <li>Clothing and Textile Competitiveness Package</li> <li>Distressed Fund</li> <li>Green Energy Efficiency Fund</li> </ul>		people with disabilities
Development Bank of Southern Africa (DBSA)	<ul style="list-style-type: none"> <li>Green Fund</li> <li>Job Fund</li> </ul>	<ul style="list-style-type: none"> <li>Access to funds (grants, loans &amp; equity) for innovative and path-breaking initiatives</li> <li>Project mentorship, planning, evaluation, negotiation, facilitation and documentation</li> </ul>	SA and SADC – based ventures
Development of Trade and Industry – Incentive Scheme (DTI)	<ul style="list-style-type: none"> <li>Co-operative Incentive Scheme (CIS)</li> <li>Black Business Supplier Development Programme (BBDSP)</li> <li>Export Marketing &amp; Investment Assistance Scheme (EMIA)</li> <li>Critical Infrastructure Programme (CIP)</li> <li>The Manufacturing Competitiveness Enhancement Programme (MCEP)</li> <li>Incubation Support Programme (ISP)</li> <li>Sector Specific Assistance Scheme (SSAS)</li> <li>Business Process Service (BPS)</li> </ul>	<ul style="list-style-type: none"> <li>Access to soft capital</li> <li>Incubation</li> <li>Skills training</li> <li>Market assistance and linkages</li> </ul>	SA based legal entity that is biased towards women, youth and people with disabilities
Technology Development Agency (TIA)	<ul style="list-style-type: none"> <li>Technology Development Programme</li> <li>Technology Station and Platform</li> <li>Technology Development and Business Support</li> </ul>	<ul style="list-style-type: none"> <li>Access to capital</li> <li>Access to equipment and expertise</li> </ul>	All citizens of SA
National Development Agency (NDA)	<ul style="list-style-type: none"> <li>Request for Proposal (RFP)</li> <li>Programme Formulation</li> </ul>	<ul style="list-style-type: none"> <li>Access to grants</li> </ul>	SA CBOs and NGOs

**Source:** Own compilation based on literature of SA Economic Development Department SMME Toolkits.

## 2.5 Overview of Enterprise Performance

Over the past 40 years, interest in enterprise development as a potential solution to unemployment, inequality and poverty has increased (Shane & Venkataraman, 2000; Mazzarol, 2014; Azoulay *et al.*, 2017; Erken, Donselaar & Thurik, 2018). As a result, various economies have invested heavily in entrepreneurial activities, after having recognised their role (Erken *et al.*, 2018; Julien, 2018; Parker, 2018). Some countries have prospered in this endeavour while many others are still struggling to ensure adequate enterprise development. The USA, for instance, is among the countries of the world where entrepreneurial activities continue to be a potent force for job creation, contributing significantly to the country's exports and income generation (Mmbengwa, Groenewald & van Schalkwyk, 2013; Thomas, 2014). This success has also touched on the general entrepreneurial orientation of the people. According to Buchaman (2015), about 27 million working-age Americans, nearly 14% in 2015, established new enterprises, out of which 24% were expected to employ 20 or more individuals by 2018. Furthermore, over 51% of the working population believe there exist good opportunities in entrepreneurial activities. This mindset is paramount in enterprise development.

In the European region, since entrepreneurial activities have been recognised as being pivotal in job creation, many countries have increased their scale of enterprise development (Hatfield, 2015). The United Kingdom, Germany, Turkey, Greece, Romania, Italy and Poland have demonstrated considerable amount of enterprise development and success (OECD Stat, 2017). This translates into more job opportunities and high level of independence, as well as an orientation which urges people to engage in entrepreneurial activities rather than depend on government jobs (Eurostat Report, 2014; Meyermans *et al.*, 2016); this is a justification for entrepreneurial-orientated society, an important determinant of enterprise operation. In Asian, China for example, derives over 80% of its urban employment and 50% of fiscal and tax revenue from entrepreneurial activities (Li, 2012; Sham, 2014); this is a clear indication of proper enterprise development. OECD Stat (2017) indicates that about 70% of the total employment share in Malaysia is driven by entrepreneurial activities; this is similar to India with about 60%, and Japan (40%) (India Brand Equity Foundation (IBEF) 2012; OECD Stat, 2017).

Africa derives 50% of its Gross Domestic Product (GDP) from entrepreneurial activities (Frimpong, 2013; National Bureau of Statistics Nigeria, 2015; OECD Stat, 2017). Countries on the continent depend largely on successful enterprises for job creation. A brief review of entrepreneurial activities in individual countries show that about 46% of Nigeria's GDP comes from them (National Bureau of Statistics Nigeria, 2015), Ghana recorded 70% and Tanzania,

35% (Ntiamoah *et al.*, 2014), Morocco, 20% (Mouhallab & Jianguo, 2016), Zimbabwe, 40% (Zwinoira, 2015), and Cameroon, 36% (Ngoa, 2017), while South Africa had over 50% of this share (Agbenyegah, 2013: 2; Frimpong, 2013; OECD, 2017). The concern that enterprise performance is below the threshold is anchored on the fact that a lot has been invested in enterprise development in South Africa with much expectations, however, these have not materialised. This is clear indication that much more is needed.

Entrepreneurial activities make immense contribution to South Africa's GDP, despite this, more than 50% of enterprises in the country fail annually, even though the government has invest enormously into enterprise development (South African Entrepreneurship Magazine 2015; Standard Bank, 2017). The proportion of failure is predominant in enterprises started by youth between the ages of 18 and 30 (SA DTI, 2013; GEM, 2016; SME SA, 2017; Iwara, 2018). The success rate of start-up youth enterprises which stood at 40.9% in 2013 declined to 35% in 2017 (Dludla, 2015; GEM, 2015; 2017). This failure has a significant negative impact on the country. Firstly, many people who would have been employed by successful enterprises put burden on the government for jobs and social grant to earn a living. Secondly, the situation brings social unrest as people stage protests, most of which are influenced by lack of employment. In addition, the anxiety and frustration of joblessness may have lured many into unscrupulous activities, such as drugs' trafficking and stealing to sustain a living. Cognisant of these issues, it is therefore, essential to put more emphases on enterprise development in the country.

## **2.6 Enterprise Failure in Africa**

Enterprise failure is a contemporary issue that is broadly discussed; debates are ongoing for its solution as in the case of the current study. Recent studies show inverse relation between business entry and exit - entry is on the rise, enterprise survival is on the decline (Adisa *et al.*, 2014; Fernandes & Chamsa, 2014; Osakwe *et al.*, 2015). This implies that many have embraced entrepreneurial activity, however, there are very few whose ventures have succeeded. Up to 60% of the enterprises in Africa fail within the first few months of operation (Bowen, Morara & Mureithi, 2009) and five out of seven new enterprises fail in their first year of operation (Adcorp, 2012). This mortality rate is high when compared with most other regions in the world and this has positioned the continent at the bottom of economic development; this is reiterated by Muriithi (2017) that Africa ranks far below regions, such as Central Asia, East Asia & Pacific, Eastern Europe, Latin America, Middle East & North Africa, and South Asia. This is a concern that should be handled with proper attention.



In Nigeria, Adisa *et al.* (2014) assert that many businesses, especially small enterprises, fail in their first year of operation. A vast majority of the failure resulted from corruption, poor infrastructural development and access to capital (DeJaeghere & Baxter, 2014; Igwe, Ogundana, Egere & Anigbo, 2018; Igwe, Onjewu & Nwibo, 2018). A similar failure rate is noted in Kenya, where up to 70% Micro, Small and Medium Enterprise (MSME) fail within the first three years of operation (Kenya National Bureau of Statistics (KNBS), 2013; Douglas, Douglas, Muturi & Ochieng, 2017). Chad has about 65% enterprise failure and the country has been classified as one of the countries in the world with poor business entry and high enterprise failure (World Bank, 2012). Among other reasons that resonate with such narrative, stringent policies and regulations as well as weak structures, frustrate enterprise operation. One-third of new enterprises in Uganda fail in the first year of operation (Willemse, 2010). Concerns over the years have been on policy flaws and lack of adequate enterprise development aims and their impact on the success rates.

Many SMMEs in South Africa do not reach their full potential, some struggle to thrive while many fail. Over 70% SMMEs in the country grow below-expected threshold (Adeniran & Johnston, 2011; Fatoki, 2014a), with an estimate of a 70% overall failure rate (Asah *et al.*, 2015). Statistics also show that over 50% of enterprises fail annually, with the majority being local black-run businesses (Nkondo, 2017; South African Entrepreneurship Magazine 2015; Standard Bank Financial Data, 2017). About 63% fail in the first two years, while 71% in the fifth year (Kalane, 2015; Rabie *et al.*, 2016). Given the enormous government support being invested for enterprise development, it becomes worrisome that the country is among others that have the highest enterprise failure rate in the world. This falls back to the question: *What is the nature of support being given and how is the support directed to target grassroots issues?*

## **2.7 Enterprise Performance/Success Measurement Indicators**

Currently, there are no widely-accepted success standards or indicators standards for measuring performance. As a result of this controversy, scholars often adopt thresholds which are in line with the policy, nature of the entrepreneurial activity, as well as the category of an enterprise. From the extant literature, most notable thresholds adopted include - annual turnover, expansion trends, number of employees, survival trends, frequency of customers, loan capacity, enterprise records, trends of new products, and profit margin (Rose, Kumar & Yen, 2006; Benzing, Chu & Kara, 2009; Stefanovic, Prokic & Rankovic, 2010; Ha, Siriwan, Ramabut, Thitikalaya, Thitikanlaya & Kiatnarong, 2014; Venter, 2014). Figure 1 depicts the schematics thresholds alongside authors who have adopted them in various regions to measure enterprise performance.

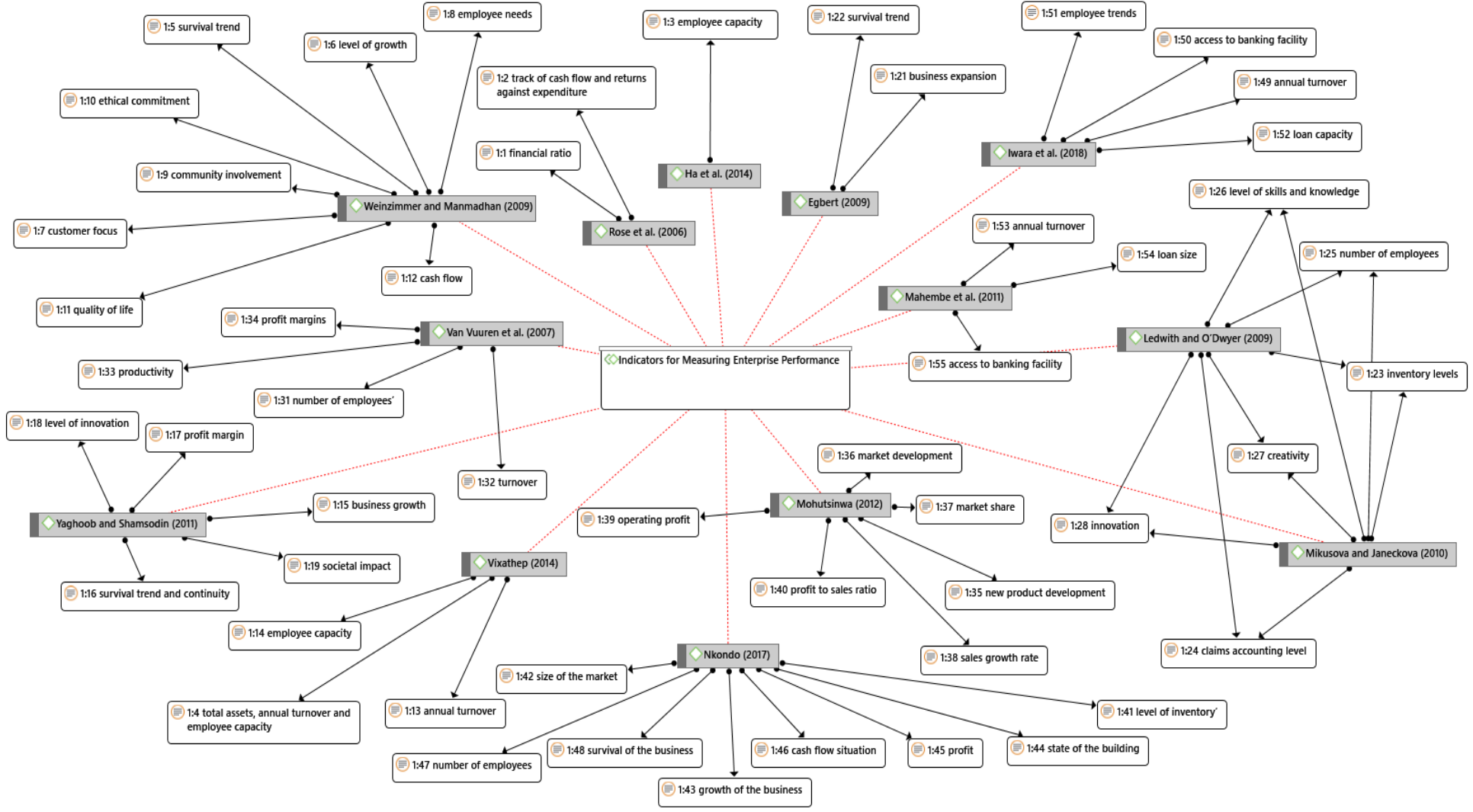


Figure 2.1: Self-designed Schematics of Indicators for Measuring Enterprise Performance/Success

A study in Thailand for instance, which explored the dynamics of entrepreneurs' success factors in influencing venture growth, synthesized various indicators for measuring performance and adopted a financial ratio (Rose *et al.*, 2006). Specifically, the indicator evaluates the track of cash flow and returns against expenditure. Critiques were that financial ratio only, may not provide sufficient evidence to justify performance, given that there exists numerous other standards. Similarly, Ha *et al.* (2014) harnessed employee capacity for measuring performance in Laos. In the same country, Vixathep (2014) involved total assets, annual turnover and employee capacity; whereas 'capacity of employee' has been widely used in the literature, a raising concern has been that some enterprises do not necessarily require too many people to function effectively and to succeed. Enterprises of the same category, within the same market, may have different counts of employee, yet record equal performance. Similarly, the advent of the Fourth Industrial Revolution (4IR) is gradually replacing humans with robotics. Empirically, it has been proven that one robot, may perform tasks designed for 10 humans, more efficiently. Furthermore, the majority of enterprises in rural areas are self-driven and operated, hence, the use of employees as indicator for measuring performance/success may disadvantage several enterprises.

In the USA, Weinzimmer and Manmadhan (2009) identified survival trend, level of growth, customer focus, employee needs, community involvement, ethical commitment, quality of life, and cash flow as performance indicators. Similarly, Groenewegen and de Langen (2012) examined performance and business growth, based on employee capacity and the number of outlets. This conforms with Yaghoob and Shamsodin's (2011) recommendation that uses business growth, survival trend and continuity, profit margin, level of innovation, and societal impact in China. Egbert (2009) added business expansion leading to the establishment of another and survival trend as indicators. Ledwith and O'Dwyer (2009) and Mikusova and Janeckova (2010) identify inventory levels, claims accounting level, and the number of employees, level of skills and knowledge, creativity, and innovation as others. These scholars, as well as Ledwith and O'Dwyer (2009) stressed on customer satisfaction and retention as a gauge to examine the performance of enterprises, especially with regards to new products.

In South Africa, Van Vuuren, Nieman and Botha (2007) proposed 'number of employees', turnover, productivity and profit margins. Mohutsiwa (2012) used new product development, market development, market share, sales growth rate, operating profit and profit to sales ratio for the same purpose. Nkondo (2017) adopted nine indicators - level of inventory, size of the market, growth of the business, state of the building, profit, healthy cash-flow situation, number of

employees and survival of the business, over a certain period of time. Iwara, Kilonzo and Zuwarimwe (2018) also used annual turnover, access to banking facility, employee trends, and loan capacity. Mahembe, Chiumya and Mbewe (2011) discussed annual turnover, survival trend, loan size, and access to banking facility. These indicators, although, broad enough to explain performance, it must be borne in mind that distance to basic services may deter access of some enterprises, especially those in the extremely rural areas from financial institutions and hence, affects indicators that are relevant to them.

Concerning banking facility, studies have also shown that poor entrepreneurial skills and education are prevalent in underdeveloped and rural areas (Bowen *et al.*, 2009; Stone & Stone, 2011; Eversole, Barraket & Luke, 2013; Das, 2017; Lambon-Quayefio, 2017). As a result, many entrepreneurs may not have the exposure to access banking facilities for either loans or savings, therefore, the validity of adopting indicators associated with financial institutions to measure enterprise performance in rural areas may be questioned. It was against this background that Kativhu (2019) who explored criteria for measuring small retail businesses in selected rural areas of Vhembe District, recommends the adoption of what the rural households perceive as thresholds for good performance. The scholar continues that some rural areas lack defined grassroots indices empirically established as measurement criteria. In light of this constraint, often indices are drawn from well-established and developed entrepreneurship landscape, to measure performance in rural areas of which most are incompatible. As a result of this controversy, the distilled indicators based on literature synthesis were crystallised in the study area to see how they speak to reality on the ground. This is ideal approach to understanding what grassroots entrepreneurs perceive and use to measure success in the rural areas.

## **2.8 Enterprise Exogenous Factors**

Enterprise exogenous factors are external supports or obstacles that influence enterprise development positively or negatively. This ranges from government policies (Cardon *et al.*, 2010); physical environmental factors and market competition (Lukason & Hoffman, 2015); economic dynamics (Gaskill, Van Auken & Manning, 1993); and importantly, access to credit (Kilonzo, 2003; Liao, Welsch & Moutray, 2008; Lukason & Hoffman, 2015). It is vital to note that the nature of exogenous factors needed for enterprise development differ with the typology of an enterprise and the area (Kyalo & Kiganane, 2018; Lewis, 2018), and even countries and regions (Carlisle *et al.*, 2013; Littlewood & Holt, 2018). It becomes, thus, critical for exogenous enterprise support to be context-specific given that support needed in some areas may not necessarily be a problem

to another. In addition, exogenous supports necessary for enterprise development and performance are time-bound, suggesting the need to continually investigate and keep current about the latest support needed. Often, this factor is not given the necessary attention and neglected - a major reason we see misplaced supports from entrepreneurship development key stakeholders.

To substantiate the need for unearthing the nature of support peculiar to each area, there is ample evidence of different types - institutional support, infrastructural development, access to finance and support for entrepreneurial knowledge development in the USA (Fayolle & Klandt, 2006; Solomon, 2007; Martin, McNally & Kay, 2013; Bolinger & Brown, 2015). This may not be, however, the case in other countries. A study in Asia, Malaysia specifically, for instance, reveals that enterprise development is constrained by lack of human capital, financial aid, entrepreneurial opportunities and networking (Abd Rani & Hashim, 2017). This finding differs with those of a study earlier performed in the continent which alludes to partial distribution of resources wherein “the government has focused on investment at large industrial level, as a result, genuine entrepreneurship has not been promoted to an extent it should have been” in Pakistan (Saleem & Abideen, 2011). Another instance in Belgium shows that market environment, high cost of raw materials, poor competitive advantage, trust on the side of suppliers and access to banks were major key exogenous issues defeating enterprise development and success (Ooghe & Prijcker, 2008). The underline argument is that every region has a different explanation of issues associated with enterprise failure.

A review of sub-Saharan Africa reveals that political instability, poor infrastructural development (electricity, water supply & basic road networks), access to skills development, customs and trade regulations, access to finance and land, theft and high level of corruption are key exogenous factors constraining enterprise development, operation and prosperity (DeJaeghere & Baxter, 2014; World Bank, 2014; Page & Söderbom, 2015; McKenzie, 2017; Zinn, 2017; Igwe et al., 2018). In Nigeria for instance, an economy with diverse natural and human capital still struggle with enterprise development due to lack of capacity programmes, political instability, corruption and lack of functional government entrepreneurship frameworks (Ufere, Perelli, Boland & Carlsson, 2012; Dugguh, 2017). Similarly, Justino (2015) alludes that enterprise development and success in Angola is limited by lack of government support, limited fundamental resources such as skilled labour, raw materials and finances, rigid policies and regulations, theft and high levels of corruption.

Researchers in Zimbabwe indicates that many entrepreneurs have completely lost interest in pursuing entrepreneurial career-path due to poor access to capital, inconsistency in currency, political instability, inadequate network structures and stifling government policies (Zinhumwe; 2012; Mubaiwa, 2013; Madichie, Mpfu & Kolo, 2017). This is closely related to Kenya's context where access to credit, entrepreneurial skills transfer, and security are challenging issues to enterprise development and practices (Atera *et al.*, 2018; Kyalo & Kiganane, 2018; Odera *et al.*, 2018). South Africa is no exception; despite numerous exogenous support being offered to entrepreneurs, enterprise development and success is far below the expected threshold (Dludla, 2015; Crapton, 2018; Kativhu *et al.*, 2018), leaving researchers with suspicions that support is either misplaced or types of needed support are still unidentified.

In a broader context, exogenous factors, such as crime, poor logistics chain and high cost of distribution, access to finances, high competition, and rising costs of doing business have been associated with poor enterprise development in South Africa (Fatoki, 2014a). This is in line with Seeletse (2012) who blames issues of crime, lack of technological advancement and infrastructural development, as well as poor access to finances in West Rand District of the Gauteng Province as drawbacks. In Cape Town, Khosa and Kalitanyi (2014) conducted a similar study using black non-South Africans as a case study. Access to start-up capital, lack of knowledge of local languages, homogenous innovations, high competition, high rent, crimes and xenophobic tendencies were identified as enterprise development constraints. Earlier, Maliwichi *et al.* (2011) exposed that lack of working capital and marketing-related issues were burning constraints challenging enterprise development and operation in Limpopo province.

Mafukata (2015) revealed that small farming enterprises in Vhembe District lack formal education, technological skills, financial skills and competence in risk management and production. This conforms to Karasi (2018) who also emphasised education, finance and access to entrepreneurship information as some of the challenges confronting women enterprises. Nkondo (2017) made a comparative study to explain why local-owned enterprises lag behind while their foreign counterparts succeed, given the equal market opportunities. Among other factors, crime, rigid labour laws, lack of effective and efficient purchasing and supply systems, weak entrepreneurship culture and orientation, poor networking and collaboration, as well as insufficient business ties, emerged. An observation from the review is that some of the exogenous factors are common while some differ with areas and some of the challenges also change over a period. This means as things evolve, the nature of exogenous supports for enterprise development and

activities changes, suggesting the need for continuous research on the subject matter, to close the gap.

## 2.9 Entrepreneur's Endogenous Factors

The internal traits of an entrepreneur are referred to as endogenous factors or attributes (Schumpeter, 1934). It is the inner parts' features, morals and mental qualities distinctive to an individual which influence their motives, actions and performance (Ummah & Gunapalan, 2012; Ha *et al.*, 2014). In practice, endogenous attributes complement exogenous resources for proper entrepreneurial activities (Schumpeter, 1934; Chu, Benzing & McGee, 2007; Stefanovic *et al.*, 2010; de Faria Cosme, 2012; Krejci *et al.*, 2015), thus, sole reliance on exogenous support may not guarantee good performance.

In Brazil, Djankov *et al.* (2007) established that ability to relate and collaborate with family, smartness and ability to harness opportunities accurately are important endogenous attributes entrepreneurs should possess to ensure good enterprise operation. In addition, entrepreneur's attitude that reflects an individual's motivation, capacity to identify and pursue an opportunity, as well as ability to produce new value of economic goods were mentioned. A comparative study of USA and Norway put forward a positive mindset and the ability to align to the environment as key endogenous attributes (Mongia, 2013). Shrewdness, profit-driven mindset, strict management, high level of professionalism and willing to explore new opportunities were also discussed in literature as relevant within America (GEDI, 2014; Buchaman, 2015).

As earlier mentioned, Chuang and Liao (2000) emphasised the ability to source and hire skilled worker, as well as manage and regulate their activities as aiding efficiency. These views are consistent with Krejci *et al.* (2015), as they examined the factors influencing performance of enterprises in ICT in the Czech Republic, and found that earnings-employee ratio which is based on skills and knowledge was paramount in enhancing the success of small and medium enterprises, although, factors like average revenues and nature of investment are also pivotal. In a similar study carried out in Malaysia, Rose *et al.* (2006) investigated the dynamics of entrepreneurs' success and established that understanding of market systems and customer relationship are prime factors that influence performance.

According to Ummah and Gunapalan (2012) who examined factors influencing entrepreneurial success in Sri Lanka, innovation and determination are key endogenous factors to successful enterprise development. Sledzik (2013), Siriwan, Ramabut, Thitikalaya & Pongwiriththon (2013) and Ha *et al.* (2014) emphasised on innovative thinking, creative mindset, ability to work

exceptionally and risk-taking. This conforms with studies in Thailand, Laos and Bangladesh which identified working exceptionally, good communication and marketing skills, self-evaluation and the understanding of modern technologies as important endogenous entrepreneurial attributes (Ha *et al.*, 2014; Vixathep, 2014; Islam *et al.*, 2016). Kumar and Kriticos (2014) talked about being optimistic, personality and perceived control, as well as self-efficacy as determinants. In Kenya, Maina (2012) reveals ability to relate personal ideas with what is existing on the market. Similarly, Bensassi and Jabbour (2017) explained skills and experience as key endogenous attributes responsible for success of enterprises run by returning migrants in Egypt. In addition, the International Financial Corporation (IFC) (2014), Belz (2015), and Hassan (2015) established family bonds and social ties as endogenous attributes responsible for good enterprise performance. Swai (2014) mentioned ability to approach uncertainty and failure, opportunity identification skills and self-confidence as prime factors in Tanzania.

Within the South Africa context, strict financial management, client management, sound planning and self-discipline were identified in uMhlathuze, KwaZulu-Natal Province (Bozas, 2011). Mmbengwa *et al.* (2013) mentioned innovation and risk-taking in the peri-urban poor communities of George municipality in Western Cape Province as prime factors. In Thohoyandou, Limpopo Province, ability to survey market opportunities, operation standards, advertisements skills, clients and employee management were noticed (Iwara, 2018). The well-documented endogenous attributes in the literature is evidence that the area is well-researched topic, however, the majority of the scholars tend to generalise findings even though endogenous attribute required to drive an enterprise differ with environment and location. Also, enterprises in rural areas have not been covered sufficiently as most of the studies concentrate more on urban areas. The majority of the studies, also generate the attribute from enterprises regardless of their performance, unlike the current study which focusses only on successful enterprises. Assumptions are that they stand a better position to inform which attribute is required, not only to drive but to guarantee success from their experiences.

## **2.10 Conceptual Framework of the Study**

The proposed holistic successful enterprise model, centering on exogenous and endogenous factors is underpinned by the Economic Base Model. The Economic Base Model was developed by Robert Murray Haig in 1928 and is premised on the classical theories of regional development. This model resonates with the need to predict the effects of new economic activities and suggest suitable area-specific indexes for economic growth (Haig, 1928). It suggests that proper economic



activity is premised on two strategic principles: basic and non-basic elements (Szajnowska-Wysocka, 2009). Basic elements are external forces that attract developmental of wealth from outside to an area while non-basic (internal forces) operationalize and generate wealth within the context of the area (Quintero, 2007). A proper developmental activity structure should be such that it successfully marries both elements.

The argument that a proper economic activity is that which integrates exogenous and endogenous attributes was further proven by Watkins (1996) who applied the Economic Base Model to a market economy. The author presented the model as  $T=L+B$  wherein 'T' is the 'Total employment', 'B' represent 'Base employment' and L is the Local-Market-Serving. Base employment in this context is the exogenous environment; it is completely independent and employs state and federal government agencies to inform economic growth. Local-Market-Serving employment on the other hand is endogenous as it derives from smaller departments, especially the informal settings to inform growth. The need to harness external and internal factors is not peculiar to a market economy, as scholars in entrepreneurship have recommended that good enterprise development is that which appropriately harness both exogenous and endogenous factors (Schumpeter, 1934; Sledzik, 2013; Tshabalala, 2014). Both exogenous and endogenous factors have distinct roles and depend on each other to influence growth (Nizalova & Murtazashvili, 2016; Lin, 2017). This knowledge gap which has not been addressed in rural South Africa did not only give the impetus but anchored the current study. It is, therefore, proposed that enterprise development, activities and success (Y) is determined by exogenous factors ( $Y_1$ ) and endogenous factors ( $Y_2$ ). Arithmetically, it can be presented as

$$Y=f(Y_1+Y_2).....1$$

Where Y represent enterprise success,  $Y_1$  is the exogenous factor while  $Y_2$  is the endogenous attribute. Figure 2.2 depicts the conceptual framework of the study with ideas from an Economic Base Model.

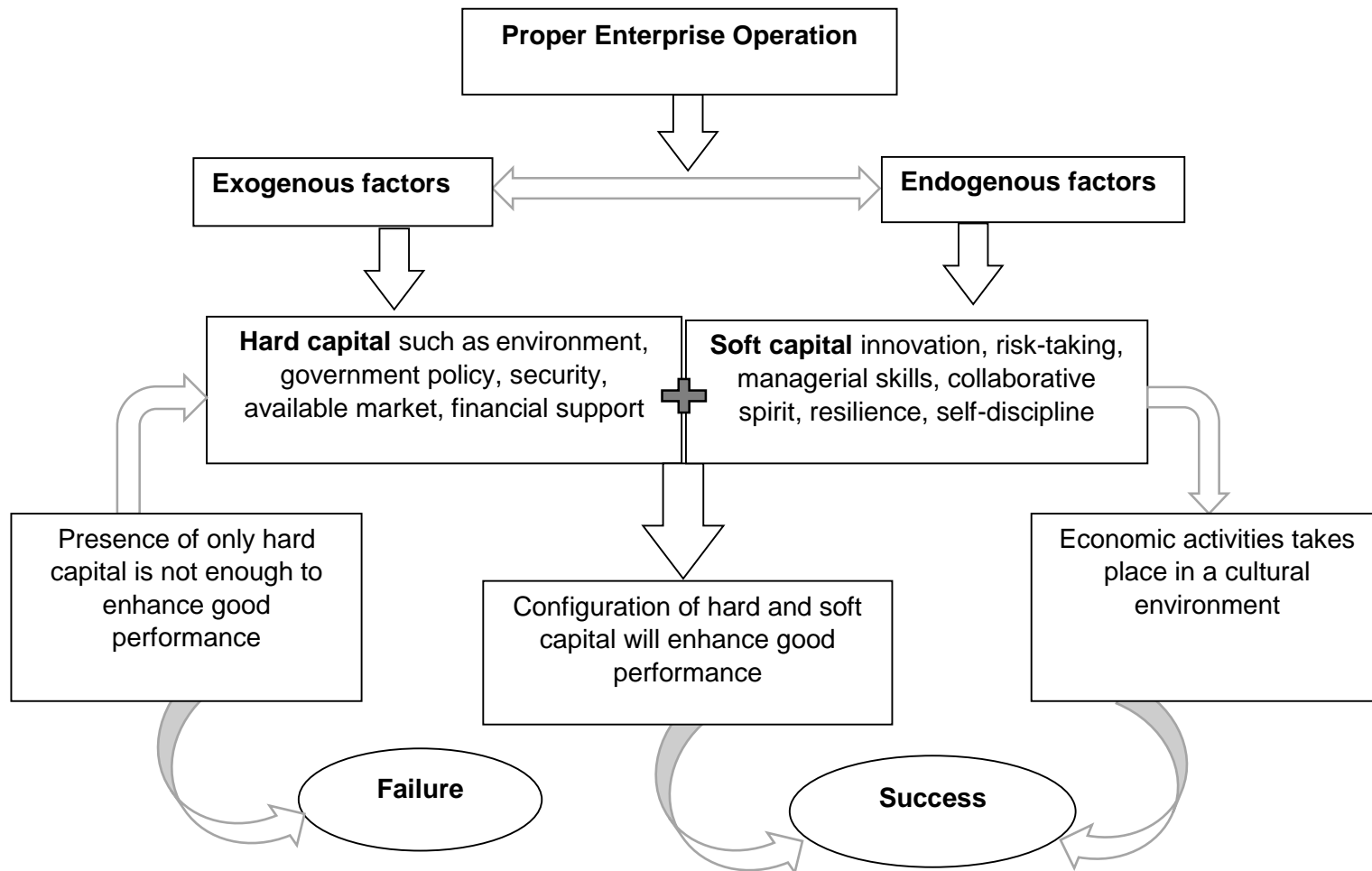


Figure 2.2: Conceptual Framework of the Study

As outlined in Figure 2.2, entrepreneurial activities are driven by exogenous and endogenous factors; both factors have distinct roles and depend on each other for a successful enterprise development and operation (Wang *et al.*, 2009; Nizalova & Murtazashvili, 2016; Lin, 2017). It is therefore important to emphasize that support should be directed to both factors; similarly, entrepreneurs should harness both factors simultaneously to enhance entrepreneurial activities that will lead to expected outcome. In the Figure, there exists different kinds of exogenous support endogenous attributes to conceive an entrepreneurial idea in South Africa, however, what is not very clear is the nature of support required in each area of the country.

### **2.11 Summary of Literature Review**

Existing literature provides that fast-growing economies in the world use entrepreneurship models anchored on the realities of their societies, to enhance enterprise success and development. These models should be context and area-specific, informed by existing issues and entrepreneurial culture, hence, the models will be compatible when applied within an area. With these characteristics, such models also help to direct appropriate enterprise support from an informed point of view. Entrepreneurship literature about South Africa and Africa as a whole, reveals that governments have put in place numerous support mechanisms to spur entrepreneurial activities and operation, however, enterprise success is still suffering a huge setback. Unlike most other countries in Asia, America, Australia and Europe, that have known holistic entrepreneurship models that inform enterprise development, Africa has none validated and generally acceptable developed based on empirical evidence. One may argue that Africa still rely on conventional models which in most cases may be incompatible to the realities of traditional enterprises in the continent – a reason why enterprise success is below the expected threshold. Drawing on the Economic Based model, the current study argued that enterprise development operation in African countries, especially in South Africa, should be centred on exogenous and endogenous factors anchored on the country's grassroots enterprise realities.

## CHAPTER 3: RESEARCH METHODOLOGY

### 3.1 Introduction

The chapter presents the 'road map' followed when conducting the study. Firstly, the description of the study location will be outlined, showing the areas where the actual sample was drawn, as well as the general methodological approach followed to arrive at the holistic entrepreneurship model. This will be followed by details on the research design, population and sampling procedures, data collection and analytical methods, and ethical consideration. Overall, a mixed research method was adopted.

### 3.2 Description of the Study Area

Vhembe District Municipality is one of the five districts that make up the Limpopo Province. It is located in the northern part of South Africa. It shares boundaries with Botswana on the west, Mozambique in the east and Zimbabwe in the north. The district is composed of four local municipalities, namely, Collins Chabane, Makhado, Musina and Thulamela (see Figure 3.1). It has a population of over 1.1 million inhabitants and covers an area of 21 407 km<sup>2</sup> (Stats, S.A., 2011). The area is predominantly rural and deficient in critical basic services (Chauke, Nekhavhambe & Pfumayaramba, 2013). It has been profiled to produce up to 4.4% of the country's total agricultural output, 8.4% of sub-tropical fruits and 6.3% of its citrus (Vhembe District Municipality, 2018). Its rurality and numerous natural sites attract huge tourism globally. This reveals a high potential for robust entrepreneurial activities if adequate systems are in place. The resultant effect will contribute to job creation, income generation and economic prosperity.

The high enterprise failure rate, resulting in high unemployment rate estimated at 38.1% (Stats SA, 2018:8), informed the selection of the study area. Over 70% of the population is an active but unemployed labour force that can harness entrepreneurial opportunities for job creation (Stats SA, 2018). Poverty level ranks 78.4%, which is the highest when compared with other provinces (Stats SA, 2018). These challenges indicate that there is a need for entrepreneurship support; one of the dimensions of this need, is to develop a model that can speak to realities of the issues surrounding enterprises in the area.

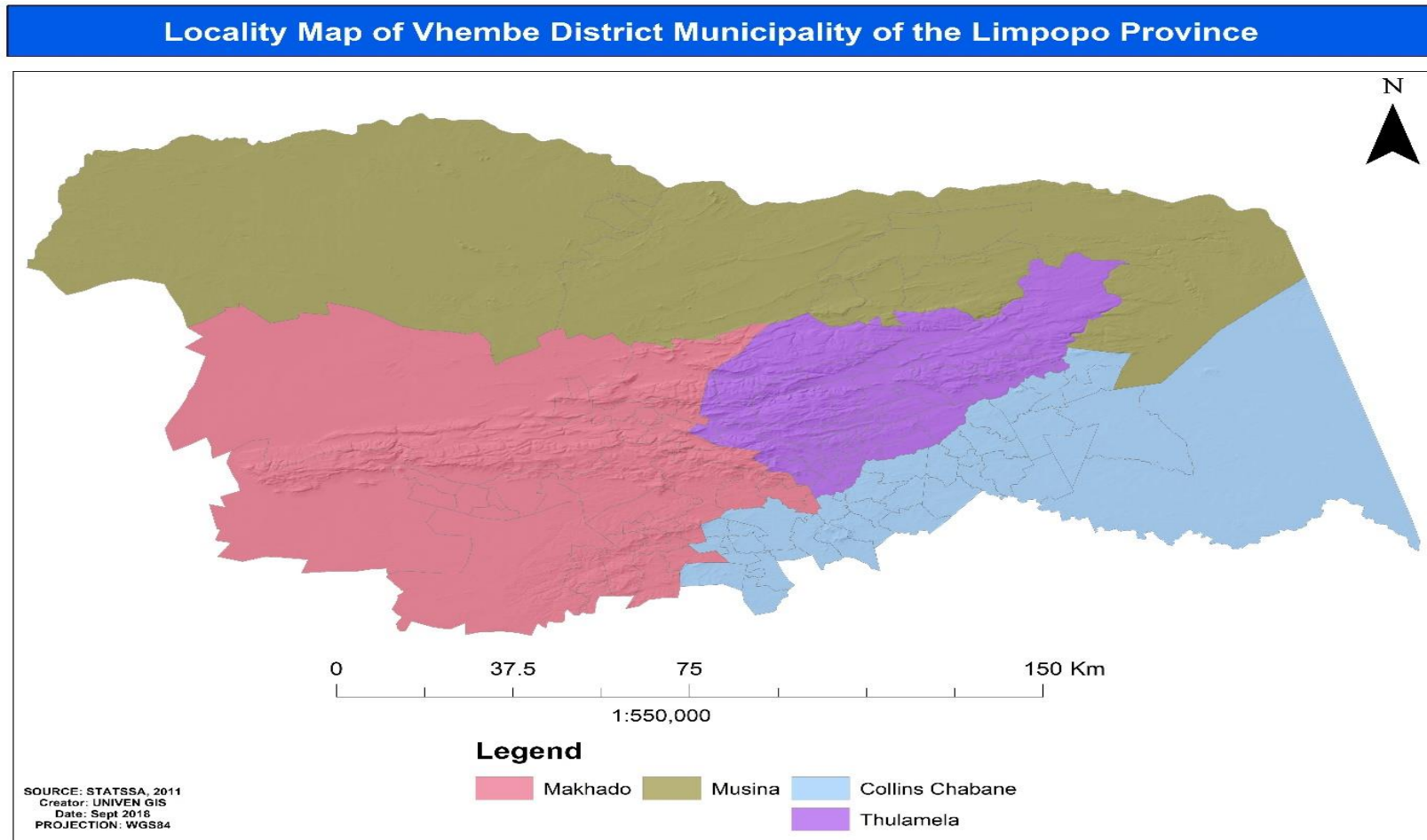


Figure 3.1: Map of Vhembe District Showing the Study Areas Adopted from UNIVEN GIS, 2018

Villages to form the sample were drawn from the four local municipalities of Vhembe District for the study. The selection was determined by indicators in line with rural- development-related researchers such as nearness to basic services, considerable presence of shopping centres, equitable spatial planning and land use management and improved agricultural practices (Heffner, 2015; Luloff *et al.*, 2018; Mudimeli, 2019). With these criteria, villages less than 50 kilometres away from basic services are 'rural' areas while those further were classified as 'extremely rural'. The purpose of making such a choice was informed by the desire to know whether distance to service centres and access to basic infrastructures influence closer enterprises' performance over those that are further away.

In all, 16 villages were drawn from the district municipality. As depicted in Figure 3.2, the stratum consists of 4 villages in each local municipality, out of which 2 are rural while the other 2 are 'extremely rural' areas. In Collins Chabane local municipality, Tshikonelo (16km away) and Mulezhe (27km away) were classified as 'rural' villages. Bungeni and Nkensani that are 70km and 74km away, respectively, were categorised as 'extremely rural areas'. In Makhado local municipality, Sinthumule (22km) and Elim/Shirty (26km) were 'rural' villages while Mulima (55km) and Muila (74km) were 'extremely rural areas'. Mopane (11km) and Tshipise (39km) were the two 'rural' villages selected in Musina Local Municipality while Mutele (126km) and Tshikundamalema (154km) were 'extremely rural'. Lastly, Thulamela Local Municipality, Mbilwi (17km) and Mukumbani (28km) were selected as 'rural' villages while Ha-Lambani (54km) and Masisi (85km) were 'extremely rural' villages.

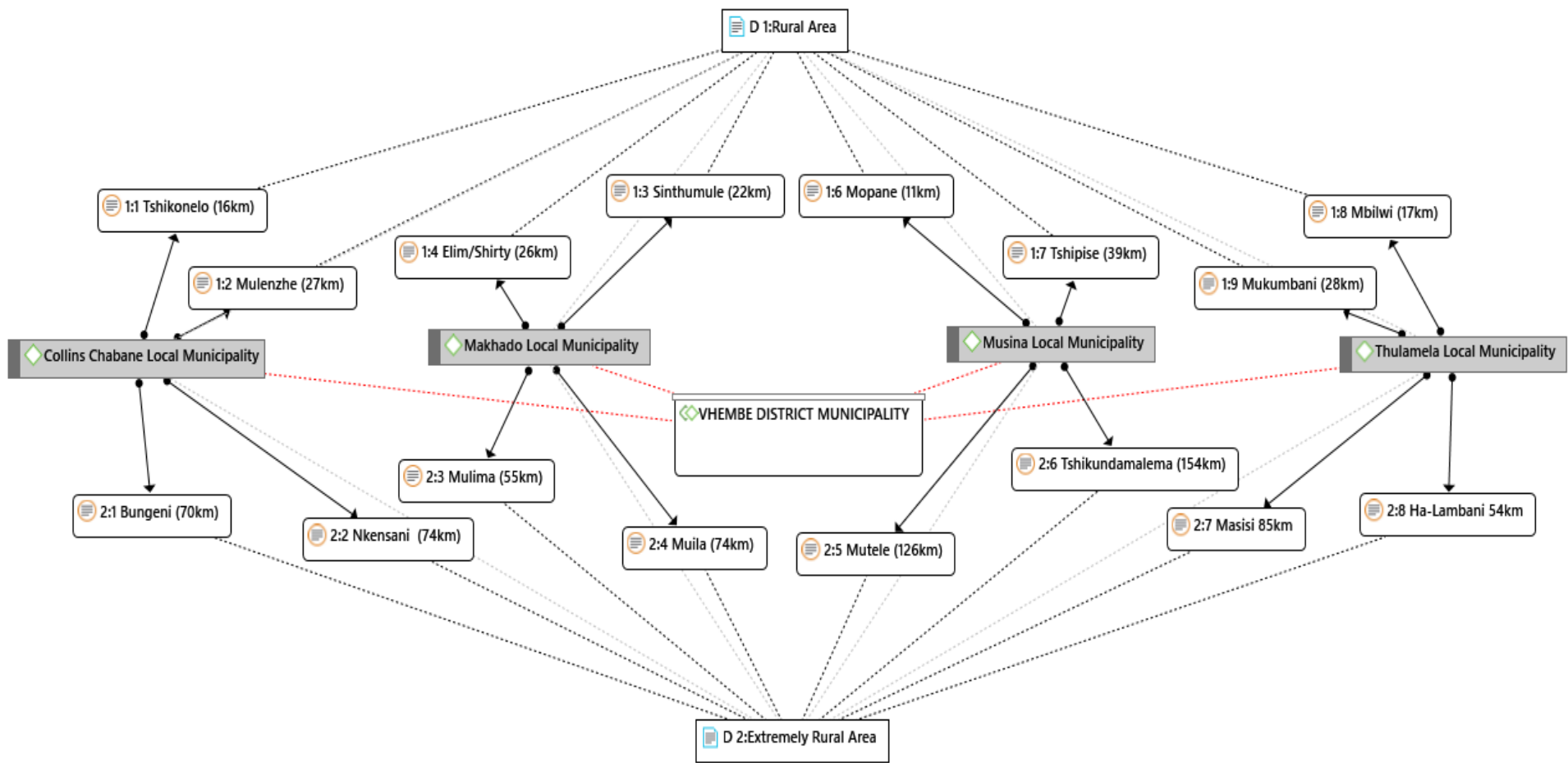


Figure 3.2: Selected Villages from Local Municipalities in Vhembe District

### 3.3 Research Design

Qualitative and quantitative methods were interchangeably used at different stages of the study – an exploratory case study (Creswell, 2014; Subedi, 2016) and a cross-sectional survey design (Stake, 1995) were utilized. A multiphase mixed-research method, thus, was adopted to guide the study. This design harnesses exploratory and explanatory techniques in its approach. A research design is a plan of action which incorporates the research approach and underlying philosophical assumptions underpinning the selection of samples and data collection, as well as the analytical processes most appropriate for an empirical enquiry (Nieuwenhuis, 2007; Kumar, 2014). A multiphase research design combines multiple research methods in a single study (Häkkinen, 2013; Rajeswaran & Blackstone, 2017). This design is stimulating as it enables aspects of one phase of study (either qualitative or quantitative) to inform the other.

Mixed-methods have scientific assumptions as well as those pertaining to procedures of research inquiry which direct the collecting and analysing of qualitative and quantitative data in a single study (Subedi, 2016; Leavy, 2017). The mixture of methods help in validating findings for quality assurance given that data collection and analysis undergo two or more processes (Creswell & Plano Clark, 2011; Almalki, 2016). This makes a research's conclusion more inclusive (Walliman, 2017; Ary, 2018), as opposed to the use of single method often criticised for lack of rigor (Erol, Henry, Sauser & Mansouri, 2010; Levine, 2014). Mixed-method was ideal in the current study, for, while the qualitative aspect of the data provided room to explore the participants' experiences of enterprise operation in rural areas, the quantitative was useful for describing their experiences.

Figure 3.3 presents the multiphase design structure followed in the study. It explains that a cross-sectional survey design was harnessed to address Objective 1 that established enterprise success indicators. A sequential integrated exploratory mixed design was then harnessed to resolve Objectives 2 and 3. The latter is a combination of a case study exploratory design and cross-sectional survey design. The three objectives put together informed a holistic model for successful enterprises. The techniques and approaches involved in each design, within the context of this study, are outline in Table 3.1.



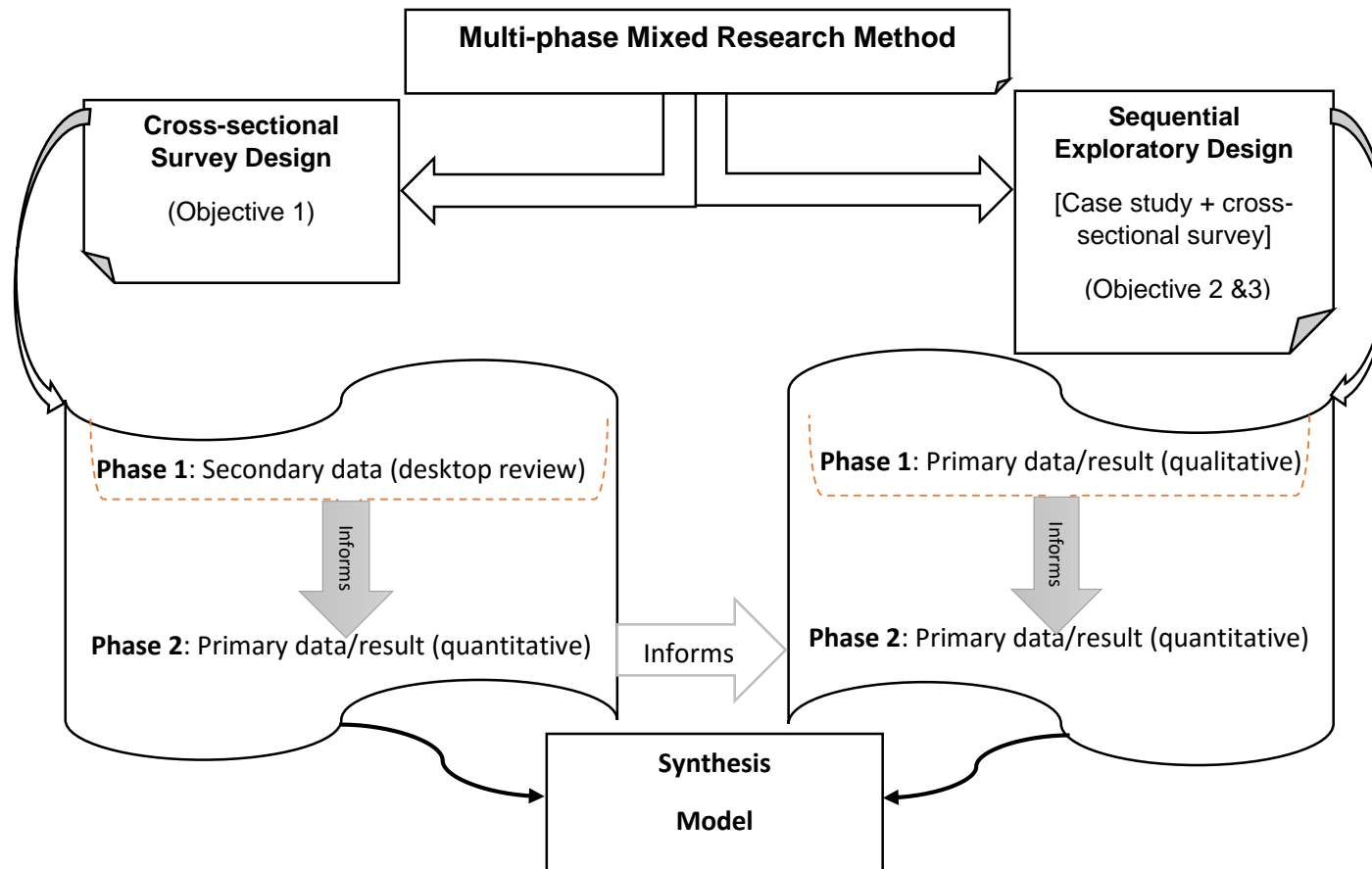


Figure 3.3: Structure of the Research Design

**Table 3.1: Summary of the Research Methodology**

Objective	Design	Method	Sampling	Data collection	Analysis
To examine enterprise success indicators	Cross-sectional survey	Quantitative method and approaches	Snowball, purposive and cluster sampling techniques	Desktop review through (secondary data)  Closed-ended questionnaires (Primary data - collected through peer- to- peer interviews)	MAX QDA  Logical and financial functions - Microsoft Excel 2013  Descriptive Statistics - STATA  Cross-tabulation - SPSS v26
To analyse the factors associated with successful enterprises	Sequential exploratory mixed design  (case study in Phase 1 + cross-sectional survey in Phase 2)	<b>Phase 1:</b> Qualitative methods and approaches	Snowball, purposive and cluster sampling techniques	Semi-structured questionnaires (Primary data - collected through peer- to- peer interviews)	Thematic analysis - Atlas ti v8
		<b>Phase 2:</b> Quantitative methods and approaches	Initial respondents in Objective 1 were again used	A Likert-type scale designed using qualitative result (data integration through building)  (Primary data collected through peer-to-peer interviews)	The Scale-Reliability Analysis - Cronbach's Alpha test for quality assurances - SPSS v26  Kaiser-Meyer-Olkin Measure of Sampling Adequacy - SPSS v26  Principal Component Analysis (PCA) - SPSS v26  Multilayer Perceptron (MLP) Model - SPSS v26

Objective	Design	Method	Sampling	Data collection	Analysis
To distil the endogenous attributes associated with successful enterprises	Sequential exploratory mixed design  (case study in Phase 1 + cross-sectional survey in Phase 2)	<b>Phase 1:</b> Qualitative methods and approaches	Snowball, purposive and cluster sampling techniques	Semi-structured questionnaires  (Primary data collected through peer-to-peer interviews)	Thematic analysis (Atlas ti v8)
		<b>Phase 2:</b> Quantitative methods and approaches	Initial respondents in Objective 1 were again used	The Likert-type scale designed using qualitative result (data integration through building)  (Primary data collected through peer-to-peer interviews)	The Scale-Reliability Analysis - Cronbach's Alpha test for quality assurances - SPSS v26  Kaiser-Meyer-Olkin Measure of Sampling Adequacy - SPSS v26  PCA - SPSS v26  Variance Inflation Factor (VIF) test for multicollinearity (Rv3.0)  Multiple Linear Regression (MLR) Model - R v3.0
A model for successful enterprises centred on exogenous and endogenous factors					Synthesis of key findings from Objectives 1, 2 and 3



### 3.4 Population and Sampling Procedures

Currently, there is no comprehensive documentation of enterprises in Vhembe District and South Africa at large, thus, access to information, especially data on existing enterprises was a challenge. It was difficult to retrieve the actual population of existing enterprises in the study area for sampling. As a result of this challenge, researches earlier performed on entrepreneurship depend largely on non-probabilistic sampling techniques. For instance, Arko-Achemfuor (2012) conducted a study on financing enterprises in rural areas in Northwest Province using a convenience sampling technique. Fatoki (2014b) examined the entrepreneurial orientation of micro-enterprises in the retail sector in Gauteng Province with samples drawn through snowball and convenient sampling technique. Farrington and Matchaba-Hove (2011) investigated the influence of entrepreneurial orientation on small business success in the Eastern Cape, using convenient sampling. In the Limpopo Province, Ladzani and Netstera (2009) identified support for rural small businesses with the help of infinite sampling. Kativhu (2019) performed a study in Vhembe District which explains the criteria for measuring the resilience of youth-owned small retail businesses using snowball and cluster sampling techniques. Nkondo (2017) compared the performance of Asian and Black-owned small supermarkets in rural areas of Thulamela Municipality dwelling on snowball sampling technique. Most of these studies were either quantitative or mixed-method.

Attempts were made to retrieve enterprise information from existing entrepreneurship support agencies in Vhembe Districts which can be used as a control. Through the assistance of Vhembe District Municipality, specifically, the Department of Economic Development, 13 entrepreneurship agencies were recommended for support in that regard. The University of Venda Institute for Rural Development (IRD) then issued a request letter to the agencies enclosed with informed consent forms, ethical clearance and community entry clearance certificate from the Vhembe District Municipality. Subsequent follow-ups were made through emails, phone calls and periodic visit for five months. Out of the 13, three provided the figures of supported enterprises without demographic information. The rest failed to comply due to ethical reasons and/or inability to keep statistical records of enterprises supported. As a result, control sampling was not possible.

In the current study, snowball ball sampling technique was harnessed for the data collection. This is an informed sampling technique which picks a participant who then assists to pick others (Gabor, 2007; Sadler, Lee, Lim & Fullerton, 2010; Newman, 2018). It is the most appropriate sampling technique to use when information about the expected sample of research is lacking, as in the case of the current study. This is because it follows a chain-

referral approach, wherein, one sample from a pool of population directs to another sample. In other words, the process of sampling evolves by 'rolling' one participant to the other until a stage at which no more of the data can be absorbed due to satisfaction or saturation. To achieve this, a key informant was identified who then referred to some enterprises in the areas. This is consistent with Nieuwenhuis (2007) who recommends that participants with whom contact has already been made should be used to penetrate their social networks that hold relevant information relating to a study.

Snowball sampling technique was complemented with purposive sampling technique given that only participants with a long history (at least survival trend of 5 years & above) of enterprise operation were considered. This was in an effort to ensure that all the participants had vast enterprise development experience. According to Minniti and Naudé (2010), about 40% of manufacturing enterprises cease operating within 5 years. Industry Canada (2010) gave an illustration that approximately 51% of enterprises survive the fifth year. About 26% fail in the first two years, and 49% failed even before their fifth year. Strotmann (2007) further notes that about 60% of enterprises fail in their first five years, 20% after two years, while 40% do so their fifth year. Knowing the survival trends, therefore, helped in minimising sampling of entrepreneurs with little or no experience of enterprise development in the current study.

A multi-stage cluster sampling was then exploited to spread the participants according to groups. Cluster sampling is an ideal technique when the samples are spread over wide demographics. It enabled the division of the sample into groups and sub-groups (Yasmeen & Thompson, 2019). The technique was most appropriate for splitting the respondent according to areas, gender and support status (Table 3.4). A total of 81 respondents were drawn from 16 villages for the qualitative phase of the data collection (Table 3.2). The total sample was determined by saturation point - a state wherein additional information collected about specific subject matter contributes no relevance or no value (Saunders, Lewis & Thornhill, 2016). It was then appropriate to discontinue the data collection, when more the last five participants repeated the same narrative already given.

**Table 3.2: Distribution of Sample for Qualitative Primary Data Collection**

<b>Local Municipality</b>	<b>Village</b>	<b>Distance from the municipality in KM</b>	<b>Sample</b>	<b>Sub-total</b>
<b>Collins Chabane</b>	Tshikonelo	16km (Rural)	6	<b>18</b>
	Mulenzhe	27km (Rural)	4	
	Bungeni	70km (Extremely rural)	4	
	Nkensani	74km (Extremely rural)	4	
<b>Makhado</b>	Sinthumule	22km (Rural)	7	<b>21</b>
	Elim/Shirty	26km (Rural)	6	
	Mulima	55km (Extremely rural)	4	
	Muila	74km (Extremely rural)	4	
<b>Musina</b>	Mopane	11km (Rural)	8	<b>22</b>
	Tshipise	39km (Rural)	5	
	Mutele	126km (Extremely rural)	5	
	Tshikundamalema	154km (Extremely rural)	4	
<b>Thulamela</b>	Mbilwi	17km (Rural)	7	<b>20</b>
	Mukumbani	28km (Rural)	5	
	Ha-Lambani	54km (Extremely rural)	4	
	Masisi	85km (Extremely rural)	4	
<b>Total</b>	<b>16</b>			<b>81</b>

A total of 57 participants were drawn from Collins Chabane, 71 from Makhado, 76 from Musina and 69 from Thulamela which amounted to 280 for the quantitative phase of the study (Table 3.3). The choice of the sample size was based on indices used in existing entrepreneurial-related studies in the country, in accordance with rigorous statistical methods. Farrington and Matchaba-Hove (2011) used responses from 162 participants to analyse the influence of entrepreneurial orientation on small businesses' success in Eastern Cape Province. Galawe (2017) examined the risk factors in the success of South African small-medium enterprises and made a generalised inference based on 286 responses. Kativhu (2019) developed criteria for measuring the resilience of youth-owned small retail businesses in selected rural areas of Vhembe district based on 255 samples. These studies were taken as ideal in defining a meaningful and optimal sample size, in line with the literature.

**Table 3.3: Distribution of Sample for Quantitative Primary Data Collection**

Local Municipality	Village	Distance from the municipality in KM	Sample	Sub-total
<b>Collins Chabane</b>	Tshikonelo	16km (Rural)	21	<b>57</b>
	Mulenzhe	27km (Rural)	14	
	Bungeni	70km (Extremely rural)	11	
	Nkensani	74km (Extremely rural)	11	
<b>Makhado</b>	Sinthumule	22km (Rural)	25	<b>71</b>
	Elim/Shirty	26km (Rural)	21	
	Mulima	55km (Extremely rural)	14	
	Muila	74km (Extremely rural)	11	
<b>Musina</b>	Mopane	11km (Rural)	34	<b>76</b>
	Tshipise	39km (Rural)	22	
	Mutele	126km (Extremely rural)	11	
	Tshikundamalema	154km (Extremely rural)	10	
<b>Thulamela</b>	Mbilwi	17km (Rural)	27	<b>69</b>
	Mukumbani	28km (Rural)	20	
	Ha-Lambani	54km (Extremely rural)	12	
	Masisi	85km (Extremely rural)	10	
<b>Total</b>	<b>16</b>			<b>280</b>

Both rural and extremely rural areas contributed 50% each to the total sample (Table 3.4). Out of the total sample, 60.3% were supported enterprises out of which the rural areas contributed 32.1% of the share. The female-owned enterprises accounted for 74.3% of the participants.

**Table 3.4: Demographic details of the Participants Estimated with Crosstab (n=280)**

		Location		Total
		Rural	Extremely rural	
<b>Support status</b>	Supported	32.1%	28.2%	60.3%
	Not-supported	17.9%	21.8%	39.7%
		<b>50.0%</b>	<b>50.0%</b>	<b>100.0%</b>

### 3.5 Pre-testing the Data Collection Tool

Before the study, a pre-test was conducted which was used as a benchmark in the research process. A pre-test is an act of piloting research instruments on a small sample scale for quality assurance (Hayat, 2013). It exploits a range of testing techniques and tools aimed at



identifying any sample errors, this helps researchers to suggest leverage measures of minimising their occurrence (Presser & Blair, 1994). Forty participants were randomly selected in four villages across the four local municipalities in the Vhembe District for the purpose. The essence of the pre-testing within the context of this study was threefold: firstly, to identify possible challenges that might resonate during community entry and data collection, hence, try to familiarise oneself with them. Also, the pre-test gives a glimpse of results that can be expected in the study using specific techniques. It tells how efficient non-probabilistic sampling technique can be of importance, given that the information regarding the enterprises which would serve the study well, is not well documented. The process also set platforms for the research assistants to be trained in research ethics and data collection procedures.

Secondly, the pilot survey was performed to test the ease, flexibility and applicability of the data collection tool, thus, provide insight into how participants will understand and respond to the questions and indicate areas for improvements. Some of the questions were restructured and simplified until they meet the standard of the participants. This aspect of pre-testing help made the researcher aware that most contemporary indicators for measuring enterprise success are incompatible with grassroots enterprises in rural areas. Thirdly, data gathered during the pilot study was analysed using the proposed analytical tools. The essence here also was to see if the tools and methods will meet expectations, or there is a need for possible adjustments.

### **3.6 Data Collection**

Data was collected in line with each objective of the study. In terms of Objective 1 which measures enterprise performance and nest out specific success indicators, three phases of data collection were performed. The first phase was based on a critical desktop review using MAX QDA to identify enterprise success indicators globally. A desktop review is a process of data collection which consolidates specific information from a wide range of extant literature relevant to the subject matter (Juneja, 2013; Beck & Perkins, 2014; Debbi, Elisa, Nigel, Dan & Eva, 2014); it is a secondary means of data collection. An important factor of this data collection approach is that it provides a wide range of opinions from the global space. In Phase 2, the identified indicators were consolidated in a closed-ended questionnaire (see Appendix 5) which was tested on grassroots enterprises to unearth how they conform with traditional enterprises in rural areas. In the tool, participants were also provided with an opportunity to suggest indicators, on the ground, which might not have been covered in the literature. A total of 350 questionnaires were distributed out of which 39 were incompletely filled out, participants' responses in 18 were inconsistent, while 13 had more marking than the permitted

options; thus, only 280 of the total distributed questionnaires were valid for the quantitative analysis.

Based on the examination, the key indicators - enterprise survival, enterprise expansion, trends in new products, profit margin, turnover and working capital - emerged and were used as a general standard for measuring performances of enterprises within the context of this study. The remaining 18 indicators were either not consistent, varied or applicable to a wider spectrum of enterprises. In phase 3 of Objective 1, the indicators, thus, informed another closed-ended questionnaire for data collection about the individual performances of each enterprise sampled for the study (Appendix 6). The primary data collection performed in Objective 1 was done using a peer-to-peer interview technique. This is ideal in providing dynamics between the pool and the crop of successful enterprises sampled for the study.

Data collection for Objective 2 was twofold, starting with qualitative approach which set the stage for the quantitative approach. Both stages of the data collection were conducted using a one-on-one technique, also known as peer-to-peer method. One-on-one interviews are the most common ways of collecting data, especially for grassroots researches pertaining to agriculture, economics, education, management and social sciences. Conducting one-on-one interviews with participants provides an opportunity to meet the targeted sample in person, to interact, share ideas, express opinions, and interrogate to clarify misconceptions and perspectives from individual points of view (Khan, 2014). According to Alshenqeeti (2014), this data collection technique enables the gathering of 'in-depth information' regarding certain phenomena from the primary source through which conclusions can be deduced. This helps eliminate challenges, like omissions, insufficient information, and falsification due to freedom of expression when participants are convened in one context or inability to reach the right participant in person. Arguably, peer-to-peer interviews seek to unveil information that is not observable; it helps the interviewer to observe interviewees reaction, flow and consistency for trustworthiness. This was ideal for ensuring credibility - the confidence in the 'truth' of the findings of the current study as participants' reactions and response to every question were closely observed.

In terms of the qualitative phase of the study, a self-administered semi-structured interview guide was utilised to explore participants' perceptions of exogenous factors associated with successful enterprises. The data collection for both qualitative and quantitative stages of the research was done with participants using peer-to-peer technique. Semi-structured interviews are in-depth and intimate encounters in which written or verbal questions are used to facilitate and amass detailed narratives (Patten, 2016). An important proponent of the tool is that it enables orderliness during data collection. This is because it entails writing down specific

questions of interest which can be used as a guide during interviews (Khan, 2014). It is also important because, in the course of the interview, the participants' response can be probed further for clarity. Each interview in this regard lasted 20 to 30 minutes. About 4 to 5 participants were interviewed in a day and the data collection for this phase of the study took approximately four months.

In Phase 2 of Objective 2, a 3 Likert-type scale tool was developed based on the narratives consolidated from data collected in the Phase 1 of the same objective. This enabled participants to score the identified factors in terms of priority. Triangulation of this nature helps in facilitating the validation of data through cross verification from two or more sources (Rothbauer, 2008). This is consistent with Sekaran (2016) and Tinashe (2017) who maintain that any data collection approach, which supports the use of different methods and a combination of tools, makes results more authentic and suitable for users.

Data collection techniques utilised in Objective 2 were also adopted for Objective 3 that established endogenous factors responsible for successful enterprises, however, rather than a 3 Likert-type scale in the former, the latter used a 5 Likert-type scale. Figure 3.4 depicts the systematic process for the data collection for the study.

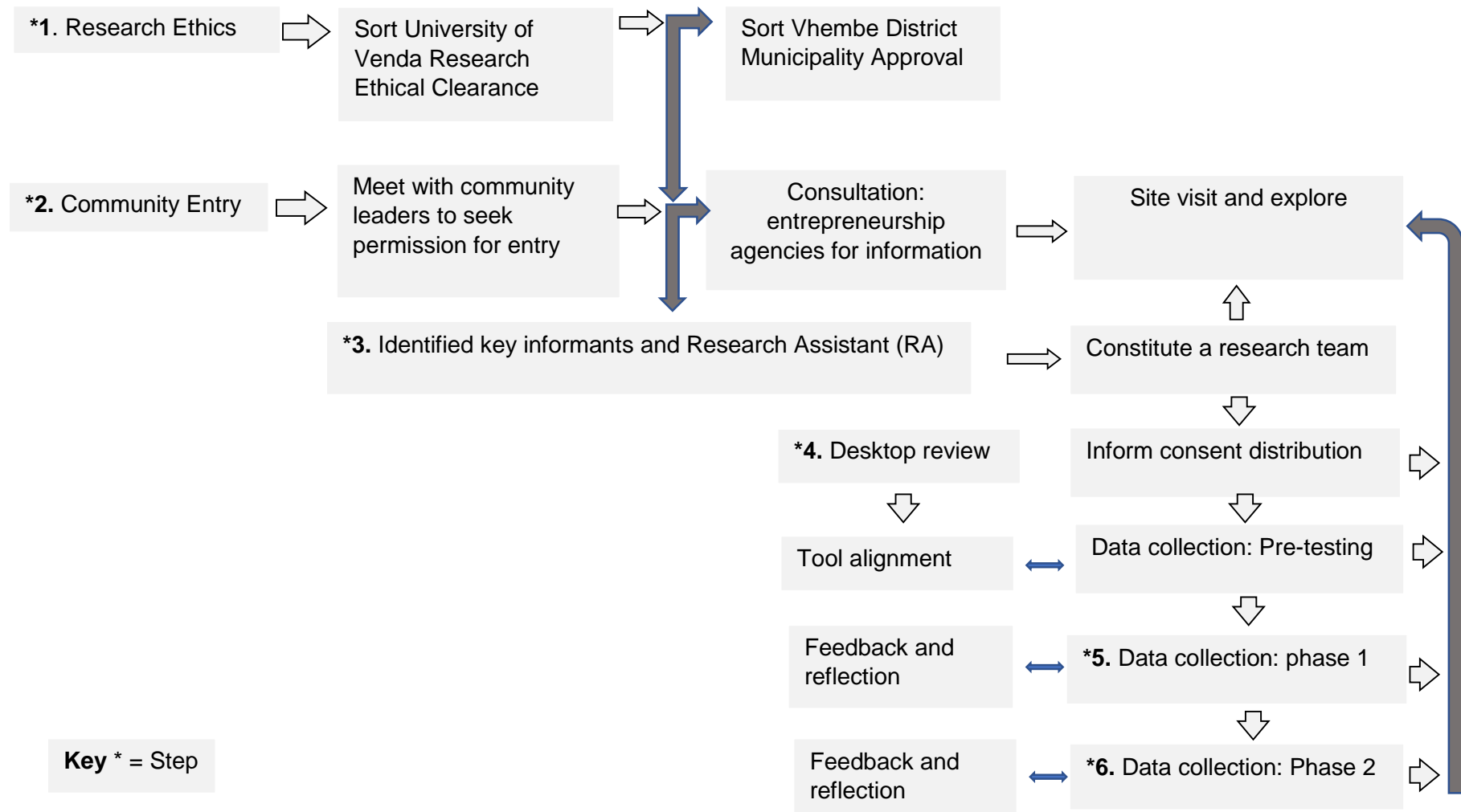


Figure 3.4: Diagram Providing Data Collection Process and Stages

### **3.7 Limitations of Data Collection**

Vhembe District ethical clearance application process was simple, however, the approval took longer than expected, which affected the action plan of the study. Enterprise support agencies were not flexible and/or willing to provide information that would have contributed to the smooth running of the study and the majority of the agencies could not keep to the scheduled appointments. As a result, most of the appointments were rescheduled or cancelled. This had financial cost and time implications. Most of the entrepreneurs, especially in the extremely rural areas have English language challenges, resulting in the hiring of a translator at every point of data collection. The majority of the grassroots entrepreneurs were reluctant to comply; the reasons they gave were that many studies have been conducted in the areas without feedbacks. Similarly, they have not seen any developments in relation to the numerous recommendations made, leaving them suspicious that the University is exploiting rural households for its personal development and not necessarily for the wellbeing of others. This forced the researcher and the assistants to engage in several explanations, sometimes involving community leaders to bring harmony and reconcile the parties. The majority of the participants would not consent to tape recording of the interviews, pictures taken nor the documentation of any personal information which would have assisted with follow exercises. It, hence, became a strenuous task to do any feedback.

### **3.8 Data Analysis**

In this study, a sequence of analyses was followed in line with each phase, involved in the objectives. In terms of Objective 1, the enterprise success indicators, tested in the areas based on the desktop review, were analyzed using descriptive statistics, through STATA (Table 4.1). With the data collected to measure enterprises' performance, Micro Excel 2013 logical and financial functions was used to clean, validate, classify and align the data structure. These are functions that return one value if the condition is TRUE, or another value if the condition is FALSE. For instance, the functions explain whether or not an enterprise profit is viable, having deducted working capital from the turnover. It also determines and explains enterprise stability using the 5-year survival trend record. Furthermore, it isolates enterprises that have expanded and/or introduced new products based on data reports. Cross tabulation was further performed through SPSS v26 to describe the performances of the enterprises based on the identified indicators.

Data analysis of Objective 2 was in two phases - the qualitative and quantitative. In terms of the qualitative phase, a thematic analytical method through Atlas ti v8 software was utilised.

This software is most ideal for analysing large sections of text, as well as, audio and visual data (Smit, 2002); it is accurate in clustering and interpreting data using coding/annotation techniques (Konopásek, 2007; Hwang, 2008; Friese, 2019). Most importantly, the qualitative analytical software summarises a large text into a network diagram or table which allows one to visually connect selected information. The process of the analysis started with data cleaning, capturing and validation in excel spreadsheets. Data formatting was made to conform with the analysis, thereafter, it was exported to the software. The exported data was categorised into different concepts through an open coding-system. An open coding-system categorises phenomena into discreet concepts and clusters, through a close examination of the dataset (Kativhu, 2019). In terms of the coding process, themes were established concerning the objectives of the study and classified using the code management tool, then presented in figures.

Analysis of quantitative data in Objective 2 was in two places. Firstly, Principal Component Analysis (PCA) was fitted in the data structure - IBM-SPSS v25. PCA is a mathematical procedure for the simplification of interrelated measures to discover and define patterns in a set of variables (Yong & Pearce, 2013). It has a complex procedure and multi-step process with few absolute guidelines, as well as options across software packages, like SAS, SPSS and R. The model is a widely-harnessed and broadly-applied statistical technique in the Social Sciences, often utilised to evaluate a phenomenon (Costello & Osborne, 2005). The PCA model is a data reduction and categorisation technique (Costello & Osborne, 2005). It includes correlated variables in a data structure to reduce the numbers of variables and explain the same amount of variance with fewer principal components (Tabachnick & Fidell, 2007; Drost, 2011). It also computes components without regard for the underlying structure caused by the latent variables. The components are calculated using all of the variances of the manifest variables and the variance in the structure appears in the solution. This analytical model was ideal for this study, given that it reduces a large sample to the barest minimum, meaningful and manageable size, as well as compute extracted factors in principal components.

In this study, Bartlett's test of sphericity and Kaiser-Meyer-Olkin measure (KMO) were used to examine both sampling adequacy and the appropriateness of the variables for the analysis. PCA and the KMO are appropriate between 0.5 and 1.0; KMO is most acceptable at 0.50 and above (Malhotra & Birks, 2007; Halim *et al.*, 2014). The KMO derived from the current study is 0.609 (see Table 5.2). The Eigenvalue technique was utilised to determine the number of factors that should be considered in line with the Kaiser criteria. It is recommended that factors with eigenvalues greater than one can be retained (Field, 2013). To minimize the tendency of retaining too many factors, only eigenvalues above 2, in conjunction with the scree plot were

extracted and each factor accounted for at least 4% of the cumulative variance. The scree plot procedure explains that the components corresponding to the last point before the curve flattens out (the breakpoint or natural bend) should be extracted (Stevens, 2012; Costello & Osborne, 2005; Galawe, 2017). The overall PCA structure targets at least 50% variance with a minimum of three items loading in each component; this is consistent with Galawe (2017). Extracted variables were observed in the rotated component matrix. The Scale-Reliability Analysis was performed for Cronbach's Alpha test for quality assurances of the extracted factors. An average of 0.8 was derived, which is considered moderate.

The Multilayer Perceptron (MLP) model was further fitted on the exogenous data structure to classify the challenges each variable pose to enterprises' success, in the study area. MLP explains the deep learning and feedforward artificial neural network (Tang, Deng & Huang, 2015). The model is composed of a series of nodes in the acyclic graph, where each represents a function of a structure. The structure is composed of three layers - firstly, an input layer which receives a signal, the output layer that predicts the input layer, and in between the input and the output, there is an arbitrary number of hidden layers that are the true computational vectors of the structure (Pham, Bui, Pourghasemi, Indra & Dholakia, 2017). In the context of this study, the input layer comprises of exogenous factors, enterprise success represents the outer layer, while the hidden layers are classifying layers to transform inputs to output during a training. The MLP trains on a set of input-output pairs and learns to regress the relationship between the parameters. In the forward pass, the signal flow moves from the input layer through the hidden layers to the output layer, and the decision of the output layer is measured against the ground truth labels. The training process of MLP, in this contest is twofold, firstly, the inputs are spread forward through the hidden layers to the results from the output values, and then the output values are compared to pre-values to estimate the difference. Secondly, the connection weights were adjusted to produce the best output with the least difference (Bui, Tuan, Klempe, Pradhan & Revhaug, 2016).

The MLP was selected because it has been shown as an efficient approach for classification of performance; there are no pre-assumptions about the distribution of training data structure and no decision needs to be made regarding the relative importance of the different input layers. Automatically, it can isolate items that compound errors/bias and train on the remaining data structure to produce quality output. Importantly, it is powerful for predicting and classifying parameters of high importance and can explain complex relationship as in the case of the current study which analysis exogenous factors associated with enterprise performance outputted from the PCA. Except for the MLPM, the analytical methods used in Objective 2 were adopted for Objective 3 of the study.

In terms of Object 3, the Multiple Linear Regression (MLR) model was further harnessed post-PCA to investigate and explain the relationship between enterprise success (the dependent variable) and the endogenous factors structure which represents the independent variables. In terms of the unit of measurement, the dependent variable is continuous while the independent variables were, originally, ordinal scale variables which were then converted into continuous post-PCA following the process of creating composite variables. The MLR is a statistical technique that applies several explanatory variables to predict the outcome of a response variable (Aiken, West, Pitts, Baraldi & Wurpts, 2012). This technique is an extension of linear Ordinary Least Squares (OLS) regression that applies just one explanatory variable to explain a relationship (Kenton, 2020). It aims to model the linear relationship between the explanatory (independent) variables and the response which is the dependent variable. It allows measurements for predicting one variable based on the data that is drawn regarding another variable in the same dataset. The analysis was achieved through R software for statistics computation v3.0, and the details of the endogenous enterprise model structure are explained alongside the result in 6.2.3 of Chapter 6.

Test of multicollinearity was performed for data accuracy and adequacy pre-MLR. Multicollinearity, also known as 'collinearity', is a disturbance in a data structure that can affect the reliability of the overall model (Mansfield & Helms, 1982; Jiang & Land, 2015). Significant multicollinearity may cause statistical inferences of a model to be unreliable. Multicollinearity is caused by some issues, such as inaccurate use of dummy variables; the inclusion of a variable which is computed from other variables in a data structure; repetition of the same variable in a data structure, and instances where variables in a data structure are highly correlated to each other (Sinan & Alkan, 2015; Daoud, 2017; Katrutsa & Strijov, 2017). Even though the PCA earlier performed in this study is ideal in eliminating multicollinearity (Alibuhtto & Peiris, 2015; Sulaiman, Abood, Sinnakaudan, Shukor, You & Chung, 2019), the Variance Inflation Factor (VIF) was further harnessed to investigate the overall multicollinearity in the model for quality assurance. VIF is the quotient that provides an index for measuring the correlation and the strength of the correlation between the predictor variables in a regression model (Paul, 2006; Thompson, Kim, Aloe & Becker, 2017). It shows the extent to which the variance of an estimated regression coefficient is increased because of multicollinearity. The formula is given as  $VIF = \frac{1}{1-R^2}$ , where  $R^2$  represents R-squared.

VIF value for each explanatory variables starts at 1 to infinity. A general rule of thumb for explaining VIF is that, the higher its value in a data structure, the higher the likelihood of disturbance caused by multicollinearity (Alibuhtto & Peiris, 2015; Sulaiman *et al.*, 2019). A value of 1 indicates that the data structure is free of multicollinearity, thus, adequate for any



acceptable regression. VIF value between 1 and 5 indicates the moderate presence of multicollinearity, however, not severe enough to influence disturbances in the data structure that may cause inaccuracy. Furthermore, a VIF value of 5 and above indicates a potentially severe presence of multicollinearity liable for causing the coefficient estimates and p-values, derived from regression to be unreliable and falsified. Lastly, there is significant multicollinearity that should be corrected when VIF is higher than 10 and/or its tolerance is lower than 0.1. The VIF values derived for the endogenous model structure of this study is explained in 6.2.3.

### **3.9 Ethical Considerations**

This study followed research ethical procedures in line with the University of Venda regulations. Research ethics are systems of moral values, which ensure that research procedures adhere to legal, professional and social obligations (Ranndistsheni, 2016). They define and specify what are good and bad practises, as well as clarify factors that require attention and others that are better-ignored, during a research activity (Krist-Ashman, 2013). Firstly, permission to conduct the study was requested from the University of Venda Research Ethics Committee. Upon approval, the research was registered with the University of Venda Higher Degree Committee (UHDC). A consent clearance from the Vhembe District Municipality for community entry and data collection was sought. In adherence to informed consent, community leaders were consulted to permit community entry for the research activities within the scope of the study. Key informants were involved for guidance on cultural issues.

Informed consent forms were distributed to participants a month before the data collection exercise. In this, a detailed explanation of the research background and the rights of participants, in line with Fisher and Anushko (2008) and Emmerich (2016) was provided. Through this medium, participants could make choices and take a stand on the study. This was done to ensure that participation in the study was free, and participants had a clear understanding of the purpose. One fundamental ethical principle requires that there should be no coercion for anyone to get involve in a research, therefore, respondents were requested to participate voluntarily, hence, they could pull out at any stage of the research; those who consented to participate complied with these stated requirements. Personal information collected from respondents were strictly applied to this study only and kept confidential. To maintain a high level of confidentiality, the data collected was kept safely, entirely out of public reach and view, also, the responses were in such a manner that they could not be linked to the participants' personal information. For this reason, codes such as, "rural area" "supported enterprise" "female" and "male" were used in place of their real names. The research team

complied with other ethical considerations, such as harm avoidance. Arranged times for data collection were strictly adhered to avoid clashes between participants' enterprises' operation periods and data collection for the research initiative.

### **3.10 Validity**

Credibility and initial direction for data collection and analysis were achieved by ensuring internal validity. As earlier mentioned, 40 enterprises were interrogated on an ad-hoc basis to pre-test the methodological approach adopted for the study. The pre-testing also provided a clue and dimension for possible results. This helps in the realignment of techniques to ensure that the focus of the study will be adequately sustained (Hair, Black, Babin, Anderson & Tatham, 2006; Cooper & Schindler, 2008). The result obtained from the pilot study was used to fine-tune the final data collection tool (Hilton, 2017), which was administered to 280 different samples in 16 villages; it also helped in determining the choice of analytical techniques. An average Cronbach alpha value higher than 0.7 indicates that the instrument designed and/or adopted is fit (Nemaenzhe, 2010). The tested instrument measured what it was supposed to measure, that is, the exogenous and endogenous issues associated with enterprise performance in the area. In Chapter 5, the Cronbach alpha values of six extracted principal components from a 45 factors structure were 0.913; 0.892; 0.890; 0.756; 0.694; and 0.612 (Table 5.1). Similarly, in Chapter 6, Cronbach alpha values reported for 5 principal components extracted from a 49 factor structure were 0.956; 0.927; 0.927; 0.4;58 and 0.811 (Table 6.1).

In terms of quality assurance, data triangulation was performed through building authentic findings. Building helps researchers to keep track of participants for continues confirmation of results. The application of both qualitative and quantitative methods in sequence for the same enquiry helps in focusing on the strengths and eliminating weaknesses in both approaches in research (Sekaran, 2016). This is so because triangulation validates and authenticates result through cross verification (Rothbauer, 2008; Tinashe, 2017). In every stage of the qualitative data collection, a follow-up section is facilitated which subjects participants to verification of issues isolated from the narratives for a specific action.

### **3.11 Reliability**

Four key constructs were considered to ensure reliability in the study. These include stability, equivalence, internal consistency, and practicality. Reliability looks at estimates of the degree to which a research measurement is free of unstable error (Cooper & Schindler, 2008). It is concerned with the extent to which a parameter(s) is consistent with expected estimation (Nemaenzhe, 2010; Cypress, 2017); thus, if multiple measurements are performed using the

tools and data dimensions, the reliable measures will all be consistent in their values. Some measures were employed to ensure this in the current study. First, participants were offered an opportunity to suggest more indicators on any grounds not covered in the data collection, however, there was no additions suggested. This implies that the literature review was sufficient and the enterprise success indicators established in the current study are reliable. The VIF method is harnessed to test for multicollinearity of the parameters fitted in the regression model in this study. This is to ensure that the data structure used to conclude the study is free of disturbance that may affect adequacy and reliability. Overall, the VIF values based on the test for multicollinearity of the data structure were less than 5, indicating that the assumption of the absence of multicollinearity was met and the model is reliable.

In terms of stability, there was consistency in the interviewing approach used to engage respondents during data collection. All the participants were interrogated in a way that if they are re-approached and interviewed in a different environment or condition, responses will be consistent. Internal consistency was achieved by harnessing split-half technique, therefore, similar questions were asked at different stages to see how consistent and reliable participants could be. For instance, the same answers were expected in question 2 and 4 of Section A and B, respectively (Appendix 6) where two discernibly different categories of questions were asked. Similarly, in the data collection tool used to explore endogenous attributes responsible for successful enterprises, the same questions were asked from different angles (Appendix 9: Section E, Question 1 & 2). In terms of practicality, the process of engaging with the respondent was cost-effective and convenient. With regards to equivalence, the data collection tool and approaches used to engage with participants were the same and to sustain consistency, the same interviewer was deployed to conduct and complete the interview at each point. The aforementioned processes enhanced the reliability of the study.

### **3.12 Trustworthiness**

Trustworthiness was ensured in the current study. This is the degree of confidence of qualitative data gathered during that phase of the research. The trustworthiness of a research study is important in evaluating its worth, validity and reliability (Darawsheh & Stanley, 2014). It is usually assessed with a set of other criteria, such as credibility, confirmability, dependability and transferability (Chowdhury, 2015; Cypress, 2017). 'Credibility' explains the confidence in the 'truth' of the findings. This was achieved through prolonged engagement, persistent observation and member-checking during interaction to gather data. Confirmability is the degree of neutrality or the extent to which the findings of a study are shaped by the respondents and not researcher bias, motivation, or interest, hence, similar results should emerge if a similar study is performed in the study area using the same participants drawn for

this study. This implies that the result of the current study was based on reports compiled in line with data gathered from the participants. Dependability was also covered given that findings were consistent and could be repeated. The primary data was coded, validated and subjected to different analytical processes to achieve results. In terms of transferability, data was collected from four different villages of each municipality in the district during the project. The choice of the villages was informed by their degree of rurality. Rural areas and extremely rural areas were given equal participation; these villages were far apart from each other to ensure maximum variation. Enterprise of various classifications operated by different gender and age groups were well represented. Given this spatial distribution of the sample, the result can be generalised within the scope of the Vhembe District. The findings, thus, can also inform enterprise development and operation in areas that share similar entrepreneurial culture in the country and beyond.

## CHAPTER 4: ENTERPRISE SUCCESS INDICATORS IN VHEMBE DISTRICT

### **Abstract**

This study identifies indicators used by entrepreneurs in rural areas of Vhembe to determine enterprise success. A closed-ended questionnaire was developed based on 24 contemporary indicators distilled through a desktop review using MAX QDA. Descriptive statistics carried out on qualitative data gathered from 280 participants revealed that - enterprise survival, enterprise expansion, trends of new products and profit margin - were consistent with the realities of grassroots enterprises in the area. Using these indications as a standard of measurement through descriptive statistics, only 29.8% of the total sample met at least 50% success benchmark. Enterprises in rural areas contributed 52.7% to failure as compared to 46.3% of those in extremely rural areas, however, the difference ( $p=0.61$ ) is not statistically significant, leading to an inference that failure or success is not influenced by, location or rurality. The male entrepreneurs accounted for a higher amount (53.1%) of the failure but not statistically significant ( $p=0.70$ ), therefore failure or success is not influenced by gender. Supported enterprises contributed slightly higher to the success rate than non-supported by 1.2% and the difference ( $p=0.02$ ) is within the accepted significant limit. This implies that support determines failure and success, however, observing attrition on supported enterprises leads one to question the nature of entrepreneurship support being offered to entrepreneurs in the area. This should be interrogated for policy reforms and practice.

**Keyword:** Enterprises, gender, performance, rural areas, success indicators, support.

### **4.1 Methodology**

A cross-sectional research design was utilised to obtain results for this chapter. The design was discussed in Chapter Three, Section 3.4.1. A chi-square method was used to explain the significant difference between the performance and demographics of the study, such as area, gender of the entrepreneur and support status of the enterprises. The difference is significant when  $p < 0.05$ , otherwise, rejected when it is above the limit.

### **4.2 Results**

The results are presented in three parts. The first part shows enterprise success indicators that are compatible with the study area. The second part explains the successful enterprise that was isolated based on the identified indicators while the last part detailed the performance trend of the enterprises.

#### 4.2.1 Indicators for Measuring Enterprise Performance in Vhembe Rural Areas

The result indicates that 18 out of the 24 global indicators are incompatible with the study area. Profit margin (which is derived by subtracting working capital from turnover), enterprise expansion, trends of new products and enterprise survival were the only indicators generally accepted. The inference was based on ranks (70% above) in all categories of the participants.

**Table 4.1: Enterprise Performance Indicators**

S/N	Enterprise Success Indicators	Percentage Contributions by categories					
		Location		Gender		Support status	
		Rural	Extremely rural	Male	Female	Supported	Not supported
1	Access to banking facility	52	23	39	36	67	8
2	Business expansion	87	74	78	83	79	82
3	Business survival	91	93	86	98	82	88
4	Cash flow situation	44	27	37	34	31	40
5	Claims accounting level	13	5	8	10	12	6
6	Community involvement	43	51	46	48	18	76
7	Customer focus/satisfaction	23	49	30	42	59	13
8	Employee capacity/trends	39	12	19	23	41	11
9	Employee needs	18	13	15	16	21	12
10	Ethical commitment	12		7	5	10	2
11	Innovation/creativity	58	37	46	49	32	63
12	Inventory levels	52	31	47	36	45	38
13	Level of skills and knowledge	3	2	2	5	2	7
14	Loan capacity/size	21		11	7	18	3
15	Market share and development						
16	Productivity/trends of new products	79	83	81	81	77	85
17	Profit to sales ratio and margin	84	87	88	83	87	84
18	Quality of life	32	27	29	30	52	7
19	Sales growth rate	49	46	51	44	43	52
20	Size of the market	57	39	49	47	61	35
21	State of the building						
22	Track of cash flow	51	47	38	60	49	49
23	Turnover	89	81	83	87	80	90
24	Working capital	83	78	81	80	74	87

*Shaded areas: indicators for determining successful enterprises in Vhembe rural area.*

Profit margin is the number of gains an enterprise makes from a certain business transaction. As earlier mentioned, it is derived by subtracting working capital from turnover. Turnover is an amount of business an enterprise conducts during a given period, usually measured through total income (Allen, Renn, Moffitt, & Vardaman, 2007; Bhuiyan, Rahman & Gani, 2015; Poór, Francsovcics & Szuhai, 2014), while working capital is a financial metric of an enterprise which indicates operating liquidity available to an enterprise (Baños-Caballero, García-Teruel &

Martínez-Solano., 2014; Juan García-Teruel & Martínez-Solano, 2007; Mathuva, 2015). In the current study, turnover and working capital were used as indices to determine profit margin.

Profit margin is an important tool for measuring performance because it explains the strength, viability and productiveness of a venture (Arrow, 2000; Mahembe *et al.*, 2011). One can determine the viability of a business in an environment and its sustainability through profit output. A consistent increase in profit, other factors, such as business size and location being equal, explains the fitness of a business in an environment. It is, therefore, an ideal indicator for understanding enterprise performance in an area.

Enterprise survival explains the extent to which an enterprise sustains, within a certain threshold, over some time (Nkondo, 2017; Weinzimmer & Manmadhan, 2009; Yaghoob & Shamsodin, 2011). It is ideal in identifying enterprises that have operated very consistently for the past five years. Assumptions are that enterprises with at least five-year operation history, have broad experience about entrepreneurial activity, enterprise development and success (Weinzimmer & Manmadhan, 2009; Minniti & Naudé, 2010). Assertions have been that the first five years of business operation are window periods as the risk of failure and/or voluntarily exit of an enterprise are higher within that period.

Trends of new product, show the rate at which additional niche goods and services which have value propositions, are introduced in an enterprise (Callahan & Lasry, 2004; Chen, Kang, Xing, Lee & Tong, 2008; Cooper & Kleinschmidt, 1987; Mohutsinwa, 2012). It does not necessarily indicate good performance, however, it explains an enterprise's level of innovation. Empirically, innovation is an important attribute required to be successful in entrepreneurship, regardless of its typology (Baxter, 2018; Cooper, 2000; Ledwith & O'Dwyer, 2009). According to Cooper and Kleinschmidt (1987), in entrepreneurship, new products are what separates winners from losers. Callahan and Lasry (2004) and Chen *et al.* (2008) further added that new products, if developed with customers' input, attract sales, which subsequently lead to growth.

Business expansion is additions and growth an enterprise makes over a period (Jingnan, Shu & He, 2002; Egbert, 2009). It could be the establishment of new outlets from an existing enterprise or expanding the scale of business using available resources. It is an important indicator because in most cases, only enterprises with good performance and prospects subsequently expand or establish more outlets.

#### **4.2.2 Aggregate Enterprise Performance Trend in Vhembe Rural Areas**

Analysis of enterprise performance based on the success indicators reveals that on the average, 29.7% (83) enterprises met at least 50% of the success indicators used as threshold

for measuring performance, in the study area (Table 4.2). This implies performances of 197 (approx. 70%) enterprises out of 280 samples are below the standards introduced in the study.

**Table 4.2: Aggregate Enterprise Performance (n=280)**

<b>Enterprise Performance Trend</b>					
Valid	Frequency	Per cent	Cum Percent		
5	50	17.9	17.9		
10	39	13.9	31.8		
15	37	13.2	45.0		
20	20	7.1	52.1		
25	12	4.3	56.4		
30	11	3.9	60.3		
35	11	3.9	64.2		
40	9	3.2	67.4		
45	8	2.9	70.3		
				<b>Successful Enterprises</b>	
				Frequency	Per cent
50	8	2.9	73.2	8	2.9
55	11	3.9	77.1	11	3.9
60	12	4.3	81.4	12	4.3
65	14	5.0	86.4	14	5.0
70	11	3.9	90.3	11	3.9
75	11	3.9	94.2	11	3.9
80	9	3.2	97.4	9	3.2
85	4	1.4	98.8	4	1.4
90	3	1.1	100.0	3	1.1
<b>Total</b>	<b>280</b>	<b>100.0</b>		<b>83</b>	<b>29.7</b>
				<b>Std Deviation</b>	26.060
				<b>Skewness</b>	.604
				<b>Kurtosis</b>	-1.057



#### 4.2.3 Trend of Enterprise Performance in Vhembe Rural Areas

There is a downward performance from the 1<sup>st</sup> year of operation till the 3<sup>rd</sup> year. On the average, 39.8% of enterprises met the performance criteria in their 1<sup>st</sup> year of operation, 27.2% in the 2<sup>nd</sup> year and 24.8% in the 3<sup>rd</sup> year (Table 4.3). In the 4<sup>th</sup> year, performance improved to 27.9% and went slightly higher to 28.1% in the 5<sup>th</sup> year. The mean scores of the three indicators reveal that 12.9% recorded a good profit margin, followed by 9.3% frequency of those who introduce new products, and lastly 7.6% who expanded their businesses.

Table 4.3 shows trends of performance amongst enterprise in rural areas and those in extremely rural areas. Enterprises in rural areas account for more ‘new products’ in the five years with the 1<sup>st</sup> year being the highest (7.4%) while the 5<sup>th</sup> year recorded the least, estimated



at 4.1%. The same group of enterprises accounted for more in terms of business expansion with 1<sup>st</sup> year being the lowest (2.2%) and 5<sup>th</sup> year (6.1%) being the highest. Those in the extremely rural areas have a larger share of 'profit margin' in all these years.

With regards to gender (Table 4.4), the female entrepreneurs contributed more to new product and profit margin while the male contributed more to business expansion, throughout the five years. In terms of support status (Table 4.5), non-supported enterprises have an upper hand in 'new products' across the five years. Supported enterprises recorded more 'profit margin' than their non-supported counterparts in the 1<sup>st</sup> year (13.4% against 7.0%) and 2<sup>nd</sup> year (7.1% against 7.0%). On the other hand, non-supported enterprises contributed more in the 3<sup>rd</sup>, 4<sup>th</sup> and 5<sup>th</sup> years. Similarly, supported enterprises have a larger share of business expansion in the first two years while their counterparts take the lead in the remaining years.

**Table 4.3: Enterprise Performance in Relation to Area (n=280)**

Year	Indicators	Performance			Sum	Average
		Rural	Extremely rural	New products		
1 <sup>st</sup>	New product	7.4%	6.2%	13.6%	20.5%	39.8%
	Profit margin	8.9%	11.6%			
	Expansion	2.2%	1.8%			
2 <sup>nd</sup>	New product	4.1%	3.9%	8.0%	14.1%	27.2%
	Profit margin	6.9%	7.2%			
	Expansion	3.0%	2.1%			
3 <sup>rd</sup>	New product	4.5%	4.1%	7.6%	10.2%	24.8%
	Profit margin	5.0%	5.2%			
	Expansion	4.6%	2.4%			
4 <sup>th</sup>	New product	4.9%	3.3%	8.1%	9.9%	27.9%
	Profit margin	4.9%	5.0%			
	Expansion	5.2%	4.9%			
5 <sup>th</sup>	New product	6.3%	3.1%	9.4%	9.9%	28.1%
	Profit margin	4.8%	5.1%			
	Expansion	6.1%	5.8%			
<b>Mean</b>				<b>9.3%</b>	<b>12.9%</b>	<b>29.7%</b>

**Table 4.4: Enterprise Performance to Gender (n=280)**

Year	Indicators	Performance		New products	Sum		Average
		Male	Female		Profit margin	Expansion	
1 <sup>st</sup>	New product	5.7%	7.9%	13.6%			
	Profit margin	8.4%	12.1%		20.5%		
	Expansion	3.0%	1.0%			4.0%	<b>39.8%</b>
2 <sup>nd</sup>	New product	3.8%	4.2%	8.0%			
	Profit margin	5.0%	9.1%		14.1%		
	Expansion	3.1%	2.0%			5.1%	<b>27.2%</b>
3 <sup>rd</sup>	New product	3.6%	4.0%	7.6%			
	Profit margin	4.3%	5.9%		10.2%		
	Expansion	4.7%	2.3%			7.0%	<b>24.8%</b>
4 <sup>th</sup>	New product	3.8%	4.3%	8.1%			
	Profit margin	4.0%	5.9%		9.9%		
	Expansion	5.9%	4.2%			10.1%	<b>27.9%</b>
5 <sup>th</sup>	New product	4.3%	5.1%	9.4%			
	Profit margin	4.7%	5.2%		9.9%		
	Expansion	6.8%	5.1%			11.9%	<b>28.1%</b>
		<b>Mean</b>		<b>9.3%</b>	<b>12.9%</b>	<b>7.6%</b>	<b>29.7%</b>

**Table 4.5: Enterprises Performance in Relation to Support Status (n=280)**

Year	Indicators	Performance			Sum Profit margin	Expansion	Average	
		Supported	Non-supported	New products				
1 <sup>st</sup>	New product	6.5%	7.1%	13.6%	20.5%	4.0%	<b>39.8%</b>	
	Profit margin	13.4%	7.0%					
	Expansion	2.9%	1.1%					
2 <sup>nd</sup>	New product	3.1%	4.9%	8.0%	14.1%	5.1%	<b>27.2%</b>	
	Profit margin	7.1%	7.0%					
	Expansion	2.9%	2.2%					
3 <sup>rd</sup>	New product	3.0%	4.7%	7.6%	10.2%	7.0%	<b>24.8%</b>	
	Profit margin	5.0%	5.2%					
	Expansion	2.6%	4.4%					
4 <sup>th</sup>	New product	2.1%	6.0%	8.1%	9.9%	10.1%	<b>27.9%</b>	
	Profit margin	3.7%	6.2%					
	Expansion	4.0%	6.1%					
5 <sup>th</sup>	New product	2.1%	7.3%	9.4%	9.9%	11.9%	<b>28.1%</b>	
	Profit margin	3.0%	6.9%					
	Expansion	5.5%	6.4%					
		<b>Mean</b>			<b>9.3%</b>	<b>12.9%</b>	<b>7.6%</b>	<b>29.7%</b>

A total of 197 (approximately 70%) out of the sample underperformed. As depicted in Table 4.6, enterprises in rural areas contributed 52.7% to failure which is high, when compared with those in the extremely rural areas, however, the difference ( $p = 0.62$ ) is above the acceptable limit ( $p < 0.05$ ); thus, the condition is rejected, implying that there are no significant differences between the failure rate of enterprises in rural areas and those in extremely rural areas. It can, therefore, be emphasized that rurality and its associated developmental challenges, such as distance to service centres and access to basic infrastructures do not necessarily influence enterprise failure or success, in the study area.

Similarly, the male entrepreneurs contributed 53.1% to failure (Table 4.7). The contribution is higher for the females who accounted for 46.9%, however, the difference ( $p = 0.70$ ) is non-statistically significant. It can, therefore, be deduced that enterprise failure or success is not determined by gender. Lastly, supported enterprises accounted for 50.6% of the total enterprises that underperformed (Table 4.8). The contribution is slightly above those of the non-supported enterprises by 1.2%, and the difference is statistically significant ( $p = 0.02$ ); thus, the condition that, support status determines enterprise failure or success in the area, is accepted. Supported enterprises constituting a larger proportion of the failure percentage, may imply that the nature of support received is rather causing underperformance.

**Table 4.6: Enterprise Failure in Relation to Area**

Area		Number	Percentage
	Rural	104	52.7%
	Extremely rural	93	47.3%
<b>Total</b>		<b>197</b>	<b>100%</b>
<b>Chi-Square Tests</b>	<b>Value</b>	<b>df</b>	<b>Asymptotic Significance (2-sided)</b>
Pearson Chi-Square	6.289 <sup>a</sup>	8	0.615
Likelihood Ratio	6.327	8	0.611
N of Valid Cases	197		

Statistically significance level: \*  $P < 0.05$

**Table 4.7: Enterprise Failure in Relation to Gender**

Gender		Number	Percentage
	Male	105	53.1%
	Female	92	46.9%
<b>Total</b>		<b>197</b>	<b>100%</b>
<b>Chi-Square Tests</b>	<b>Value</b>	<b>Df</b>	<b>Asymptotic Significance (2-sided)</b>
Pearson Chi-Square	5.463 <sup>a</sup>	8	0.707
Likelihood Ratio	6.670	8	0.573
N of Valid Cases	197		

Statistically significance level: \*  $P < 0.05$

**Table 4.8: Enterprise Failure in Relation to Support Status**

Support status		Number	Percentage
	Supported	100	50.6%
	Non-supported	97	49.4%
<b>Total</b>		<b>197</b>	<b>100%</b>
Chi-Square Tests	Value	Df	Asymptotic Significance (2-sided)
Pearson Chi-Square	10.345 <sup>a</sup>	8	0.024*
Likelihood Ratio	11.909	8	0.155
N of Valid Cases	197		

Statistically significance level: \*  $P < 0.05$

### 4.3 Discussion of Findings

This study identified enterprise success indicators and further examined enterprise performances in the Vhembe District's rural areas. Enterprise survival, enterprise expansion, trends of new products and profit margin were success indicators, commonly used in rural areas. Less than 30% of the total sample attained 50% success standards as established in this study and based on the indicators earlier identified; thus confirming researches performed earlier which explained that over 70% SMMEs in South Africa perform below-expectations (Fatoki, 2014a). Olawale and Garwe (2010) and Asah *et al.*, (2015) estimated a 70% overall failure rate of enterprises in the country. Scholars seem to have concluded that enterprises in the country do not reach their full potential; for some reasons many struggle to survive, while others fail (Agbenyegah, 2013; Douglas *et al.*, 2017). This is a concern, given the enormous government support being invested in enterprise development.

Except for support enterprises that recorded a significant increase in enterprise failure, relatively higher than non-supported enterprises, there was no significant difference in terms of performance amongst other groups. The significant failure of supported enterprise could mean that the nature of support accessible to enterprises in the rural areas, does not influence successful enterprise. This concern is missing in the literature within the context of South Africa. One of the reasons could be that the nature of support needed is not understood from a specific point of view. It is, therefore, important to partner with entrepreneurs in the rural areas to identify context-specific solutions rather than generalised support, often anchored on a generalised intervention. According to Nemaenzhe (2010), only grassroots enterprises affected by market realities in an area have sufficient experience of the precise circumstances to be addressed for an effective solution or support. Enterprise development programmes should be restructured such that they become grassroots-driven and area-specific. It is pivotal because such programmes have a direct mandate for capacity building that will determine the

pace of entrepreneurial activities and development (Nwazor, 2012; Audretsch & Belitski, 2017).

#### **4.4 Conclusion**

Enterprise survival, enterprise expansion, trends of new products and profit margin – derived by subtracting working capital from turnover - are indicators for measuring enterprise performance and success in rural areas of Vhembe District. The use of other contemporary enterprise success indicators may not be compatible in the context of the area. A survey of performance anchored on the indicators revealed that only a minority of enterprises met at least 50% success threshold, while the majority underperformed. Of the three groups sampled, supported enterprises tend to contribute significantly to enterprise failure, more than their non-supported counterparts. This lead to the inference that the nature of support being offered to entrepreneurs in the area does not influence enterprise success but rather amount to failure. The difference between enterprises in rural areas and others in extremely rural areas is not statistically significant, leading to the conclusion that enterprise failure or success is not necessarily influenced by the rural nature of an area. Similarly, the difference in the context of gender was not significant which shows that enterprise success is not determined by entrepreneurs' gender. Base on this result, the following are recommended:

- Policymakers and entrepreneurship development practitioners should strive to understand area-specific entrepreneurship support, such that decisions on enterprise development in an area is made from an informed angle, rather than from assumptions.
- There is a need to interrogate the nature of enterprise support being given to entrepreneurs in the area.
- The relationship between enterprise support being given and enterprise performance should be investigated from a specific point of view.

## CHAPTER 5: EXOGENOUS FACTORS ASSOCIATED WITH SUCCESSFUL ENTERPRISES

### **Abstract**

This study examined exogenous factors responsible for successful enterprises in rural areas of Vhembe District Municipality. A sample of 280 participants across 16 villages was drawn using a snowball and purposive sampling technique. Atlas-ti v8 analysis performed detailed 45 issues from participants' narratives that deter enterprise success and should be resolved. Through PCA, the data structure made up of 280 rows and 45 variables were categorised into 6 principal components. These include Access to Finance (AF: 14.887%), Access to Market (AM: 10.297%), Physical Capacity (PC: 8.858), Operational Cost (OC: 6.052%), Socio-cultural Issues (SC: 5.628%) and Competition (CO 4.460%). The Multilayer Perceptron Model harnessed to investigated the exogenous factors based on 83 sample structure of successful enterprises reveals that CO with a coefficient of 0.191 presents the most challenge, followed by AM (0.170), OC (0.163), SI (0.162), AF(0.162) and PC (0.152) which is the least. It is therefore recommended that enterprise support should be emphasized on the identified factors.

**Keywords:** Enterprise success, exogenous, issues, performance, rural area

### **5.1 Methodology**

A sequential explorative mixed-research design was followed to obtain the result of this study. The design was discussed in Chapter Three, Section 3.4.1. Using Atlas-ti v8 open coding system for qualitative analysis, 45 issues were extracted from a pool of participants' narratives (Figure 5.1). The application of PCA on the data structure of 280 rows and 45 variables computed 6 principal components. Bartlett's test of sphericity and KMO was 0.574 (Table 5.1), which is adequate and appropriate (Malhotra & Birks, 2007; Halim *et al.*, 2014). The Eigenvalue technique, in conjunction with scree plot was utilised to determine the number of factors that should be considered for extraction in line with the scree plot diagram presented in Figure 5.2. Extracted variables were observed in the rotated component matrix. Only factors with Eigenvalues of two and above ( $>2$ ) were extracted. The Kaiser-Meyer-Olkin Measure (KMO) of sampling adequacy was performed, as well as the Cronbach's Alpha test for quality assurance/reliability in the PCA. The MLP is developed to investigate the importance of access to finance, access to market, physical capacity, operational cost, sociocultural issues and competition to enterprise success.



## 5.2 Results

The result of this study is presented in three parts. Phase one (P1) relates to exogenous factors responsible for successful enterprises extracted from the qualitative data using Atlas-ti v8. Phase two (P2) shows the principal components of the success factors computed post-Atlas-ti using PCA. This section also shows the test of reliability performed for quality assurance. The last part is on the relationship between the extracted exogenous principal components and enterprise success which was done using the MLP.

### 5.2.1 Exogenous Factors Associated with Successful Enterprises (P1)

Through the in-depth interviews, access to finances, especially, funding opportunities was noted as being vital to enterprise development, operation and success, however, the access is very limited for many entrepreneurs in the area (Figure 5.1). Many have attempted to access entrepreneurship support agencies but with no success. Some of the reasons being - the distance from their villages to the secretariats, cumbersome requirements which most enterprises do not have, favouritism and nepotism, as well as corruption, among some officials of the entrepreneurship agencies. As a result of these constraints, some are of the view that it is near impossible to be supported without strong connections. To some of them, delayed response to applications for support, sudden loss of people's applications, as well as forcing people to change their business ideas, are associated with corruption. Below are some of the verbatim comments by some participants on the aforementioned:

*"It is difficult to explain..." "How can I perform well without finances to boost my businesses?" "...funding agencies are just there but not flexible and accessible." "...without connections, your application will not be considered. Most of the agencies approve funding applications of people they know or those who can bribe them"* (Non-supported female in a rural area).

*"...it is either age factor, gender, tax evidence, nature of the business or something else...". Support agencies always have strenuous protocols and excuses not to support people". "Most of these agencies are not doing anything, they just pretend to be busy and syphon public resources..."* (Non-supported male in a rural area).

Participants raised a concern that often, enterprises support officials forced them to change their original business plan. Apart from the fact that usually the imposed business ideas are common in society, participants believed they are also not lucrative. Some struggle to sustain the idea after being supported, due to lack of passion about the idea. Assumptions were that support agencies have thematic areas and that funding and other forms of enterprise support

have specific rules. To access these supports, an entrepreneur must be compliant, however, many suspect that the facilitators divert their attention so they (facilitators) could invest in their (participants) new ideas.

*“...they forced me to change my business plan and align with something different...”*  
(Supported female in an extremely rural area).

*“...after three months of hustle for an agency to support my proposal, it was turned down; reason being that the idea is not compatible with the reality on the ground. Surprisingly, two months later, a family member of the same official who advised me to consider another idea started the same business in my area.” “...it is not fair.”!* (Non-supported male in a rural area).

Harsh loan terms also limit enterprises' potentials to grow. First, most financial institutions require evidence of tax clearance and collateral and as the majority of the enterprises are unregistered, they, cannot afford to register for tax. Many are subsistence businesses for sustainable livelihood, hence, they shy away from 'exotic' endeavours. Some of the participants mentioned:

*“...they said my business plan is not good enough for a loan”.* (Non-supported female in a rural area). *“...the bank requested a landed property as collateral...”* (Non-supported female in a rural area).

*“...most financial institutions will willingly provide loans for cars and houses without little term. When it comes to business, the interest rate is as good as doing the business for the bank”. They will ask combustion and frustrating requirements...”* *“I tried different financial institutions, they seem the same”.* (Non-supported male in a rural area).

Storage facilities for preservation of goods, especially farm products was mentioned as a pressing challenge. This challenge constrained many into producing less that could be sold at once, to minimize wastage and losses. Poor road networks do not only limit movements but add to production cost. Local enterprises spend much on transportation to access urban markets for business transactions, hence, middlemen capitalise on these conditions to exploit these enterprises in the rural areas. From the narrative:

*“There is a lot on my farm to sell, no buyers. Even the little I have harvested may not be sold. There is no market..., in the end, they get spoiled...”* *“I don't have proper storage facilities to preserve goods for a long time.”* *“...I am struggling. No good road to convey the goods across to big markets, and I don't see the government coming to*

*our aid soon...". "Big firms get our products at cheap rates, sell them before they pay us..."* (Supported female in an extremely rural area).

There is an upsurge of migrants coming into the country for economic purposes, with the majority coming from the surrounding countries. Concerns have been that many end up competing for market opportunities with locals. Even though some local enterprises are faring well in this competition, the government still allows importation of similar local products. Many consider such a situation as a threat.

*"...the government still allows the importation of goods we are offering locally. It is obvious everyone prefers foreign goods over what I offer. They are branded, cheaper and of more quality..."* (Supported male in a rural area).

*"...foreigners have made South Africa their home, they struggle opportunities with the locals. They invest even in a very common business an old woman should do to earn a living. We end up struggling in our country..."* (Supported male in a rural area).

Families encourage their children to advance their studies in the University and get a decent job in elite careers. Venturing into a small businesses after having completed a degree gives the wrong impression to families and societies. There is a common belief that people who venture into small entrepreneurial activities have failed in life. They are either not intelligent enough to compete with their counterparts in the labour market for a decent, innovative jobs or they are completely frustrated, hence, no family wants to be associated with such a stigma. The younger generation also subscribed to the idea, thus, they prefer to wait for years seeking for employment. Participants explained:

*"...my family is not at peace with me. I started an enterprise after my first degree. It was least expected because they had wished I search for a job in a law firm or government institution". "It appears I have embarrassed them. I might quit, the business is not doing so well, I lost the passion..."* (Supported male in a rural area).

*"...people here don't have respect and value for local entrepreneurs..., there is a general mentality that any young person doing business is poor, uneducated and frustrated in life. It makes me very uncomfortable to been seen always with my business. This limits my scope of operation because I go out briefly and come back before the sunset so I may not be seen..."* (Non-supported female in an extremely rural area).

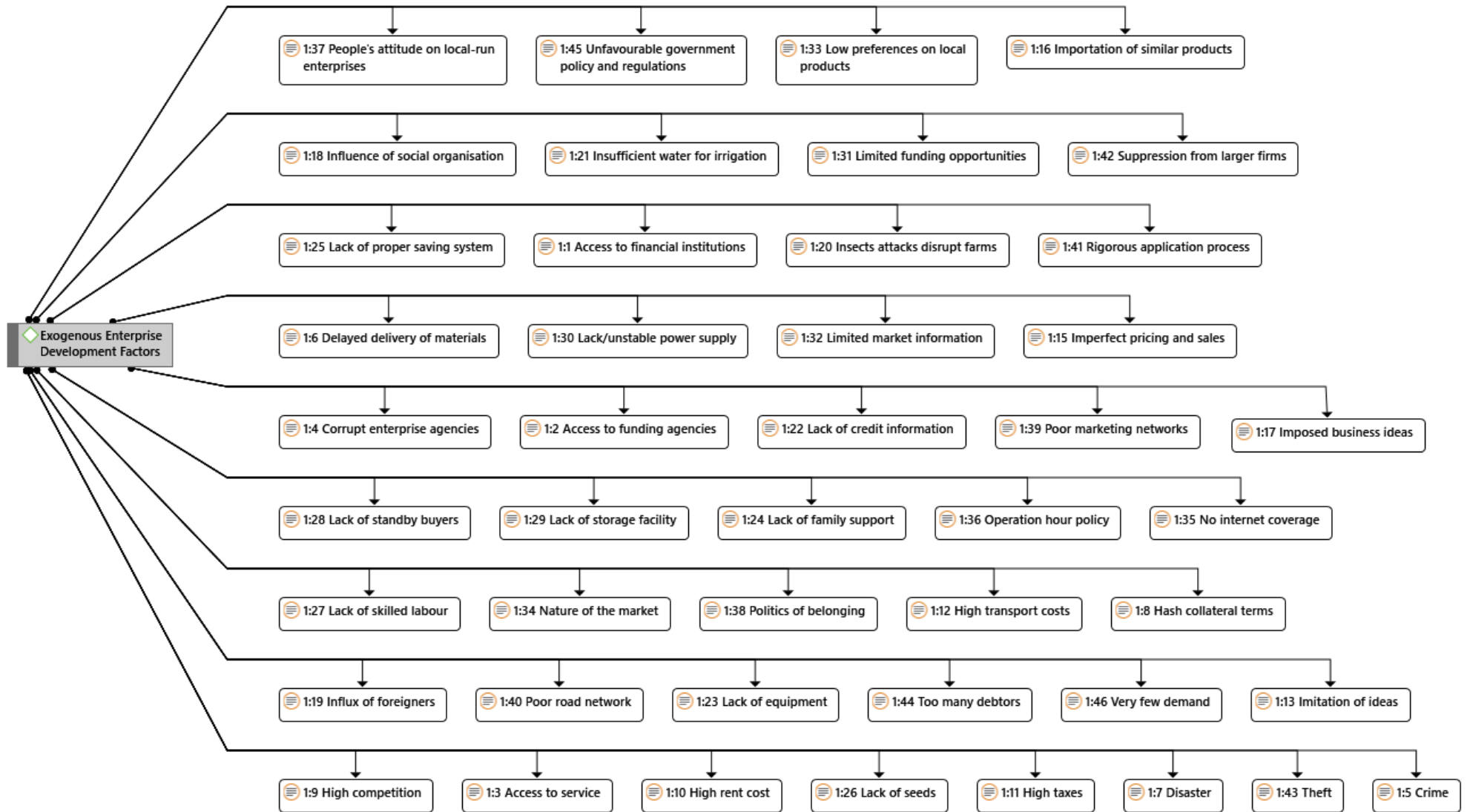
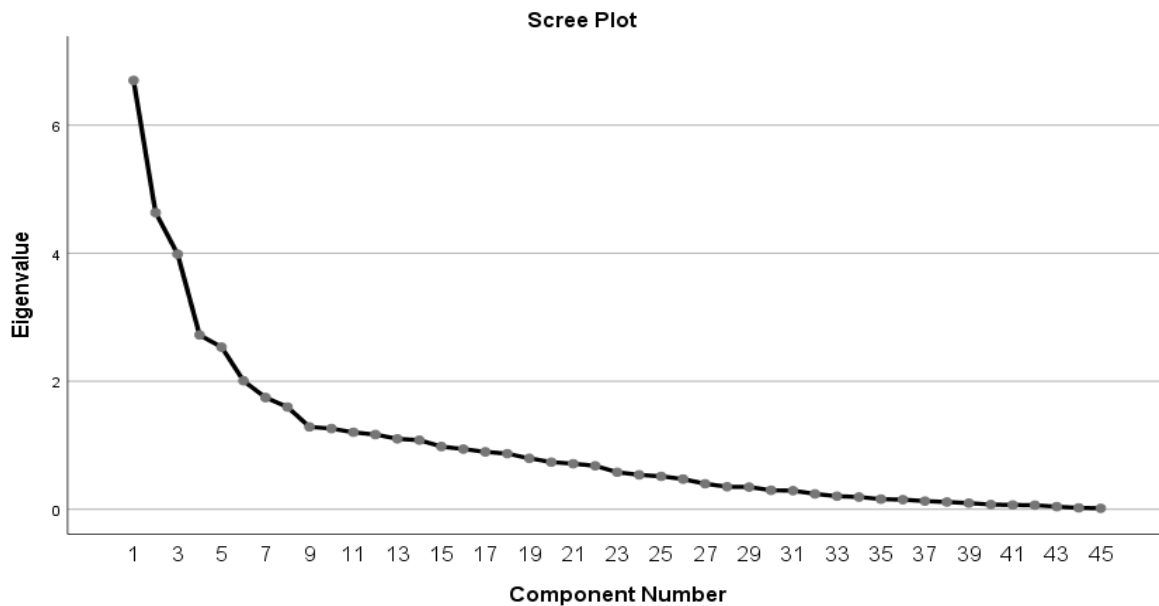


Figure 5.1: Network Diagram of Exogenous Factors Associated with Successful Enterprises (Atlas-ti v8)

## 5.2.2 Exogenous Factors Associated with Successful Enterprises (P2)

The Scree Plot (Figure 5.2) shows that component 6 is the number of factors corresponding to the last point before the curve flattens in the model structure of 45 factors. Only the first 6 components have eigenvalues over 2, and together these explain 50.182% of the total variability in the data structure. Thus, the remaining 39 variables account for 49.818%. This leads us to the conclusion that a six-factor solution will probably be adequate.



**Figure 5.2: Scree Plot and Eigenvalues Used to Extract Exogenous Factors**

The factors were extracted using Kaiser Normalisation method. The first factor explained 14.887% variance which is the highest. It was labelled '*access to finance*' due to high loadings by the following items - lack of credit information (0.901), politics of belonging (0.883), limited funding opportunities (0.847), access to funding agencies (0.770) rigorous application process (0.751), and high collateral terms (0.717). The second factor was named '*access to market*' due to high loading by the following variables - poor marketing networks (0.852), suppression from the larger firms (0.820), lack of standby buyers (0.804), imperfect pricing and sales (0.772), very few demand (0.755), and limited market information (0.723). The variance explained by this factor was 10.297%. The third factor was labelled '*physical capacity*' due to high loadings from the following variables - delayed delivery of raw materials (0.837), lack of storage facility (0.783), lack of equipment (0.765), poor road network (0.763), crime (0.729), and poor saving mechanisms (0.654). The variance explained by this factor was 8.858%.

The fourth factor was called '*operational cost*' because it yielded variables such as - high cost of rent (0.785), operation hour policy (0.720), imposed business ideas (0.710), high taxes

(0.613), and high transport cost (0.506). The variance explained by this factor was 6.052%. The fifth factor was labelled '*sociocultural issues*' due to high loadings of the following variables - people's attitudes to local-run enterprises (0.697), influences of social organisation (0.672), lack of family support (0.638) and lack of social networks (0.598). The variance explained by this factor was 5.628%. The sixth factor, which was the last was named '*competition*'. The variables that loaded in this factor were homogenous activities (0.638), high importations of similar products (0.619), and influx of foreigners into the market (0.574). The variance explained by this factor was 4.460% which is the least.

Except for the six factors named - high taxes, high transport cost, lack of family support, lack of social networks, homogenous activities, high importations of similar products, and an influx of foreigners in the market - whose commonalities are between 0.468 and 0.368, 25 other items loaded 5.0 and above. This reflects that the factors showed a large variance. The Cronbach's Alpha reliability test performed for quality assurance yielded the following points for the six factors: 0.913, 0.892, 0.890, 0.756, 0.694, and 0.612, respectively. The KMO was 0.609, Bartlett's test of Sphericity yielded 8598.968, and the significance was 0.00, showing the level of appropriateness to utilise PCA. Table 5.3 presents the result showing loading and commonalities based on a PCA with Varimax rotation (n=280), however, a separate table showing the estimate commonalities and the initial values that can be ignored was included as an appendix. Commonalities are estimates of that part of the variability in each variable that is shared with others, and which is not due to measurement error or latent variable influence on the observed variable (Norris & Lecavalier, 2010; Quresh *et al.*, 2017).

**Table 5.1: Exogenous Factor Loading and Commonalities Based on a Principal Component Analysis with Varimax Rotation (n=280)**

	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	Factor 6	Commonalities
	Access to Finance	Access to market	Physical capacity	Operational cost	Sociocultural issues	Competition	
Lack of credit information	0.901						0.869
Politics of belonging	0.883						0.806
Limited funding opportunities	0.847						0.738
Access to funding agencies	0.770						0.637
Rigorous application process	0.751						0.680
High collateral terms	0.717						0.586
Poor marketing networks		0.852					0.785
Suppression from the larger firms		0.820					0.760
Lack of standby buyers		0.804					0.720
Imperfect pricing and sales		0.772					0.792
Very few demands		0.755					0.645
Limited market information		0.723					0.636
Delayed delivery of raw materials			0.837				0.714
Lack of storage facility			0.783				0.675
Lack of equipment			0.765				0.626
Poor road network			0.763				0.641
Crime			0.729				0.758
Lack of proper saving systems			0.654				0.738
High cost of rent				0.785			0.660
Operation hour policy				0.720			0.730
Imposed business ideas				0.710			0.745
High taxes				0.613			0.459
High transport cost				0.506			0.367
Peoples' attitudes on locally-run enterprises					0.697		0.623
Influences of social organisation					0.672		0.548
Lack of family support					0.638		0.468
Lack of social networks					0.598		0.460
Homogenous activities						0.638	0.398

	<b>Factor 1</b>	<b>Factor 2</b>	<b>Factor 3</b>	<b>Factor 4</b>	<b>Factor 5</b>	<b>Factor 6</b>	<b>Commonalities</b>
	Access to Finance	Access to market	Physical capacity	Operational cost	Sociocultural issues	Competition	
High importations of similar products						0.619	0.384
Influx of foreigners in the market						0.574	0.348
Number of Items Extracted	6	6	6	5	4	3	<b>32</b>
<b>Eigenvalues</b>	<b>6.699</b>	<b>4.634</b>	<b>3.986</b>	<b>2.723</b>	<b>2.533</b>	<b>2.007</b>	<b>(Total)</b>
<b>% of Variance</b>	<b>14.887</b>	<b>10.297</b>	<b>8.858</b>	<b>6.052</b>	<b>5.628</b>	<b>4.460</b>	<b>50.182</b>
<b>Test of Reliability</b>	<i>Cronbach's Alpha</i>	0.913	0.892	0.890	0.756	0.694	0.612
<b>KMO and Bartlett's Test</b>							
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.609					
Bartlett's Test of Sphericity	Approx. Chi-Square	9025.602					
	Df	990					
	Sig.	.000					
<b>Factor loading &lt;0.40 were suppressed</b>							



**Table 5.2: Total Variance Explained (PCA Enterprise Exogenous Factors)**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.699	14.887	14.887	6.699	14.887	14.887	5.289	11.754	11.754
2	4.634	10.297	25.184	4.634	10.297	25.184	4.757	10.571	22.325
3	3.986	8.858	34.042	3.986	8.858	34.042	4.589	10.198	32.523
4	2.723	6.052	40.094	2.723	6.052	40.094	2.916	6.481	39.004
5	2.533	5.628	45.722	2.533	5.628	45.722	2.597	5.770	44.775
6	2.007	4.460	50.182	2.007	4.460	50.182	2.433	5.407	50.182
7	1.746	3.879	54.061						
8	1.597	3.550	57.611						
9	1.287	2.860	60.471						
10	1.261	2.803	63.274						
11	1.203	2.673	65.947						
12	1.167	2.594	68.542						
13	1.101	2.446	70.987						
14	1.080	2.400	73.387						
15	.981	2.180	75.567						
16	.941	2.091	77.658						
17	.897	1.993	79.651						
18	.869	1.931	81.582						
19	.797	1.770	83.353						
20	.737	1.637	84.990						
21	.712	1.583	86.573						
22	.679	1.509	88.082						

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
23	.579	1.286	89.368						
24	.538	1.197	90.564						
25	.515	1.144	91.709						
26	.471	1.047	92.756						
27	.399	.888	93.644						
28	.353	.785	94.428						
29	.347	.772	95.200						
30	.297	.661	95.861						
31	.291	.647	96.508						
32	.241	.535	97.043						
33	.205	.456	97.499						
34	.191	.425	97.924						
35	.159	.354	98.278						
36	.151	.335	98.614						
37	.129	.286	98.900						
38	.114	.252	99.152						
39	.096	.214	99.366						
40	.075	.167	99.533						
41	.067	.148	99.681						
42	.064	.142	99.823						
43	.041	.092	99.915						
44	.022	.049	99.964						
45	.016	.036	100.000						

Extraction Method: Principal Component Analysis.

**Table 5:3 Rotated Component Matrix<sup>a</sup> (PCA Enterprise Exogenous Factors)**

	Component					
	1	2	3	4	5	6
Hash collateral terms	<b>.717</b>	.119	.211	-.075	.089	.013
Access to funding agencies	<b>.770</b>	.191	.029	.011	-.075	.006
Limited market information	.023	<b>.723</b>	.281	.177	-.046	-.011
High transport costs	.211	-.182	-.012	<b>.506</b>	-.173	.055
High rent cost	.098	.051	.122	<b>.785</b>	-.110	.059
Nature of the market	.065	-.087	.069	-.106	-.167	.180
Disaster	.220	.285	.563	.228	-.122	-.400
Lack of proper saving system	.121	.350	<b>.656</b>	.159	-.086	-.373
Delayed delivery of materials	.000	-.067	<b>.837</b>	.080	-.002	.036
Lack of storage facility	.079	-.059	<b>.783</b>	-.197	.022	.115
Poor road network	.095	-.176	<b>.763</b>	-.050	-.058	.116
Rigorous application process	<b>.751</b>	-.095	.297	.076	-.101	.056
Limited funding opportunities	<b>.847</b>	-.080	.032	.033	.088	-.060
Imperfect pricing and sales	.042	<b>.772</b>	-.023	-.108	.077	.045
Lack of standby buyers	.240	<b>.804</b>	-.028	-.057	.104	-.024
Lack of credit information	<b>.901</b>	-.078	-.041	.209	.024	.072
Politics of belonging	<b>.883</b>	-.080	.009	.136	.026	-.015
Corrupt enterprise agencies	.124	.005	.080	-.152	-.144	.070
Insects attacks disrupt farms	.119	.041	-.098	.114	-.033	.019
Lack of skilled labour	.090	-.094	-.111	-.003	-.078	-.005
Low preferences on local products	.075	.049	-.067	-.036	.104	-.030
Crime	.156	.053	<b>.729</b>	.105	-.096	-.239
Lack of family support	-.117	.019	-.098	-.068	<b>.638</b>	.180
Lack of equipment	-.111	.002	<b>.765</b>	.153	.030	.062
Influence of social organisation	-.046	.061	.261	-.049	<b>.672</b>	.141
Lack/unstable power supply	.104	.318	.595	.175	-.007	-.334
People's attitude on local-run enterprises	.304	.030	-.053	-.048	<b>.697</b>	.194
Lack social networks	-.015	-.067	-.038	-.068	<b>.598</b>	.303
High competition	-.064	-.069	-.092	.037	.088	<b>.638</b>
Importation of similar products	.077	.089	-.018	.011	.009	<b>.619</b>
Poor marketing networks	-.033	<b>.852</b>	.055	-.007	.006	.233
Suppression from larger firms	-.201	<b>.820</b>	.041	.044	-.092	.188
Very few demand	-.074	<b>.755</b>	.021	-.080	-.224	-.114
Access to service	-.053	.579	-.141	.249	.330	.069
Imitation of ideas	-.110	.065	-.005	.396	-.200	.277
High taxes	-.022	.017	.169	<b>.613</b>	-.165	.165
Influx of foreigners	-.029	.039	-.067	.067	.087	<b>.574</b>

No internet coverage	.222	.131	.153	-.039	.062	.365
Access to financial institutions	.682	.114	-.133	.106	.120	-.169
Operation hour policy	.147	.099	.063	<b>.720</b>	.360	-.218
Imposed business ideas	.311	.037	.085	<b>.710</b>	.364	-.058
Theft	.116	-.060	.045	-.009	.249	-.124
Too many debtors	-.040	.059	.022	.162	-.017	.261
Lack of seeds	-.039	-.010	-.032	.015	.232	-.087
Insufficient water for irrigation	-.115	.081	-.046	.006	-.228	.240
Extraction Method: Principal Component Analysis.						
Rotation Method: Varimax with Kaiser Normalization.						
a. Rotation converged in 7 iterations.						

### 5.2.3 Multilayer Perceptron Model, Exogenous Factors (n=280)

The Multilayer Perceptron (MLP) model was consequently regressed on the data structure to explain the importance of the exogenous factor as emphasized in the PCA and their challenges to enterprise success. In this context, the six exogenous factors explained in PCA were computed as 'input layers' in the model; these include AF, AM, PC, OC, SI and CO. Enterprise success on the other hand represent the 'output layer' in the model. Symbolically, we propose that;

$$Y_1 = f(AF, AM, PC, OC, SI, CO) \dots \dots \dots 2$$

- Where:
- $Y_1$  = Enterprise success
  - F = Function
  - AF = Access to finance
  - AM = Access to market
  - PC = Physical capacity
  - OC = Operational cost
  - SI = Sociocultural issues
  - Co = Competition

The model based on the overall sample of 280 reveals that SI (0.193) is a crucial issue followed by Co (0.177), AF (0.170), AM (0.161), OC (0.158) while PC (0.140) is the least crucial variable as indicated by the coefficients and normalised importance percentages of the parameters in Table 5.5.

**Table 5.4: Multilayer Perceptron Model, Exogenous Factors (n=280)**

Network Information		Variables	Importance	Normalised	
Input Layer	Factors	Access to finance (AF)	.170	88.3%	
		Access to markets (AM)	.161	83.7%	
		Physical capacity (PC)	.140	72.6%	
		Operational cost (OC)	.158	82.2%	
		Sociocultural issues (SI)	.193	100.0%	
		Competition (Co)	.177	91.7%	
Number of Units <sup>a</sup>		396	<b>Case Processing Summary</b>		
Sample		280			
<b>Training sum of squares error</b>		<b>88.960</b>	Sample Training	193	71.0%
<b>Relative Error</b>		<b>.927</b>	Testing	79	29.0%
Testing Sum of Squares Error		34.398	Valid	272	100.0%
Relative Error		.850	Excluded	8	
Hidden Layer(s)	Number of Hidden Layers	1			
	Number of Units in Hidden Layer 1 <sup>a</sup>	11			
	Activation Function	Hyperbolic tangent			
Output Layer	Dependent Variables	Enterprise success			
	Number of Units	1			
	Rescaling Method for Scale Dependents	Standardized			
	Activation Function	Identity			
	Error Function	Sum of Squares			
a. Excluding the bias unit					

#### 5.2.4 Multilayer Perceptron Model, Exogenous Factors (n=83)

The MLP model fitted on 83 sample structure of successful entrepreneurs revealed that CO (0.191) presents the most exogenous challenge that should be taken into consideration followed by AM (0.170), OC (0.163), SI (0.162), AF(0.162) and PC (0.152) as indicated by the coefficients and normalised percentages of the parameters in Table 5.6.

**Table 5.5: Multilayer Perceptron Model, Exogenous Factors (n=83)**

Network Information			Variables	Importance	Normalised
Input Layer	Factors	1	Access to finance (AF)	.162	84.8%
		2	Access to markets (AM)	.170	89.4%
		3	Physical capacity (PC)	.152	79.8%
		4	Operational cost (OC)	.163	85.5%
		5	Sociocultural issues (SI)	.162	85.1%
		6	Competition (Co)	.191	100.0%
Number of Units <sup>a</sup>			246	<b>Case Processing Summary</b>	
<b>Sample</b>			<b>83</b>		<b>N Percent</b>
<b>Training sum of squares error</b>			<b>34.648</b>	Sample Training	66 88.0%
<b>Relative Error</b>			<b>1.066</b>	Testing	9 12.0%
Testing Sum of Squares Error			1.964	Valid	75 100.0%
Relative Error			.629	Excluded	8
Hidden Layer(s)	Number of Hidden Layers		1		
	Number of Units in Hidden Layer 1 <sup>a</sup>		16		
	Activation Function		Hyperbolic tangent		
Output Layer	Dependent Variables		1	Performance	
	Number of Units		1		
	Rescaling Method for Scale Dependents		Standardized		
	Activation Function		Identity		
	Error Function		Sum of Squares		
a. Excluding the bias unit					

Based on the result, it can be inferred that enterprise success in the area is affected by competition, access to market, operational cost, sociocultural issues, access to finance and physical capacity.

### 5.3 Discussion of Findings

This study aimed to identify the major exogenous factors that should be supported to enhance enterprise success in rural areas of the Vhembe District. In descending order of impact: competition, access to market, operational cost, sociocultural issues, access to finance and physical capacity are identified factors that should be supported to ensure enterprise success. It is important to mention that discourse associated with enterprise exogenous issues are contradictory, so although, the findings of the current study are consistent with some literature, it contradicts several other studies. For instance, Charman *et al.* (2012), Dlodla (2014) and

Nkondo (2017) emphasised competition in the South Africa entrepreneurial environment and how such constitutes a major threat to locally-owned businesses in the country. Entrepreneurship Magazine (2015) and Burger (2016) expressed that the lack of adequate market is a top hindrance to SMMEs. Abor and Quartey (2010) and Van Scheers (2011) also pointed to market-associated issues being key challenges deterring enterprise success.

On the other hand, Lader (1996), Cook and Nixson (2000) add that enterprise start-up, development and management in many developing economies are always challenged by lack of financial resources to meet a variety of operational and investment needs. This challenge is predominantly found amongst SMMEs. Earlier, a survey conducted by the World Bank enumerates 90% of small enterprises as having identified access to finance as a pivotal challenge to new investments (World Bank, 2000). This situation is not different in the case of South Africa (BEES, 1995; Abor & Quartey, 2010; Hansen *et al.*, 2012). For instance, Ladzani and Netswera (2009) performed a study in some rural areas of Limpopo Province and confirmed that about 80% of the SMMEs perceived lack of access to finance as a major challenge to small enterprise development. Access to finance has been accorded the leading role for enterprise operation in the country, even though there seems to be other fundamental challenges that require more urgent attention as in the case of the current study.

According to Green, Kimuyu, Manos and Murinde (2007), identifying a market for a product, acquiring necessary property rights or license to operate an enterprise, and record-keeping skills are fundamental and more challenging to running a small enterprise than lack of finance. Despite this argument, often, focus is placed on financing, maybe, the continued emphases on finance could be that it is considered the “glue” that holds together all the diverse aspects involved in small enterprise start-up and development (Green *et al.*, 2007; Olawale & Garwe, 2010; Garwe & Fatoki, 2012). Finance, definitely, is required to execute consolidated and well-isolated business ideas which makes it an important component, but it is not necessarily a key success factor.

### **5.3.1 Competition**

Entrepreneurs in many economies in the world regard competition as a key element for improvements (Seeletse & MaseTshaba, 2016), rural enterprises in Vhembe, however, see it as a threat. The explanation for this attitude could be lack of exposure, lack of competence and physical capacity to withstand competitors. As a result, the majority openly shy away from opportunities that competition offers rather than strategizing on business-specific competencies to improve their competitive ability. An influx of foreigners in the market, high importation of similar products and homogenous entrepreneurship activities, therefore, become major threats, rather than opportunities.

This notion is consistent with Brink *et al.* (2003) who emphasised that competition alongside socio-economic problems and change constitute the main challenge deterring enterprise development. Demmer *et al.* (2011) specifically mentioned the influx of non-traditional competitors as deterrents to small enterprise performance and development. Maesela, Hungwe and Seeletse (2016) purport that foreign-owned enterprises have challenged locally-owned ones in South Africa, sometimes, even displacing them in their markets. This supports suggestions by Seeletse (2015) that rather than being threats, foreigner-owned enterprises are good models for local entrepreneurs to obtain some learning points. Explaining the realities behind the thinking of foreign entrepreneurs in the country, which are lacking amongst the South Africans, foreigners understand that “modern consumers use shopping malls because they want shopping value, choices, convenient shopping locations, extended business hours, the convenience of one-stop shopping, a problem-free shopping environment, and friendly personal touch in a clean, fun place to shop”, hence, they strategize accordingly.

Seeletse and MaseTshaba (2016) further maintain that entrepreneurs may decide whether it is necessary to contest directly against others or rather investigate possible alternatives to close an existing gap within the same market. Secondly, they may embark on empowerment initiatives to ensure that they understand the business world and its management, which gives them an edge for competition. Thirdly, they focus on augmenting their strengths and reducing their weaknesses in business. Fourthly, entrepreneurs can use their acquired skills to withstand the might of other enterprises. Fifthly, they may employ differentiation strategies available when competing, and lastly, exploit available empowerment opportunities such as SEDA services as the SMEs should be empowered to access aid of any form in all locations. In addition, the discourse that foreign-owned enterprises perform far better in the same location given equal market opportunities, implies that South African local-based enterprises can learn from their foreign counterparts to position themselves for better competition.

### **5.3.2 Access to Market**

Access to market is a crucial issue, especially in extremely rural areas. Enterprises are constrained by many marketing issues, such as poor marketing networks and information, lack of loyal and standby buyers, suppression from the larger firms, few demands and imperfect pricing. Poor market information and market networking limits business expansion, as well as its growth. One of the resultant challenges is that enterprises are usually conditioned to operate within a confined area which, naturally, limits partnership with potential entrepreneurs, as well as business diversification (Markelova, Meinzen-Dick, Hellin & Dohrn 2009; Goyal, 2010; Mwakaje, 2010).



Lack of necessary information about foreign markets, inability to see the broader picture of the local market, lack of partnership and collaboration, contribute to high market competition (Aryeetey *et al.*, 1994; Abor & Quartey 2010). Often, entrepreneurs limiting operation to their confined environment results in similar goods and services being offered in large amount to few demands, within a constricted space (Hell McCay & Jentoft, 1998; Jacoby, 2000). Arguments are that better understanding and access to the market could help entrepreneurs to improve to latest standards for better competition. Lack of this exposure explains why rural entrepreneurs fall prey to middlemen and large firms, who use their products to make gains.

### 5.3.3 Operational Cost

Enterprises make less profit due to high utility bills, taxes, rent and cost of transporting products. Even though access to markets and basic infrastructure is a challenge, local enterprises are obliged to comply with policies and regulations. According to Cant and Wiid (2013), interest rates and inflation causes enterprises to fall. This is also evident in Lose and Tengeh (2015) who explained that high cost of procurement, lack of advanced technological facilities and production space contribute to enterprise failure. Fatoki (2014a) support that high cost of distribution, poor resources to curtail enterprise-related crime, lack of finance, high competition, non-availability of a logistics chain and, rising costs of doing business contribute to a large proportion of business failures in South Africa.

Physical enterprises are restrained to operate between 9 Am and 5 Pm, although, it is not quite clear what might be the reason. Such regulations limit potentials for full operation. This argument supports Abor and Quartey (2010) who maintain that regulatory constraints constitute a large part of enterprise failure, especially, the SMEs in SA. The high cost of licensing and registration requirements may cause excessive and unnecessary burdens on an enterprise, leading to its failure. Local patents are difficult to obtain. For instance, it takes 176 days to handle enterprise-licensing issues in the country (World Bank Doing Business Report, 2006). In connection with the licensing, there are 18 procedures involved. These challenges leave most local enterprises with no option but to acquire foreign licenses (Kayanula & Quartey, 2000; Abor & Quartey, 2010). This is consistent with Aryeetey *et al.* (1994) who add that many enterprises in the country prefer the use of foreign technology and/or leasing due to similar issues.

According to Abor and Quartey (2010), lack of support services from the government leaves SMEs with inappropriate management solutions. Enterprise development supports put in place by the government are well documented, showing that in rural areas support is below expectations (Kayanula & Quartey, 2000; Abor & Quartey, 2010). A similar issue was

documented in the USA and European countries, showing that rural areas often lack specific support required to develop their enterprises (Henderson, 2002; Stathopoulou *et al.*, 2004). Often, policymakers offer measures and direct investment without proper knowledge of what is specifically needed in rural areas. One way to leverage this challenge could be the involvement of grassroots entrepreneurs in decision processes that concern them (Henderson, 2002; Quartey *et al.*, 2017). Local enterprises should be assisted to gain access to knowledge and innovation outside the rural areas. This could provide avenues to tap into venture capital markets, to finance and direct growth.

### **5.3.4 Socio-cultural Issues**

As in the case of South Africa, family norms, religion, social structures, societal behaviour and orientation about small businesses are contemporary issues (Stephan & Uhlaner, 2010; Klyver & Foley, 2012; Mungai & Ogot, 2012; Iwara *et al.*, 2019). For instance, young males in a village in Southern Madagascar invest their entire life controlling cattle for rituals that are performed when they (young men) pass on (Williams, 2007; Zocky, 2007; Dhenak, 2016). As a result, young people are not encouraged to become involved in any form of entrepreneurship, rather they are motivated to focus on cattle rearing and decorating stone tombs, not for sales but for rituals performed to keep their remains. Similarly, a certain religion in India deters profit-driven entrepreneurial activities because any form of excess profit or capitalism is a sin (Vishal, 2011). South Africa is not exceptional. Often, people believe that those involved in small enterprises are less innovated, frustrated, not employable, uneducated or poor (Iwara *et al.*, 2019). As a result, many, especially young people avoid being associated with such definitions by not venturing into enterprises. This explains weak entrepreneurship culture and mind-sets amongst South African households.

This attitude towards young people venturing into small enterprises is dissimilar in countries like Japan, China, Pakistan and India where entrepreneurship culture is that which orientates and motivates young people to be independent through entrepreneurial activities (Hamel, 2010; Graupp & Wrona, 2015; Steen & Baldwin, 2015). These countries have been noted for successful enterprises and economic growth. Similarly, South Africa can encourage grassroots households to accept and promote an entrepreneurial culture amongst the young ones (Dutta, 2016). Most people in Vhembe District underrate local entrepreneurs, especially young graduates; often, their peers are accorded more value and respect for securing a job in the government sector. This generates strong resentment in many educated entrepreneurs, hence, they wanting to quit their enterprises for white-collar jobs.

### 5.3.5 Access to Finance

There are various financing challenges for entrepreneurs - lack of access to credit information, rigorous application process for funding, high collateral conditions and unequal distribution of financial support. Often, the rural areas are neglected to the advantage of the urban areas, even though the nature of entrepreneurship benefit can vary depending on the area (Henderson, 2002; Stathopoulou *et al.*, 2004; Saleem & Abideen, 2011; Seeletse & MaseTshaba, 2016). This argument justifies the remarks by Beck and Cull (2014) that, compared to other regions, small enterprises in Sub-Saharan Africa are less likely to access business loan than those in other developing regions of the world. The share of SME lending in the overall loan portfolios of banks in five Sub-Saharan African countries varies between 5% and 20% (Berg & Fuchs, 2013). Kuntchev *et al.* (2012), having surveyed 13,685 enterprises across 38 sub-Saharan countries note that there is a strong correlation between the size of a venture and their access to finance.

Larger firms have more access to finance; enterprises which applied for a loan, small ventures had substantially less chances of success (Bigsten, Collier, Dercon, Fafchamps, Gauthier, Gunning, Oduro, Oostendorp, Patillo, Söderbom & Teal, 2003). Rural areas then lag behind given that the majority of their enterprises are micro and small. The explanation for this challenge is twofold. Firstly, there is an assumption that the provision of finance for small enterprises is riskier than for large firms (Collier, 2009). Secondly, investments on enterprises in urban areas, especially larger firms are more feasible to the government as compared to rural areas (Henderson, 2002; Stathopoulou *et al.*, 2004; Saleem & Abideen, 2011). Policymakers and entrepreneurship development practitioners need to understand that enterprises in rural areas contribute to economic growth as much as those in the urban areas, regardless of the size; there should be equity in the distribution of resources.

Most SMEs loan applications are not granted (Osei, Baah-Nuakoh, Tutu, & Sowa, 1993; Bani, 2003; Quartey *et al.*, 2017). SMEs, especially those in the rural areas are obliged to comply with many regulations while they are recipients of few loans and grant programs (Brewton, Danes, Stafford & Haynes 2010; Nkondo, 2017), thus, there is a huge enterprise financing gap that should be addressed, with urgency. Financial scarcity is a hindrance to small enterprise development, especially in non-developed areas (Ardic, Mylenko & Saltane, 2012). According to the World Bank (2015), there was only 29.1% bank credit to the private sector and 29.2% domestic credit to the private sector. Over 90% of small enterprises are denied access to requisite financial support by the formal financial institution due to their – lack of collateral security for creditworthiness, small cash flows, high-risk premiums, transaction costs and

inadequate credit history (Bigsten *et al.*, 2003). As a result, a vast majority depend solely on personal savings and support from relatives for their enterprises to survive.

Another point is the nature of financing which in most cases is not compatible with the enterprises' realities on the ground. Most small enterprises receive financial support which cannot sufficiently address their action plans. Sometimes the funding comes in instalments, and in most cases funders cease supporting them, forcing entrepreneurs to apply for loan to continue or fold up, thus, inadequacy of funds significantly limits enterprise success (Deakins, North, Baldock, Whittam, 2008; Quartey *et al.*, 2017). One would, therefore, concur with Chidiebere, Iloanya and Udunze (2014), Njaya (2015), Rusvingo, (2015), Karasi *et al.*, (2017), Gukurume (2018) that access to enterprise finance remains a critical issue to entrepreneurship development, enterprise performance and success. This is an urgent concern.

### **5.3.6 Physical Capacity**

Physical capacity in this context is the facility or power put in place to perform and produce effectively in a variety of ways. Physical capacity is important to every entrepreneur because it determines the efficiency of an enterprise. Enterprises in rural Vhembe areas perform below expectation due to lack of - equipment, storage facilities, access to raw material, road networks, saving mechanisms and capacity to combat crime. These issues explain why foreign-owned enterprises, as well as imported goods, supersede the local ones (Hammond, 2013; Oyelola, Ajiboshin, Raimi, Raheem & Igwe, 2013; Lucas & Fuller, 2017). Chu *et al.* (2007) and Williams (2014) confirm that lack of proper capacity-building mitigates against not only enterprises' reaction to competition in a global market but their performance and contributions to the economy, in terms of job creation and income generation.

As a result of poor storage facilities, enterprises offer their products at a lower market price to avoid leftovers. This challenge is consistent with findings by Cardoso and Ramos (2016) and Kativhu (2019) who mentioned that innovation capacities of small enterprises are compromised by a shortage of relevant skills supports and internal resources. Demmer *et al.* (2011) specify that lack of technological advancement and geopolitical shocks often pose threats to small enterprises, especially in underdeveloped areas. In addition, Brewton *et al.* (2010), mentions that disasters, if not properly controlled, constantly, disrupt small enterprises' routine and standards of operation. Rural enterprises, especially those in agriculture have consistently reported of damages to farms by floods, due to lack of drainage systems. Similarly, in some areas, the farm produces rot due to the arid nature of the soil. Access to water is another issue; these are concerns that South Africa should take seriously.

## 5.4 Conclusion

Lack of access to market is a key concern deterring enterprise success in Vhembe rural areas that should be given immediate attention. High operational costs, stiff competition, lack of access to finance, inadequate physical capacity and non-enhancing sociocultural factors follow this key concern. Enterprise-related challenges are well-researched aspects, however, information relating to rural areas, especially in Vhembe District lack sufficient attention. This limits sectorial and contextual understanding of specific threats and possible intervention to put in place that can mitigate failure of these enterprises. Often, access to finance is considered as the most important enterprise support factor even though they might be other burning issues that require urgent attention. These results, therefore, should provide policymakers, entrepreneurship development practitioners, agencies and grassroots entrepreneurs with an insight of what constitute adequate enterprise exogenous support for specific intervention. It is believed that the findings will direct enterprises' exogenous support from an informed point of view. Based on these results, the following are recommended:

- Policymakers, entrepreneurship development agencies and practitioners, as well as entrepreneurs in rural areas of Vhembe should invest more into structures that will help improve competition.
- Skills training and policy reforms relating to market accessibility is another prime concern. Scaling of entrepreneurial training on other identified issues, and channelling entrepreneurship financial support on targets, can leverage the challenges.
- It is important to relax some business-related regulations on local enterprises in rural areas. Cost of doing business (that is, operational cost) was among the top three challenges, hence, there is need for the government to reduce utility bills, taxes and rents on rural entrepreneurs.
- Infrastructural development, especially good roads, water supply and storage facilities is paramount, and should be enhanced, in rural areas.
- Entrepreneurship development stakeholders, should scaleup awareness that can address sociocultural issues, through community engagement. Periodic programmes on the importance of entrepreneurship should be held on radio and television channels, and also disseminated through social media platforms. Entrepreneurship should be offered compulsorily in basic and tertiary education, not only to promote entrepreneurial culture amongst the young people but enhance skills development for success enterprise operation post-graduation.

## CHAPTER 6: ENDOGENOUS ATTRIBUTES RESPONSIBLE FOR SUCCESSFUL ENTERPRISES

### **Abstract**

This study established that entrepreneurs' endogenous success attributes, if complemented with exogenous support would spur successful enterprises in rural areas. A sample of 81 participants was drawn from 16 rural villages using a snowball, purposive and cluster sampling technique for qualitative data collection. This was performed using a semi-structured questionnaire and a thematic analysis of the data through Atlas-ti v8 isolated 49 items. The content from these informed a quantitative component of this study, wherein a 5 point Likert-scale type was developed for data collection from 280 participants using the sampling techniques above. A PCA fitted on the data structure through SPSS v25 computed the data from the 49 items to five principal components, which explained 68.794% of the total variance. Bridging Networks (BN) contributed 38.044% followed by Self-belief (SB:15.802), Risk Awareness (RA:6.144), Resilience (R: 4.532), and Nonconformist (NC:4.271). A MLR employed to investigate the essence of the components revealed that BN ( $\beta_1 = 7.57$ ) is most influential and is statistically significant ( $t=2.48$ ,  $p=0.01$ ). Except for SI which is negatively related to enterprise success, R, RA and N parameters demonstrated positive influences, even though none of the relationship is statistically significant. Overall, endogenous factors were established as playing significant roles in enterprise success. It is recommended that support should be informed by the factors which isolated bridging network as the top priority among the endogenous success attributes.

**Keywords:** Endogenous attributes, enterprise success, rural areas, issues

### **6.1 Methodology**

The sequentially explorative mixed-research design was followed to obtain the results of this study. The design was discussed in Chapter three Section 3.4.1. The use of Atlas-ti v8 open coding system for the analysis qualitative data extracted 49 attributes from the pool of participants' narratives (Figure 6.1). A PCA applied to the data structure of 280 rows and 49 variables computed 5 principal components. The Bartlett's test of sphericity and KMO measurements were performed for sampling adequacy and the appropriateness of the variables. The KMO loaded 0.914, which is appropriate for PCA (Table 6.1). The extracted factors on the PCA were observed through Eigenvalue technique in conjunction with the scree plot diagram presented in Figure 6.2. Only factors with Eigenvalues  $>2$  and above were extracted and the extracted variables were observed in the rotated component matrix. Cronbach's Alpha test was performed, post-PCA, for quality assurance and reliability of the result.

The importance of the 5 principal components identified from running PCA on 49 proxy attributes for examining enterprise success, was investigated using the MLR. Two regression models were fitted to the data; the first model related enterprise success to the 5 endogenous variables while considering the entire sample ( $n = 280$ ) and the second model related enterprises' success to the same endogenous variables, describing successful enterprises, that is, those meeting a 50% and above performance threshold ( $n = 83$ ). Test for multicollinearity was performed on the endogenous data structure using VIF method and the result is explained alongside the model.

## 6.2 Results

The result of this study is presented in three sections. The first relates to endogenous attributes associated with enterprise success which were identified from participants' narrative (Figure 6.1); this result was from the qualitative research phase. The second part presents the components and principal factors extracted, post-qualitative phase, using PCA (Table 6.1). The test sample's adequacy and reliability is also presented in this section. The third part explains the linear relationship between enterprise success (dependent variable) and the independent variables (bridging networks, self-belief, risk awareness, resilience, non-conformist) which were endogenous variables extracted from the PCA (Table 6.4). This section also presents the VIF test for multicollinearity.

### 6.2.1 Endogenous Attributes Responsible for Successful Enterprises (P1)

Through the in-depth interviews, it was gathered that some villages are extremely remote and underpopulated; as a result, the demand for some products and services are low. There are, thus, a tendency for business duplication, as well as the challenge of having too many people, for example, migrants, producing for the same market. Factors like, networking, establishing social ties, partnership, collaborations and online businesses, however, help them to reach their market potentials.

*"...well the local demand is very little to reach the desired target. I go to urban areas, search for larger firms to supply our products in wholesales, however, at considerable amount. Although the profit is lesser when compared with retailing, it is preferable given the constant flow of supplies in larger amount"* (Non-supported female in an extremely rural area).

*"...partnering with big companies and organisation helps a lot. Initially, carrot and beetroot were the only products I supply. At some point, the company I partnered with, requested that there is a demand for potatoes in large quantity. Initially, I use to buy*

*from others and supply. At some point, I started my own production on a large scale. Sometimes, it is good to diversify...* (Non-supported male in a rural area).

People imitate business ideas from others without proper market survey. Often, such practices lead to proliferation of homogenous enterprises, which is one of the reasons demand is low. This means that too many similar products and services were offered at the same time, leaving consumers with numerous choices, however, while some rely on local market demands, others stand out by creating external market opportunities as a supplement. From the discourse, it was gathered:

*"The quality of my product is still the same, and standards have improved when compared to a few years back, yet market demand in this area is declining. I no longer make as much money as before. Everyone is struggling to make a good turnover. One reason is that people are beginning to see the potentials in this business. Many have invested and several others are coming on board, raising competition bars very high. So, it is good to make a difference from what others are doing. Look out for ways to bring unique ideas to improve the business"* (Supported female in a rural area).

Instead of focusing on one lane of production, some entrepreneurs diversify investments, as much as possible, 'dreaming big'. Hopes are that if one form of entrepreneurship fails, others could cover. Some activities are seasonal, therefore, a focus on one specific business may pose a challenge to entrepreneurs' survival and income-generation in some seasons. For instance, a female in an extremely rural area who was supported to run a poultry farm reveals:

*"...chicken business in this village is seasonal. People buy a lot during winter. I make little sales in other seasons. To avoid breakdown, I compliment the business with laundry and bakery...". "...ordinarily, people don't buy cattle except if there is an event. I could stay for three months without any sale. So, I started water production and supply enterprise. It takes a few hours a day to take care of the cattle, then spends the rest of the day on the other business. Both are responding well..."* (Supported female in a rural area).

Another instance shows entrepreneurs drawing from digital advertisement through social media such as Facebook, YouTube and WhatsApp in search of potential customers. The data shows that some entrepreneurs have a desire and high quest for knowledge as their involvement on social media is not limited to advertisements but also as learning platforms. Often, they search about what other enterprises have offered for possible improvements. As a result, these entrepreneurs remain market-relevant, acquire and apply ideas to enable them stand out from others in the same market. A non-supported female in a rural area stressed:



*“...I am operating here in the village. People around my neighbourhood don’t know me very much but I have clients and partners as far as Europe, America and Asia. I design women accessories of any kind using African Ankara and beads. I make a step by step video of the process and upload on YouTube before I sell the product. The primary purpose was an advertisement. “... I have attracted many clients who place an order daily, of which some require exportation. Through the YouTube channels, I have been able to partner with some entrepreneurs in other countries who are into my design. People have contacted me to mentor them abroad through skype. YouTube is also paying me for sharing my skills.”*

To some in extremely rural areas where - internet coverage is poor, electricity supply is not guaranteed, and there is a lack of exposure due to inadequate educational background - local social networks were good means of advertisements. Often, business groups, unions and associations were used to market and promote their enterprises. A non-supported female in extremely rural area explained:

*“...in my association, everyone has a certain focus on enterprise. So, we advertise and patronise ourselves. The network helps a lot. For instance, should any of my friends or family members need building materials for a house, I could refer them to a member in my social circle. So do others...”*

*“...In the same association, we collaborate and/or partner within ourselves. We order product as a group and share the cost. If you check, the unit cost is cheaper because we buy in bulk. Hence, we can sell at a relatively cheap price than others and still make a profit” (Non-supported female in an extremely rural area).*

*“...associations I joined are helpful. Firstly, I do rotational stokvel. Each member pays a certain amount from our profit to raise a lump sum. This amount is handed to one person at a time. The amount is huge enough to either expand an existing business or start an outlet. The process goes on until everyone is sorted (Non-supported female in a rural area).*

Good relationships with employees, suppliers and customers also play a pivotal role in the performance of rural enterprises. In addition, shrewdness and the realisation of the need to ensure moderate receivables from clients, as well as effective control of credit to clients were also mentioned as factors.

*“...there is nothing as important as relating well with customers. If you behave nicely to them, they will introduce their family and friends.” “...often, I follow up with my*

*customers, get their feedback, and their level of satisfaction about our services which helps me assess my performance. It is good for improvements...* (Supported male in a rural area).

*"...one thing I have realised about small businesses and customers is price dialogue. They always want discount even on items that have price tags. Sometimes we do give to them to maintain good relationship." "For instance, in my carwash business, I offer one free service on the sixth time a customer washes a car with us. So, I give them receipt each day they wash for record purpose..."* (Non-supported female in a rural area).

Leadership skills give entrepreneurs a sense of responsibility not only to take charge of their business but to accept failures which resonate from their inabilities. In this regard, they seek ways to improve on their failures and make a difference. Another concern relates to risk. Some of the participants narrated that:

*"...no matter how good a business idea, it will fail if not properly positioned. Before I even started, I did a bit of survey in the area to see what other enterprises are offering, what the society want, and the area that could attract more customers. Cost of production and external risk, such as, theft were prime factors in my survey. It is important to understand the nature of market one enters..."* (Non-supported male in a rural area).

*"I keep records of all progress for evaluation and possible improvements. That is my strength. It helps me to spend moderately, work with a guide, maintain moderate risk and efforts to achieve growth."* (Supported female in a rural area).

*"Determination and perseverance are key..., people feel business will yield result from the moment they start, as a result, quit after a short period. This is not always the case" "One must be passionate to follow their dreams regardless of obstacles and yields." "I have a strong sense of belonging, and I am committed to my business. I learn from obstacles and each failure.* (Non-supported male in an extremely rural area).

*"...from what I've observed, it is perseverance and courage. Sometimes you need to aim higher; go for deals or opportunities you're not qualified but, you just need to be smart on how you deliver..."* (Supported female in a rural area).

Figure 6.1 is a schematic network diagram extracted from Atlas-ti v8, using participants' narrative of endogenous attributes associated with enterprise performance.

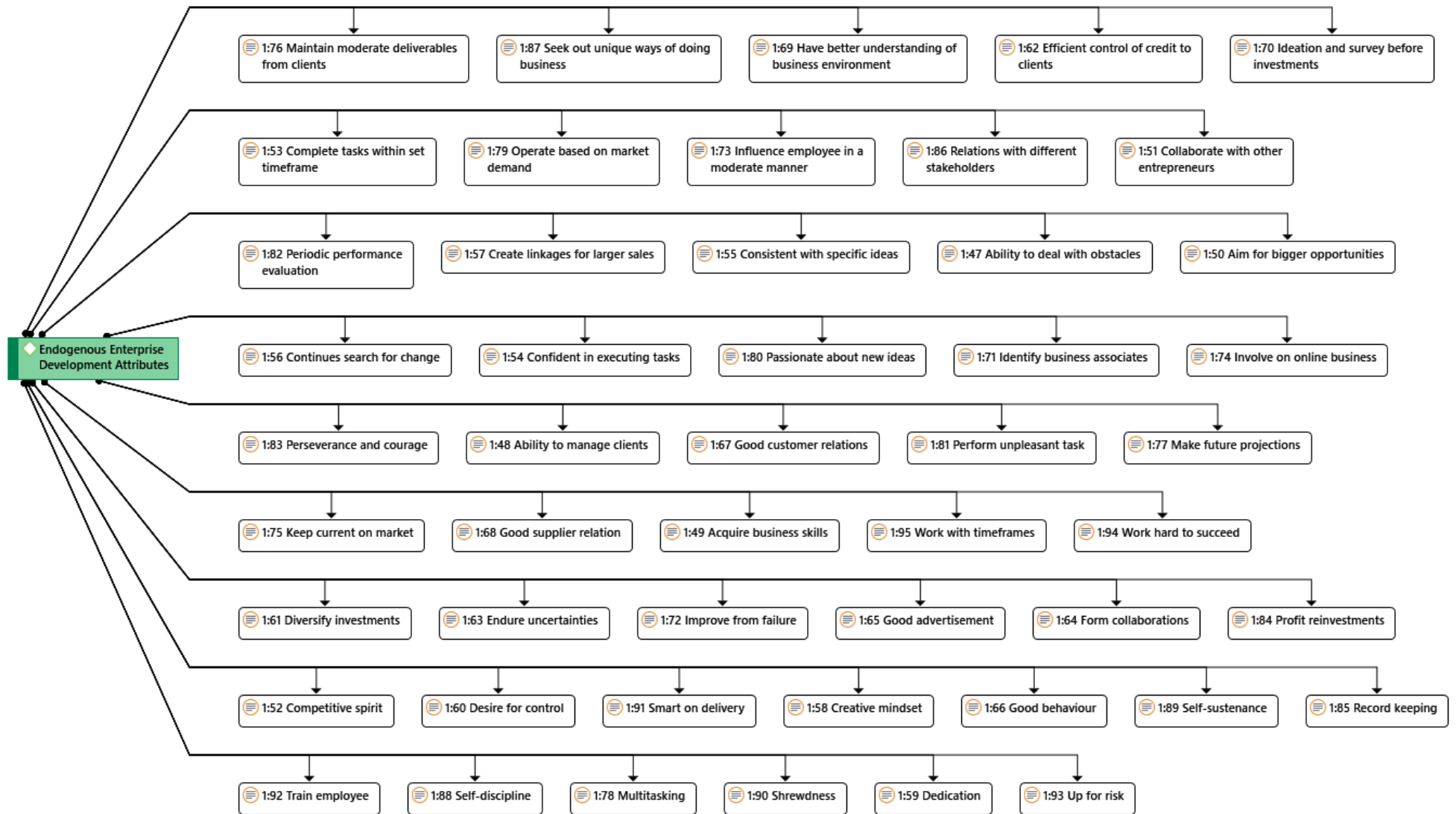
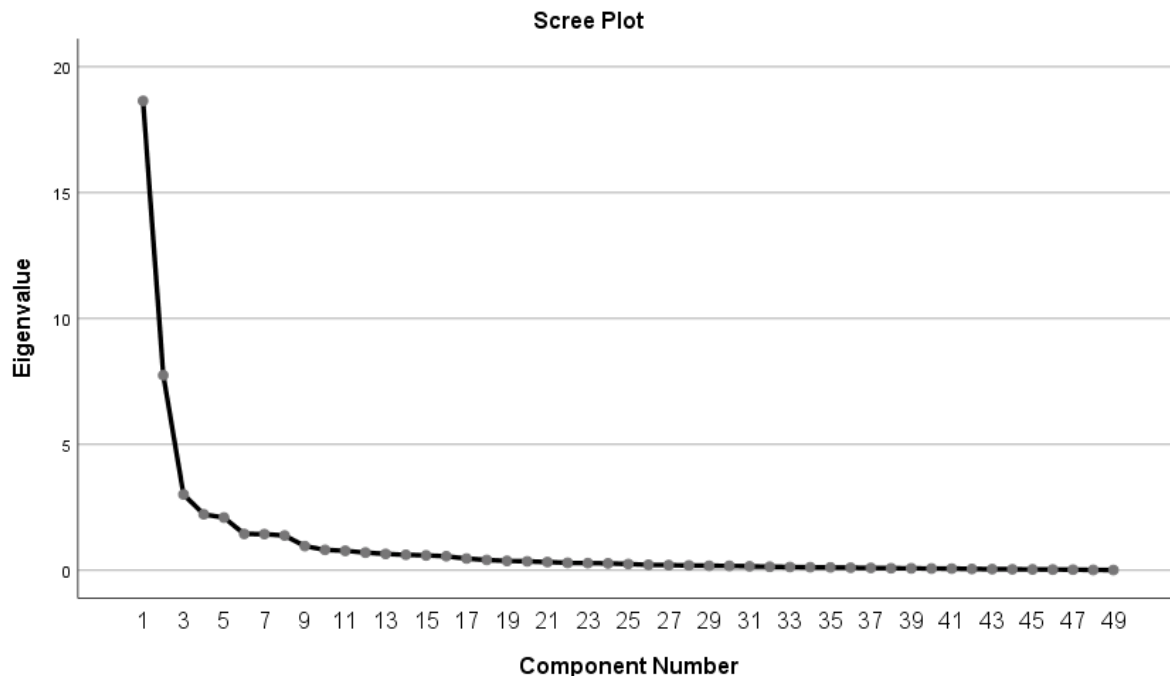


Figure 6.1: Network Diagram of Endogenous Attributes Responsible for Successful Enterprises (Atlas-ti v8)

## 6.2.2 Endogenous Attributes Responsible for Successful Enterprise (P2)

The Scree Plot (Figure 6.2) shows that component 5 is the number of factor corresponding to the last point before the curve flattens. Only the first 5 components out of the 49 have eigenvalues over 2, and together these explain over 68.796% of the total variability of the data structure, thus, the remaining 44 variables account for 31.204%. This leads to the conclusion that a five-factor solution will probably be adequate to explain the model.



**Figure 6.2: The Scree Plot and Eigen-Values Used to Extract Endogenous Factors**

The factors were extracted using Kaiser Normalisation method. The first factor explained 38.044% variance which is the highest. It was labelled '*bridging networks*' due to high loadings by the following items: create linkages for larger sales (0.910), continues search for change (0.877), diversify investments (0.875), involvement in online business (0.850), consistent with specific business ideas (0.841), identify with business associations (0.840), as well as form collaboration/networks and partnership (0.802). The second factor was labelled '*self-belief*' due to a high loading by the following variables: aim opportunities bigger than immediate standards (0.870), complete task within a set timeframe (0.852), effective control of credit to a client (0.817), good supplier relations (0.795), make future projections (0.778), self-sustenance (0.766), and good customer relations (0.711). The variance explained by this factor was 15.802%.

The third factor was called '*risk awareness*' because of high loadings of the following items: desire for control (0.798), maintain moderate receivables from clients (0.789), ideation and survey before investments (0.748), profit reinvestments (0.668), influence employee in a moderate manner (0.659), and Work with a timeframe (0.639). The variance that loaded in the factor was 6.144%. The fourth factor was named '*resilience*' given that it loaded - confidence in executing a task (0.696), ability to deal with obstacles (0.659), perseverance and courage (0.501), and improve from failure (0.497). The factor had 4.532% variance. The fifth, which is the last factor was called '*nonconformist*' due to high loadings by the following items: perform unpleasant tasks (0.738) and seek out unique ways of doing business (0.587). The variance explained by this factor was 4.271%, which is the least amongst the five factors extracted in the PCA. Except for one item (improve from failure) which had a variance of 0.497%, categorised under '*resilience*', the other 25 out of the 26 extracted items in the PCA loaded 0.5 and above. This reflects that the factors extracted a large variance.

The Cronbach's Alpha reliability test performed for quality assurance yielded the following points for the five factors: 0.956, 0.927, 0.927, 0.458, and 0.811. The KMO was 0.914, supporting Halim *et al.*, (2014) who maintained that KMO is most acceptable at 0.50 and above. Bartlett's test of Sphericity yielded 17470.862, and the significance was 0.00, showing the level of appropriateness to utilise the PCA. Table 6.1 presents the result showing loading and commonalities based on a PCA with Varimax rotation (n=280), however, a separate Table showing the estimated commonalities and the initial values that can be ignored, was included as an appendix.

**Table 6.1: Endogenous Factor Loading and Commonalities Based on a Principal Component Analysis with Varimax Rotation (n=280)**

Factor Loading	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	Commonalities
	Bridging Networks	Self-belief	Risk awareness	Resilience	Nonconformist	
Create linkages for larger sales	0.910					0.948
Continues search for change	0.877					0.876
Diversify investments	0.875					0.870
Involvement in online business	0.850					0.888
Consistent with specific business ideas	0.841					0.879
Identify with business associations	0.840					0.886
Form collaboration and partnership	0.802					0.670
Aim for bigger opportunities		0.870				0.801
Complete task within set timeframe		0.852				0.755
Effective control of credit to client		0.817				0.719
Good supplier relations		0.795				0.753
Make future projections		0.778				0.668
Self-sustenance		0.766				0.638
Good customer relations		0.711				0.538
Desire for control			0.798			0.868
Maintain moderate receivables from clients			0.789			0.830
Ideation and survey before investments			0.748			0.942
Profit reinvestments			0.668			0.638
Influence employee in a moderate manner			0.659			0.800
Work with timeframe			0.639			0.706
Confidence in executing task				0.696		0.632
Ability to deal with obstacles				0.659		0.662
Perseverance and courage				0.501		0.631
Improve from failure				0.497		0.701
Perform unpleasant tasks					0.738	0.858
Seek out unique ways of doing business					0.587	0.784
Number of items extracted	7	7	6	4	2	<b>26</b>
<b>Eigenvalues</b>	18.642	7.743	3.011	2.221	2.093	<b>(Total)</b>
<b>% of Variance</b>	38.044	15.802	6.144	4.532	4.271	<b>68.794</b>
<b>Test of Reliability</b> <i>Cronbach's Alpha</i>	0.956	0.927	0.927	0.458	0.811	

Factor Loading	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	Commonalities
	Bridging Networks	Self-belief	Risk awareness	Resilience	Nonconformist	
<b>KMO and Bartlett's Test</b>						
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.914				
Bartlett's Test of Sphericity	Approx. Chi-Square	17470.862				
	Df	1176				
	Sig.	.000				

**Table 6.2: Total Variance Explained (PCA Enterprise Endogenous Factors)**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	18.642	38.044	38.044	18.642	38.044	38.044	14.646	29.890	29.890
2	7.743	15.802	53.847	7.743	15.802	53.847	8.232	16.800	46.690
3	3.011	6.144	59.991	3.011	6.144	59.991	5.413	11.048	57.737
4	2.221	4.532	64.523	2.221	4.532	64.523	2.941	6.002	63.740
5	2.093	4.271	68.794	2.093	4.271	68.794	2.477	5.054	68.794
6	1.444	2.947	71.742						
7	1.436	2.931	74.672						
8	1.380	2.816	77.488						
9	.960	1.959	79.447						
10	.809	1.651	81.098						
11	.772	1.576	82.674						
12	.701	1.431	84.105						
13	.650	1.327	85.432						
14	.613	1.250	86.682						
15	.589	1.202	87.884						
16	.555	1.134	89.018						
17	.464	.947	89.965						
18	.411	.839	90.804						
19	.372	.759	91.563						
20	.353	.721	92.284						
21	.328	.668	92.953						
22	.293	.598	93.551						
23	.281	.574	94.125						
24	.274	.559	94.684						



Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
25	.248	.506	95.190						
26	.217	.443	95.633						
27	.202	.413	96.046						
28	.192	.392	96.438						
29	.177	.362	96.800						
30	.175	.357	97.157						
31	.157	.321	97.477						
32	.140	.285	97.763						
33	.131	.267	98.030						
34	.120	.244	98.274						
35	.113	.231	98.505						
36	.101	.207	98.712						
37	.094	.191	98.903						
38	.079	.161	99.064						
39	.077	.157	99.220						
40	.069	.141	99.362						
41	.067	.137	99.499						
42	.053	.107	99.606						
43	.047	.095	99.701						
44	.040	.081	99.782						
45	.035	.070	99.853						
46	.027	.054	99.907						
47	.023	.046	99.953						
48	.012	.025	99.978						
49	.011	.022	100.000						

**Table 6.3: Rotated Component Matrix<sup>a</sup> (PCA Enterprise Endogenous Factors)**

	Component				
	1	2	3	4	5
Diversify investments	<b>.875</b>	.070	.305	.065	.036
Influence employee in a moderate manner	.401	-.042	<b>.659</b>	.309	.329
Ability to deal with obstacles	.419	.031	.060	<b>.686</b>	-.109
Competitive spirit	<b>.711</b>	-.068	.222	.249	.175
Relations with different stakeholders	<b>.756</b>	.167	.172	.021	.146
Create linkages for larger sales	<b>.910</b>	.043	.141	.127	.285
Form collaborations	<b>.802</b>	.069	.086	.073	-.098
Desire for control	.426	.189	<b>.798</b>	-.083	-.078
Consistent with specific ideas	<b>.841</b>	.172	.266	-.224	.141
Identify business associates	<b>.840</b>	.074	-.123	.369	-.156
Seek out unique ways of doing business	.012	.050	.064	-.229	<b>.587</b>
Perform unpleasant task	.385	-.129	.384	-.016	<b>.738</b>
Improve from failure	.075	.006	.072	<b>.497</b>	.072
Work hard to succeed	-.823	.059	<b>.152</b>	-.217	-.179
Collaborate with other entrepreneurs	<b>.788</b>	.126	.277	-.199	.001
Acquire business skills	<b>.744</b>	-.046	.263	.294	.408
Profit reinvestments	.343	.220	<b>.668</b>	-.135	.089
Ideation and survey before investments	.076	.136	<b>.748</b>	.176	-.041
Have better understanding of business	<b>.781</b>	.209	.212	.241	-.326
Operate based on market demand	<b>.718</b>	.055	.282	-.025	-.096
Make future projections	.037	<b>.778</b>	.106	.214	-.074
Creative mindset	-.019	<b>.604</b>	-.221	.511	.105
Train employee	-.007	<b>.509</b>	-.193	-.065	.324
Shrewdness	.167	<b>.696</b>	.034	-.062	-.090
Record keeping	.066	<b>.433</b>	.073	-.139	-.200
Aim for bigger opportunities	.125	<b>.870</b>	.076	.128	-.083
Smart on delivery	.001	<b>.702</b>	.043	.033	.058
Dedication	-.049	<b>.554</b>	-.019	.332	.188
Good supplier relation	.140	<b>.795</b>	.259	.083	-.163
Self-sustenance	.075	<b>.766</b>	.016	-.154	.146
Involve on online business	<b>.850</b>	.091	.183	.081	.070
Work with timeframes	.347	-.051	<b>.639</b>	.292	.298
Confident in executing tasks	.321	.064	.160	<b>.696</b>	-.123
Multitasking	<b>.617</b>	.067	.233	.056	-.047
Continues search for change	<b>.877</b>	.051	.125	.113	.277
Passionate about new ideas	<b>.704</b>	.097	.160	.069	-.127
Maintain moderate deliverables from clients	.049	.179	<b>.789</b>	-.062	-.068
Endure uncertainties	<b>.709</b>	.202	.221	.239	-.313

Good advertisement	<b>.667</b>	.077	.298	-.027	-.010
Efficient control of credit to clients	.023	<b>.817</b>	.193	.115	-.007
Perseverance and courage	-.015	.159	-.205	<b>.501</b>	.161
Up for risk	-.083	<b>.447</b>	-.133	-.017	.355
Good behaviour	.146	<b>.693</b>	.052	.004	-.039
Ability to manage clients	.032	<b>.492</b>	.062	-.131	-.177
Complete tasks within set timeframe	.136	<b>.852</b>	.022	.078	-.058
Good customer relations	.003	<b>.711</b>	.110	.001	.142
Periodic performance evaluation	.384	-.019	.130	-.033	.391
Keep current on market	<b>.692</b>	.165	.578	.092	.056
Self-discipline	<b>.651</b>	-.107	.296	.256	.102

### 6.2.3 Regression Model, Endogenous Variables (n=280)

The MLR is developed to investigate the linear relationship between enterprise success (Y) (dependent variable) and the independent exogenous factor variables (bridging networks, self-belief, risk awareness, resilience & non-conformist). Symbolically, we propose that;

$$Y_2 = f(AF, AM, PC, OC, SI, CO) + \epsilon_i \dots \dots \dots 3$$

Where:  $Y_2$ =Enterprise success

F=Function

BN = Bridging Networks

SB = Self-Belief

RA = Risk Awareness

R = Resilience

NC = Non-Conformist

E = Error term

The model simply explains that enterprise success is a function of - access to capital, access to market, physical capacity, operational cost, socio-cultural issues and competition.

Introducing the vector of model parameters and disturbance terms into the equation, we have that:

$$Y_2 = \beta_0 + \beta_1 BN + \beta_2 SB + \beta_3 RA + \beta_4 R + \beta_5 NC + \epsilon_i \dots \dots \dots 4$$

where  $\beta_{\{i\}}$ 's represents a vector of model parameters ( $i = 0, \dots, 6$ ). As depicted in Table 6.4, the model relating enterprise success with 5 endogenous factors were identified from running a principal component analysis on the survey data. The test for multicollinearity performed using VIF method yielded 4.291. This is below 5 and within the acceptable limit,

thus, there is no significant presence of multicollinearity that may cause turbulence. The model, therefore, is adequate and the result is reliable.

**Table 6.4: Regression Model Coefficient, Endogenous Variables (n=280)**

Parameters	Estimate	Std. Error	t value	Pr(> t )	Collinearity Statistics	
					Tolerance	VIF
(Intercept)	32.7857	.758	43.234	0.000*		
Bridging Networks (BN)	21.6810	.760	28.533	0.000*	1.000	1.000
Self-Belief (SB)	1.3521	.760	1.787	0.075	1.000	1.000
Risk Awareness (RA)	6.185	.760	8.141	0.000*	1.000	1.000
Resilience (R)	2.984	.760	3.928	0.045*	1.000	1.000
Non-conformist (NC)	1.462	.760	1.925	0.055	1.000	1.000
<b>R-Squared</b>	0.767					
<b>Overall VIF Value</b>	4.291					

Significance level: \*  $P < 0.05$ .

The model intercept is statistically significant ( $t = 43.23$ ,  $p < 0.05$ ).

VIF value is below 5.0, indicating that the assumption of the absence of multicollinearity was met.

Note:  $VIF = \frac{1}{1-R^2}$

The intercept value of  $\beta_0 = 32.78$  is the value of enterprise success when all explanatory variables are held constant, that is,  $BN = SB = RA = R = NC = 0$ . The intercept value is statistically significant at 5% level of significance ( $t = 43.2$ ,  $p < 0.05$ ). It, therefore, means that the value of the intercept is significantly different from 0 as was assumed by the null hypothesis ( $H_0: \beta_0 = 0$ ) which, in this case, was rejected in favour of the alternative hypothesis ( $H_0: \beta_0 \neq 0$ ).

The coefficient value for BN variable is  $\beta_1 = 21.6$ , implying that enterprise success increases by 21.6% for every unit increase in the rating of the variable, when all other explanatory variables are held constant (that is,  $SB = RA = R = NC = 0$ ). In the context of this study, this means that as the rating for bridging networks' variable increase, the success rating also increases. The coefficient value of bridging networks variable is statistically significant at 5% level of significance ( $t = 28.5$ ,  $p < 0.05$ ) implying that the parameter value is different from 0.

The coefficient value of SB variable ( $\beta_2 = 1.35$ ) tells us that performance increases by 1.35% for every unit increase in the rating of the variable when all other independent variables are set to zero (that is,  $BN = RA = R = NC = 0$ ). This parameter is non-statistically significant at 5% level of significance ( $t = 1.78$ ,  $p = 0.07$ ) implying that the parameter value was different from 0. RA coefficient value of  $\beta_3 = 6.18$  as reported, signify 6.18% increase in enterprise success for every unit increase in the rating of the variable while holding other variables constant ( $BN = SB = R = NC = 0$ ). The parameter value is statistically significant at 5% level of significance ( $t = 8.14$ ,  $p < 0.05$ ), thus, the coefficient value for the RA is different from 0.

Regarding the R variable, a parameter value of  $\beta_4 = 2.98$  was reported implying that every unit increase in the factor causes enterprise success to increase by 2.98% while holding other independent variables constant. This parameter value is statistically significant at 5% level of significance ( $t = 3.92, p < 0.05$ ), therefore, the null hypothesis that the coefficient value was equal to 0 is rejected in favour of the alternative hypothesis which says the coefficient value was different from 0. The coefficient value for NC variable of  $\beta_5 = 1.92$  was reported implying that enterprise success increases by 1.92% for every unit increase in the rating of the variable. The parameter value is statistically insignificant at 5% level of significance ( $t = 3.95, p < 0.055$ ), implying that the coefficient value for the NC is indifferent from 0.

Overall, the model is statistically significant at 5% level of significance ( $F\{5,274\} = 180.6, p < 0.05$ ), having the ability to explain 77% of the total variation in enterprise success (adjusted R-squared value = 0.76). Also, based on the above results, it can be inferred that BN and RA are the most important factor among all 5 factors influencing enterprise success, followed by others.

#### 6.2.4 Regression Model, Endogenous Variables (n=83)

The MLR was fitted to investigate enterprise success and 5 principal components based on the data structure of successful enterprises (n= 83) and the results are explicitly stated in Table 6.5. The multicollinearity test using VIF, indicates that the overall VIF value for the data structure fitted in the model is 1.1947, which is less than 2. This implies the absence of multicollinearity in the dataset, thus, the model is adequate and the result is reliable.

**Table 6.5: Regression Model Coefficients, Endogenous Variables (n= 83)**

Parameters	Estimate	Std. Error	t value	Pr(> t )	Collinearity Statistics	
					Tolerance	VIF
Intercept	56.7134	5.171	10.9667	0.000*		
Bridging Networks (BN)	7.5751	3.049	2.484	0.015*	.691	1.448
Self-belief (SB)	-1.053	1.358	-0.7776	0.439	.493	2.027
Risk awareness (RA)	1.324	2.634	0.503	0.617	.467	2.140
Resilience (R)	3.700	2.275	1.626	0.108	.547	1.827
Non-conformist (NC)	0.948	2.029	0.467	0.642	.552	1.811
<b>R-Squared</b>	0.163					
<b>Overall VIF Value</b>	1.1947					

Significance level: \*  $P < 0.05$ .

The model intercept is statistically significant ( $t = 10.97, p < 0.05$ ).

VIF value is below 2.0, indicating that the assumption of the absence of multicollinearity was met.

Note:  $VIF = \frac{1}{1-R^2}$

The intercept value of  $\beta_0 = 56.71$  means that the value of performance is constant at 56.71% when all other variables are held constant (that is, when  $BN = SB = RA = R = NC = 0$ ). The

intercept value is statistically significant at 5% level of significance ( $t = 10.97, p < 0.05$ ) implying the intercept value is different from 0 (that is, the null hypothesis that  $\beta_0 = 0$  is rejected in favour of the alternative hypothesis ( $H_a: \beta_0 \neq 0$ )). The coefficient value of ( $\beta_1 = 7.58$ ) for BN variable shows a 7.58% increase performance per every unit increase in the rating of the variable when other explanatory variables are held constant (that is,  $SB = RA = R = NC = 0$ ). This parameter value is statistically significant at 5% level of significance ( $t = 2.48, t = p = 0.01$ ), that is, the parameter value of  $\beta_1 = 7.58$  is different from 0 as the null hypothesis that  $\beta_1 = 0$  is rejected in favour of the alternative hypothesis  $H_a: \beta_1 \neq 0$ .

The coefficient value ( $\beta_2 = -1.05$ ) for SB variable means that performance decreases by 1.05% for every unit increase in the variable when other explanatory variables are held constant, (that is,  $BN = RA = R = NC = 0$ ), however, the parameter value ( $t = -0.78, p = 0.43$ ) is not statistically significant at 5% level of significance, implying that the parameter value of the variable is indifferent from 0 as we failed to reject the null hypothesis that  $\beta_2 = 0$ . Similarly, the coefficient value for RA variable of  $\beta_3 = 1.32$  means that enterprise performance will increase by 1.30% for every unit improvement on the factor while other independent variables are held constant ( $BN = SB = R = NC = 0$ ), however, this parameter value is statistically non-significant as the null hypothesis is retained at 5% level of significance ( $t = 0.50, p = 0.61$ ).

A coefficient value of  $\beta_4 = 3.70$  is reported for the R factor. The parameter value means that for every unit increase in the rating of R variable, enterprise performance will increase by 3.70%. This parameter is statistically non-significant at 5% level of significance ( $t = 1.62, p = 0.10$ ) implying that it cannot be differentiated from 0 (the null hypothesis of  $\beta_4 = 0$  is retained). A coefficient value of  $\beta_5 = 0.94$  was reported for NC variable. This implies that enterprise performance will increase by 0.94% for every unit increase in the rating of the factor when other explanatory variables ( $BN = SB = RA = R$ ) are set to 0. This parameter is statistically insignificant at ( $t = 0.50, p = 0.64$ ), thus, at this levels of significance,  $\widehat{\beta}_5$  cannot be differentiated from 0.

Overall, the model is statistically significant at 5% level of significance ( $F_{5,77} = 2.998, p = 0.00$ ) with an R-squared value of 0.16 implying that the model can explain approximately 16% of the total variation in 29.7% data structure of successful enterprises. Also, it can be inferred using the coefficients, BN, still holds its position as the most important enterprise success factor followed by R, RA, N while SB is the least. Aside the fact SB it is the least among the 5 factors, it needs to be carefully managed as it is negatively related to enterprise success. The model served its purpose, given that it enables inference on the crucial nature of endogenous factors known to influence enterprise success in Vhembe, as obtained post-PCA.

### 6.3 Discussion of Findings

This study established endogenous factors that if complemented with exogenous support factors will guarantee good enterprise performance and success. Following a sequential exploratory mixed-research design, five components emerged. In ascending order of importance, there are bridging networks; resilience; risk awareness; nonconformist, and self-belief. The discussion of finding are presented accordingly, below.

#### 6.3.1 Bridging networks

Bridging networks as component, encompasses attributes such as - creating linkages for larger sales, continues seeking new ideas, involvement in online business, establishing business collaboration and partnership, as well as connecting with business associations. Bridging networks within the context of this study, is the ability to connect and interrelate through various channels that are paramount to business growth. It is the ability to connect and relate well with people who may directly or indirectly support an idea (Aktar *et al.*, 2015). It explains the capacity to establish good relationships with various individuals within and beyond family boundaries (Souza *et al.*, 2016). It comes with team spirit, where entrepreneurs operate with others in a concerted fashion to achieve a goal (Duchaine, Bourdages, Lecours, Marchesseault, St-Germain & Morneau, 2007). Networking begins with entrepreneurs' mindset, believing that the idea is essential to the society and people around them, can contribute towards having a drive for an idea (Duchaine *et al.*, 2007). Solidarity, sharing ideas and goals, as well as working as a team towards a common good is a good way to operate, however, many entrepreneurs lack the concept.

Networking in business has been widely discussed as an essential component not only to enterprise performance but its formation and sustainability. For instance, in Asia, the Bazaar entrepreneurship model; Kaizen entrepreneurship mode; Wenzhou model of entrepreneurship, have networking as an important component (Wang & Zang, 2005; Dana, 2014; Graupp & Wrona, 2015; Kotelnikov, 2016; Root, 2017). The spirit of collectivism is a prime factor to Kaizen, making individualism a less appreciative approach to business. This model was built on the assumption that it is more efficient to run a collaborative business that drives a common goal, rather than individually-driven ventures. Collectivism enables people with a similar mindset to combine resources from their networks, merge physical and intellectual efforts, share responsibility and jointly direct innovation. Studies by Charman *et al.*, (2012), Dlodla (2014), Nkondo (2017) and Zavyalova (2019) show that the majority of foreign-owned enterprise in South Africa have demonstrated good performance. One major reason is their ability to network, connect and collaborate in the market. Against this premise, networking is, therefore, an idea that local-owned enterprises in the country can benefit from.

### 6.3.2 Resilience

Resilience is the ability to endure toughness and uncertainties, thereafter, recover from them (Alon & Shneor, 2017). It is a capacity to be steadfast in the pursuit of a goal, demonstrating persistence to achieve success, despite obstacles along the way (Souza *et al.*, 2016). It explains the ability of an enterprise to adapt to disruptions that pose threats to existence (Kativhu, 2019). Resilient entrepreneurs persevere, overcome frustration and demonstrate constancy in pushing goals (Duchaine *et al.*, 2007). This crop of entrepreneurs maintains a moderate level of receivables, irrespective of the environment (Jan *et al.*, 2013).

This attribute is pivotal to any form of enterprises. This is because many enterprises end up closing for issues that could have been managed, should there have been moderate resilience, thus, lack of such an attribute will continue to impact negatively on enterprise performance, regardless of the environment, nature and typology. This argument supports Alon and Shneor (2017) who contend that a real entrepreneur focuses on how such uncertainties can be changed to opportunities while others give up. In other words, it is necessary for every entrepreneur to understand how to demonstrate resilience.

### 6.3.3 Risk Awareness

Often, entrepreneurs invest without being risk-conscious and fail in the process. Regardless of the activity, an entrepreneur needs to be aware of possible risk as this helps in directing the nature of the investment and the day-to-day tasks of an enterprise (Pahuja & Sanjeev, 2015). Being aware of possible risk not only helps in taking precautions ahead of an obstacle but directs the proper use of resources to maximise output (Saleem & Abideen, 2011). It also provides an awareness of possible success and failure which helps entrepreneurs to make proper adjustments, timeously (Oser & Volery, 2012). It gives one the ability to 'connect the dots' and the conviction to follow to efficiently execute an idea (Jan, Irshad & Nadeem, 2013; Beattie, 2016), thus, entrepreneurs need to be conscious of risks.

Empirically established is the point that, successful entrepreneurs are calculated and moderate risk-takers (Souza *et al.*, 2016; Karabulut, 2016). The relevant question at this point is - *How does an entrepreneur understand what is worth doing?* This issue can be discussed from different angles. Concerning the current study, successful entrepreneurs get involved in ideation and survey of the business world, then tested for quality control, before investing. This is a sure method to measure the viability of an innovation. These findings are in line with Wang and Zang (2005) and Alon and Shneor (2017) who emphasised the need to measure business fit using a survey. In this process, an idea is developed based on an existing gap, then test for quality control before execution (Darnihamedani, 2016; Alon & Shneor, 2017).



According to Haq (2015), an understanding of the market environment, especially the needs of the society provides basics to navigate the business world, smoothly. This approach helps entrepreneurs to gain insight into the entrepreneurial ecosystem, plan their enterprise appropriately in a manner that conforms with existing realities (Auerswald, 2015). The results of the current study also indicate that entrepreneurs reinvest profit in their enterprises to minimize risk of falling below competition. Being aware of the risks helps entrepreneurs work with timeframe, maintain moderate receivables from clients and influences employee in a moderate manner to deliver. This is in line with the recommendation from Alon and Shneor (2017) that employees are variable factors of production, as such, they should be moderately influenced for efficient output. Assumptions are that high levels of influence and pressure may result in loss of resourceful employees. These scholars also emphasized that employee training, towards specialisation, is a means of minimising the risk of unproductiveness (Alon & Shneor, 2017). Skilled employees execute tasks in an efficient manner, with a manageable amount of resources.

In efforts to overcome the risk of failure, some enterprises diversify investments and/or shift resources to areas of higher yield, possibly with low cost (Amiri & Marimaei, 2012). This is achieved through a market survey or trend analysis using business records (Jan *et al.*, 2010). The approach supports Souza *et al.* (2016) who recommend periodic business evaluation and self-analysis to gauge performance. This provides a basic understanding of business aspects with low impact from changes or improvements while identifying potential areas to shift investments direction.

#### **6.3.4 Nonconformist**

Nonconformist entrepreneurs are opportunity-oriented and pacesetters. Often, this crop of entrepreneurs' search for unique innovative ways that are different from popular approaches for addressing issues. The freedom to think differently from others makes them exceptional in given equal opportunities (Drucker, 2014; Beattie, 2016; Parker, 2018; Tidd & Bessant, 2018). This argument is in line with Amiri and Marimaei (2012) and Amorós (2012) who maintain that entrepreneurs who do not conform to the prevailing idea often set a pace for others to follow. They can diffuse existing ideas into new knowledge to solve unique problems (Schumpeter, 1934). Unlike others who follow prevailing ideas, nonconformist are inclined to risk in investing proactively in areas that facilitate new products and wealth-creation (Covin, Green & Slevin, 2006; Alvarez & Barney, 2007; Beattie, 2016; Amankwah-Amoah *et al.*, 2018). According to Amorós (2012) and Alon and Shneor (2017), having unique ways of doing business is a sign of being novelty-driven. For enterprises to perform exceptionally well, given the high levels of competition, novelty is necessary, thus, it is important for entrepreneurs to start finding ways to be different from others.

Looking out for new ways of doing things promotes innovation (Schumpeter, 1934). It is ideal for creating better ways of addressing an entrepreneurial opportunity (Drucker, 2014; Parker, 2018). Also, an innovative spirit provides a new dimension in occupying the market, utilizing new ideas and products (Jan *et al.*, 2013; Mbizi Hove, Thondhlana & Kakava, 2013; Pahuja & Sanjeev, 2015; Rani & Hashim, 2017). These components are necessary for enterprise success; lack of these attributes could explain why many enterprises revolve around the same ideas. Many entrepreneurs continuously imitate ideas from others without any form of diversification, resulting in excess homogeneity in enterprises and products.

### **6.3.5 Self-Belief**

Self-belief explains the confidence and ability to succeed in specific situations or accomplish a task, regardless of obstacles. It refers to the extent an entrepreneur is certain about his/her sufficient capabilities to perform various entrepreneurial tasks (Boyd & Vozikis, 1994; Krueger *et al.*, 2000; Liñán & Chen, 2009; Hsu, Wiklund & Cotton, 2017; Galawe, 2017; Rani & Hashim, 2017). Entrepreneurs with high levels of self-belief generally go for demanding tasks with hopes of maximizing gains.

Within the context of the current study, successful entrepreneurs have a mindset of self-sustenance, confidence in completing task within set timeframes, determination for bigger opportunities, and a strong sense of controlling relations. From a similar point of view, Alon and Shneor (2017) elucidated self-belief as self-estimated ability to complete a task and manage an enterprise independently. Worded differently, Pahuja and Sanjeev (2015), Beattie (2016) and Duchaine *et al.* (2007) perceive it as a level of confidence in approaching innovation. It gives a sense of leadership and capacity to ensure that work is done, at the most efficient time, using appropriate resources, at the barest minimum cost (Hsu *et al.*, 2017; Souza *et al.* 2016; Karabulut, 2016). It is accompanied by risk tolerance, perseverance, resilience, desire for autonomy and control, determination to lead in obvious challenges and ability to deal with obstacles (Dollinger, 1995; Kuratko & Hodgetts, 2007; Alon & Shneor, 2017). It is ideal situation since it provides entrepreneurs with confidence to approach obstacles and confidently drive an enterprise towards its maximum performance.

### **6.4 Conclusion**

Bridging networks is the pivotal endogenous factor influencing enterprise success in rural areas of the Vhembe District. Entrepreneurs showing resilience, having risk awareness, being nonconformist, and having self-belief are other contributing factors. Even though enterprise development is a widely researched field in the human economy, entrepreneurship success determined by endogenous factors in rural areas of Vhembe District is under-researched. As

a result, a vast majority of enterprise support is mostly centred on exogenous factors, such as capital and security even though endogenous determinants are also important. Based on these findings, the following are recommended:

- While investing in exogenous factors, policymakers, entrepreneurship development agencies and practitioners, as well as entrepreneurs should see the need to also improve the endogenous attributes identified in this study, focusing on bridging network as that has being identified as a top priority.
- Among other measures, scaling training of grassroots entrepreneurs in rural areas is essential; whereas funding is paramount to entrepreneurship, entrepreneurs require endogenous skills to manage resource at their disposal, operate their enterprises and thrive.
- Future studies should endeavour to compare and contrast to see how the indicators hold common grounds, in other areas of South Africa and beyond.

## CHAPTER 7: SYNTHESIS AND SUGGESTED MODEL FOR SUCCESSFUL ENTERPRISE

### 7.1 Synthesis of the Study

Unlike the fast-growing economies in the world that have known models, centred on their entrepreneurship landscape for support, South Africa and Africa as a whole, is yet to roll out one model that takes into account the realities of the entrepreneur's immediate environment. The country's entrepreneurship landscape is still characterized by uneven support. The policymakers and entrepreneurship development practitioners' lack requisite amenities to offer the needed assistance due to a lack of understanding of the realities on the ground that is appropriately informed by research. As a result, foreign models that often lack compatibility are adopted for use in the country. The application of such models could rarely yield the desired objectives. This gave the impetus for this study to propose a holistic model for successful enterprises that is centred on the entrepreneur's exogenous and endogenous attributes. Using Vhembe District as a case study, the aim was achieved by (1) examining the enterprise success indicators compatible to the area, (2) analysing the exogenous issues associated with successful enterprises in the area, and (3) determining the endogenous attributes responsible for successful enterprises in the area.

#### 7.1.1 Enterprise Success Thresholds in Vhembe Rural Areas

A literature synthesis of thresholds globally harnessed to explain enterprises' success and/or to measure performance provided 24 indicators. Further examination revealed that 18 are incompatible with the study area. Profit margin (which is derived by subtracting working capital from turnover), enterprise expansion, trends of new products, and enterprise survival were found to be conforming to the realities of grassroots enterprises in the area. These factors, therefore, constituted aspects of the proposed model, which would serve as the threshold for unearthing enterprise success.

#### 7.1.2 Exogenous Factors Associated with Successful Enterprise Development

Competition, access to market and cost of operations present the most influential exogenous issues in the study area. These challenges require urgent attention to ensure enterprises' success in the study area. Sociocultural issues, entrepreneurs' access to finance and the enterprises' physical capacity were others that followed, thus, the resultant formula for the solutions to the exogenous factors can be presented as  $Y_1 = f(CO, AM, OC, SI, AF, PC) + \epsilon_i$ . The formula was derived using exploratory mixed-research design with data triangulation. Thematic content, PCA and MLP were key analyses performed. The constructs of the formula were derived from contents gathered primarily from grassroots entrepreneurs, based on their practical experiences of obstacles that require support to enhance enterprises' success.

### 7.1.3 Endogenous Factors Associated with Successful Enterprise Development

Bridging networks was established as the most critical endogenous factor responsible for successful enterprises in the study area. Entrepreneurs showing resilience, having risk awareness, being nonconformist, and having self-belief were others computed. The resultant formula for the endogenous factor solution can be presented as  $Y_2 = f(BN, R, RA, N, SB) + \epsilon_i$ . Similarly, the formula was derived using exploratory mixed-research design with data triangulation based on responses consolidated from grassroots entrepreneurs. Thematic analysis, PCA and MLR were key analyses performed to draw inference and the findings constituted part of the proposed model.

### 7.1.4 Enterprise Model Centred on Exogenous and Endogenous Components

Based on the key findings of the study, a holistic model was developed (Figure 7.1). The model constitutes three components. The first part explains an area-specific enterprise success indicator that can be used as a standard of measurement in rural areas. This includes profit margin, trends of new products, enterprise expansion and enterprise survival. The second and third aspects explain the exogenous and endogenous factor solutions ( $Y = f(Y_1 + Y_2)$ ). As indicated, the exogenous factor solution is given as  $Y_1 = f(AM, OC, CO, PC, SI) + \epsilon_i$  while  $Y_2 = f(BN, R, RA, N, SB) + \epsilon_i$  represent the endogenous factor solution. Put together, the holistic model can be given as:

$$Y = f(AM, OC, CO, AF, PC, SI + BN, R, RA, N, SB) + \epsilon_i \dots \dots \dots 5$$

Assumptions of the model are that both exogenous and endogenous factors should be addressed concurrently, to ensure inclusive enterprise support. This will amount to enterprise success which is pivotal to job creation, wealth creation and poverty alleviation. This assumption is consistent with Economic Base model adopted to conceptualise the current study. It stipulates that a proper developmental activity structure should be such that it successfully marries external and internal elements as both elements interact differently to inform performance and success.

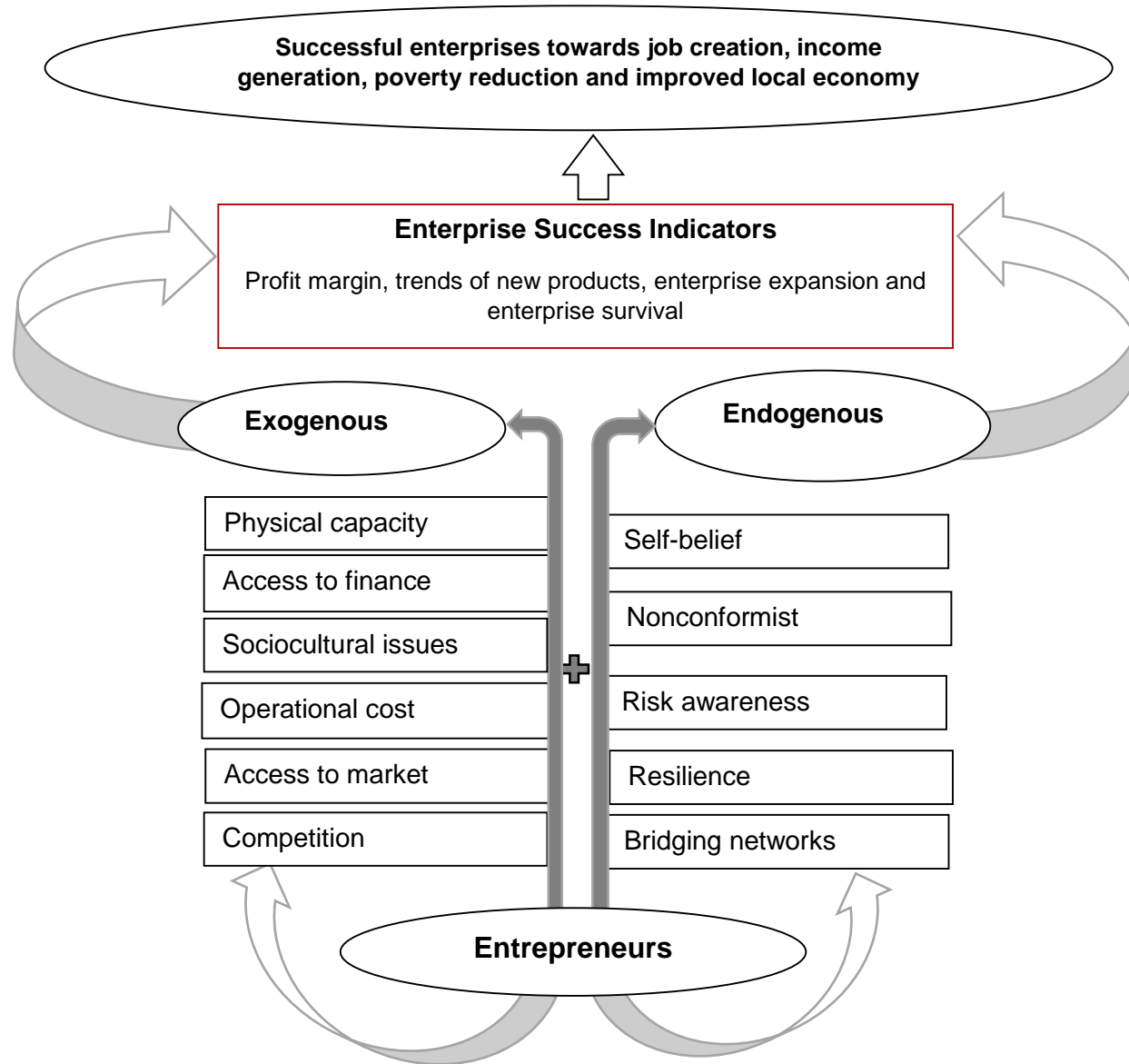


Figure 7.1: A Holistic Model for Successful Enterprises Centred on Entrepreneurs' Exogenous and Endogenous Components

## 7.2 Value Proposition of the Model

The model unearths the nature of entrepreneurial support needed for successful enterprises from an informed point of view. It draws from the experiences of entrepreneurs in the rural areas to model enterprise success indicators, as well as exogenous and endogenous factors that should be in place to influence operations and good performance. Having entrepreneurial capacity is critical to sustainability, especially in rural areas, where there is a high business failure, unemployment, growing youth population, poverty, as well as rural-urban migration.

The majority of entrepreneurial-related models dwell on contemporary indicators to conclude, however, the current model established area-specific enterprise success indicators based on the realities of grassroots entrepreneurs in the study area. A holistic approach was underutilized in this model, as often a model is centred on either endogenous or exogenous propositions. The Ajzen model of planned behaviour, Higher-order structural model, Kaizen enterprise model and Situational model, for instance, centre on endogenous attributes. On the other hand, the Entrepreneurial quality configuration model, the Normative model of fit and Model of the institutional work are exogenous-oriented.

An important aspect to note is that the current model is anchored exclusively on issues associated with enterprises in rural areas. A vast majority of contemporary models are computed-based on realities of urban areas with many using secondary data and/or quantitation responses unlike in the current context, wherein the participatory approach was exploited which involved grassroots entrepreneurs. In a way, the grassroots entrepreneurs informed the development of the model and this gives them a sense of ownership. It was based on practical understanding of entrepreneurial factors that can enhance enterprise success, drawn through the lenses of successful entrepreneurs. This enterprise context and the sector-specific approach towards solving entrepreneurial-related issues have not been sufficiently documented in the Vhembe District and in South Africa at large.

Despite several aspects of the proposed model being unique, some of its aspects are consistent with many global models (Table 7.1). In Asia for instance, models using existing realities and cultural attributes are predominant. Entrepreneurship models such as Kaizen, Bazaar, Wenzhou and Wahaha were specifically built drawing from the Asian culture and existing entrepreneurial issues found within that environment. Integration of culture enables good interactions between entrepreneurial activities and the day-to-day life endeavours of the people, thus, entrepreneurship is pursued, understood and perceived, not in abstraction.

Like the current study, computation of an integrative entrepreneurship model in Australia also explored various knowledge inputs based on a theoretical sampling of public research spin-off ventures, to predict enterprise survival and growth (Hindle & Yencken, 2004). There is evidence of a similar approach being harnessed in the Normative model of fit and the Dynamic model of entrepreneurship in America (Naman and Slevin, 1993; Buera, 2009). Although not well reported, in entrepreneurship context, Kilonzo (2011) advocated a community-driven social facilitation model for rural development planning in South Africa, likewise, Kativhu (2019) developed criteria for measuring the resilience of youth-owned small retail businesses in selected rural areas of Vhembe District. This is a justification that this approach is extremely appropriate for research-related models.



**Table 7.1: Value Proposition of the Model**

AFRICA	EUROPE			AMERICA			AUSTRALIA			ASIA		
The proposed model in Figure 7.1	Entrepreneurial quality configuration model	Ajzen Model of Planned Behaviour	Model of the institutional work	Situational models	The normative model of fit	Krueger Intention Model	Integrative model	Bounded Multidimensional Model of Social Entrepreneurship	Higher-order structural model	Kaizen enterprise model	Bazaar enterprise model	Wenzhou enterprise model
The use of cultural attributes										x	x	x
Literature synthesis to isolate enterprise success thresholds					X		x					
Establish area-specific enterprise success indicators/standards for measuring performance												
Multiphase – mixed methods							x					
Contributes to exogenous factors	X		x		X	x	x	x				
Contributes to endogenous factors	X	X		x	X	x	x	x	x	x	x	x
Involves grassroots entrepreneurs in its development process												
Informed by market gaps	X	X	x	x	X	x	x	x	x	x	x	x
Reference to rural areas												

### **7.3 Contributions of the Proposed Model**

A study is recognised by the level of impact it contributes to a society (Boyer, 1990; Finn, 2005; Hashim, 2017 & Teasdale, 2019). In this regard, the proposed model contributes to two key aspects, namely, knowledge generation and practice. Both aspects are pivotal to entrepreneurship in South Africa and beyond. The study computed components that should be supported to influence enterprise success. Paying serious attention to these components, should make a significant and original contribution towards enhancing - enterprise performance and growth, job creation, income generation and poverty alleviation. These contributions are vital to South Africa's economic prosperity.

#### **7.3.1 Contribution to Knowledge Generation**

The model isolates the existing need for a blueprint that can guide proper enterprise operation. This was met from the South African entrepreneurial landscape and realities of enterprises in rural areas. It provides a complete analysis of enterprise success indicators, performance, exogenous and endogenous propositions that are indigenous to entrepreneurs in rural areas. This, therefore, stands out as an important, original and innovative contribution given that such has not been done within the context of Africa and beyond. The scholarship of discovery is that which comes out unique and pivotal to the advancement of knowledge, practices and policy reforms (Boyer, 1990; Boshier, 2009). Firstly, the proposed model contributes to human knowledge and the intellectual environment in the sense that it can be used to inform a curriculum for teaching and learning on the topic. It has unique constructs that can be addressed to determine enterprise success. Proposing a holistic entrepreneurship model in South Africa centred on its indigenous attributes is paramount, given that the literature has consistently highlighted such a gap in Africa, thus, the current model is a major contribution to the body of knowledge.

Recommendations deduced from each objective of the study should provoke thoughts and provide platforms for continued research. The key conclusions of each objective of the study have been presented in international conferences to broaden the knowledge, and outcomes of the study have been published in international journals for public use. Feedback meetings have also been facilitated within the study area such that the grassroots entrepreneurs will benefit. Most importantly, the participatory approach of the research harnessed in this current study enables knowledge sharing and mutual learning between the research team and the grassroots entrepreneurs who participated in the study. This sector-specific approach towards solving entrepreneurship-related issues has not been sufficiently attended to in South Africa.

### **7.3.2 Contribution to Practice**

The scholarship of practice explains how knowledge identified to close a gap can practically be implemented (Boyers, 1990; Kielhofner, 2005; Provan & Lemaire, 2012). Proposing a holistic enterprise success model centred on distilled attributes from the ground is an important milestone. The proposed model speaks to the South African entrepreneurship world which stresses the need to provide practical measures of spurring enterprises success, cognisant of the fact that sectorial and context-based enterprise support decisions have been a challenge in the country (Ayankoya, 2013; Brand *et al.*, 2013; Churchill, 2017). Providing a sketch of what is required to solve enterprise-related issues, thus, gives leverage to policymakers and entrepreneurship development practitioners to direct relevant support to different contexts. Additionally, the proposed model will provide entrepreneurs with a step-by-step approach to achieving their intended enterprise goals.

## **7.4 Recommendations**

### **7.4.1 Policy Recommendations**

Entrepreneurial capacity in South Africa is embryonic, hence, open to foreign ideologies which lacks the ability to transform the entrepreneurship landscape of the country. The pillars explained in the proposed model are important entrepreneurial constructs associated with entrepreneurs in the country. They play a significant role in entrepreneurship as they can be determinants of enterprise success. Therefore,

- It is ideal for policy reforms and context-based capacity building that stands to transform enterprises in the country
- within the context of the Vhembe rural areas, there is a need to operationalize policies and strategies, such that enterprise support follows the hierarchy of the pillars in the proposed model.
- various stakeholders responsible for supporting entrepreneurs should integrate the model into their framework to enhance capacity-building from an informed direction.
- more entrepreneurship agencies should be established in rural areas for capacity-building.
- existing agencies should be regulated and monitored over unscrupulous activities at the detriment of rural entrepreneurs.

Enterprise failure is on the rise despite numerous investments being made by the government and various stakeholders. The failure resonates with high levels of youth unemployment which leaves many young people to assume that starting an enterprise is an assured means to fail in

life. An understanding and orientation of what traditional enterprise operation entails in the country is a missing link. Thus,

- the model should inform curriculum for teaching and learning in the basic and tertiary education, as well as professional training, such that people get to learn what is indigenous to them. Foreign ideologies are often incompatible with the realities in the country.

Foreign investments are paramount to local economic development, given that they contribute to tax income and job creation; however, this is a challenge when such investments target areas of entrepreneurship in the country, cognisant of the fact that foreign enterprises, often out ground the locals, even when market opportunities are equal. Thus,

- there should be stringent policies to regulate interference of foreign entrepreneurs in certain entrepreneurial endeavours of key interest to the locals to minimize threats.
- it is important to come up with motivational and regulatory measures that can encourage local innovations as well as patronage of products from South African entrepreneurs.
- South Africa should scaleup entrepreneurship training, especially in key areas, like competition and bridging networks such that local entrepreneurs compete effectively with their foreign counterparts, given equal market opportunities.

#### **7.4.2 Recommendations for Practice**

The model can be a useful instrument for unlocking potential enterprises in rural areas. Absents of models implies that entrepreneurship development stakeholders derive from foreign ideologies to inform training of entrepreneurs, the nature of funding given, security measures and other forms of capacity building. Because entrepreneurial activities differ with cultures and areas, the capacity may not amount to expected outcome. This is a key reason why enterprises fail. Thus,

- policymakers and entrepreneurship development practitioners should build on the model to strengthen their practices and direct support on targets aimed at the transformation of enterprises. In other words, the key pillars of the model should be integrated with their support framework, and judiciously used.
- the district government, through its entrepreneurship departments and other agencies responsible for entrepreneurship/enterprise development, should ensure adequate access to exogenous factors outlined in the model, with much emphases on competition and access to markets.

- endogenous propositions should not be undermined as they play an essential role in enterprise success. The attributes outlined in the model, especially building networks and resilience should be emphasized to make full use of resources.
- entrepreneurs can use the proposed model as a compass to develop their enterprises.

### 7.4.3 Recommendations for Further Research

The results have established that the failure of supported enterprises is significantly high when compared with their non-supported counterparts in the same area. This brings worries and should be interrogated, hence,

- the nature of support being offered and its linear relationship to enterprise success should be rigorously investigated.
- the administration of support to entrepreneurs by various entrepreneurship support agencies should be interrogated.

The world is gradually shifting to the 4IR for many reasons, one of which is Corona Virus 2019 (Covid-19) pandemic, so are entrepreneurial activities and enterprise operations. It is, therefore,

- important to investigate possible measures of developing a digital application which can assist entrepreneurs utilise the proposed model at their comfort.
- stakeholders responsible for entrepreneurship capacity building may as well develop a digital package to offer training and other forms of support to entrepreneurs.
- research on how the model can be utilised during disasters, such as Covid-19 is required.

The current study provided an analyses of enterprise success thresholds/indicators for measuring performance, as well as its associated exogenous and endogenous components for entrepreneurs in Vhembe District; this invites questions like:

- Can the model be applied to other districts and provinces in the country? Thus, there is a need for it to be tested in a wider spectrum within the country and Africa.
- the proposed model should be piloted. In this context, performances of enterprises used as a control for the pilot, should be compared with that of other enterprises. This will ensure quality assurance and the model's successful implementation.

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## LIST OF APPENDICES

### Appendix 1: Component Transformation Matrix (PCA Enterprise Exogenous Factors)

Component	1	2	3	4	5	6
1	.646	.445	.534	.288	.032	-.126
2	-.680	.629	.327	-.056	-.168	-.051
3	.175	.623	-.662	-.045	.273	.260
4	-.229	-.134	.267	.382	.661	.525
5	.144	.016	.303	-.875	.311	.158
6	.126	-.008	.087	-.021	-.602	.783

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

## Appendix 2: Estimate communalities and the initial values of Exogenous factors

Items	Initial	Extraction
Hash collateral terms	1.000	.586
Access to funding agencies	1.000	.637
Limited market information	1.000	.636
High transport costs	1.000	.367
High rent cost	1.000	.660
Nature of the market	1.000	.088
Disaster	1.000	.674
Lack of proper saving system	1.000	.738
Delayed delivery of materials	1.000	.714
Lack of storage facility	1.000	.675
Poor road network	1.000	.641
Rigorous application process	1.000	.680
Limited funding opportunities	1.000	.738
Imperfect pricing and sales	1.000	.792
Lack of standby buyers	1.000	.720
Lack of credit information	1.000	.869
Politics of belonging	1.000	.806
Corrupt enterprise agencies	1.000	.071
Insects attacks disrupt farms	1.000	.040
Lack of skilled labour	1.000	.035
Low preferences on local products	1.000	.026
Crime	1.000	.758
Lack of family support	1.000	.468
Lack of equipment	1.000	.626
Influence of social organisation	1.000	.548
Lack/unstable power supply	1.000	.608
People's attitude on local-run enterprises	1.000	.623
Lack social networks	1.000	.460
High competition	1.000	.433
Importation of similar products	1.000	.398
Poor marketing networks	1.000	.785
Suppression from larger firms	1.000	.760
Very few demand	1.000	.645
Access to service	1.000	.534
Imitation of ideas	1.000	.290

High taxes	1.000	.459
Influx of foreigners	1.000	.348
No internet coverage	1.000	.229
Access to financial institutions	1.000	.551
Operation hour policy	1.000	.730
Imposed business ideas	1.000	.745
Theft	1.000	.096
Too many debtors	1.000	.100
Lack of seeds	1.000	.064
Insufficient water for irrigation	1.000	.131
Extraction Method: Principal Component Analysis.		



### Appendix 3: Component Transformation Matrix (PCA Enterprise Endogenous Factors)

Component	1	2	3	4	5
1	.859	.230	.414	.166	.102
2	-.228	.965	-.076	.078	-.075
3	-.260	.063	.688	-.623	.260
4	-.005	.043	-.285	.089	.953
5	-.379	-.103	.518	.755	.087

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

#### Appendix 4: Estimated communalities and the initial values (Endogenous Factors)

Communalities	Initial	Extraction
	Diversify investments	1.000
Influence employee in a moderate manner	1.000	.800
Ability to deal with obstacles	1.000	.662
Competitive spirit	1.000	.651
Relations with different stakeholders	1.000	.651
Create linkages for larger sales	1.000	.948
Form collaborations	1.000	.670
Desire for control	1.000	.868
Consistent with specific ideas	1.000	.879
Identify business associates	1.000	.886
Seek out unique ways of doing business	1.000	.784
Perform unpleasant task	1.000	.858
Improve from failure	1.000	.701
Work hard to succeed	1.000	.783
Collaborate with other entrepreneurs	1.000	.754
Acquire business skills	1.000	.877
Profit reinvestments	1.000	.638
Ideation and survey before investments	1.000	.942
Have better understanding of business environment	1.000	.862
Operate based on market demand	1.000	.608
Make future projections	1.000	.668
Creative mindset	1.000	.686
Train employee	1.000	.406
Shrewdness	1.000	.526
Record keeping	1.000	.257
Aim for bigger opportunities	1.000	.801
Smart on delivery	1.000	.500
Dedication	1.000	.455
Good supplier relation	1.000	.753
Self-sustenance	1.000	.638
Involve on online business	1.000	.888
Work with timeframes	1.000	.706
Confident in executing tasks	1.000	.632

Multitasking	1.000	.445
Continues search for change	1.000	.876
Passionate about new ideas	1.000	.551
Maintain moderate deliverables from clients	1.000	.830
Endure uncertainties	1.000	.747
Good advertisement	1.000	.541
Efficient control of credit to clients	1.000	.719
Perseverance and courage	1.000	.631
Risk-taking	1.000	.351
Good behaviour	1.000	.505
Ability to manage clients	1.000	.295
Complete tasks within set timeframe	1.000	.755
Good customer relations	1.000	.538
Periodic performance evaluation	1.000	.866
Keep current on market	1.000	.852
Self-discipline	1.000	.599
Extraction Method: Principal Component Analysis.		

## Appendix 5: Data Collection Tool for Objective 1 (Phase 1)

1. Sex: Female [ ], Male [ ], Other [ ]

2. Have you received any form of entrepreneurship support? Yes [ ], No [ ]

3. Village where your business is located: \_\_\_\_\_

**Kindly mark (x) which of the listed indicators you use to measure success in your enterprise**

S/N	Enterprise Success Indicators	Score	
		Yes	No
1	Access to banking facility		
2	Business expansion		
3	Business survival		
4	Cash flow situation		
5	Claims accounting level		
6	Community involvement		
7	Customer focus/satisfaction		
8	Employee capacity/trends		
9	Employee needs		
10	Ethical commitment		
11	Innovation/creativity		
12	Inventory levels		
13	Level of skills and knowledge		
14	Loan capacity/size		
15	Market share and development		
16	Productivity/trends of new products		
17	Profit to sales ratio and margin		
18	Quality of life		
19	Sales growth rate		
20	Size of the market		
21	State of the building		
22	Track of cash flow		
23	Turnover		
24	Working capital		
25	Other; Please specify		
26			
27			
28			
29			
30			

## Appendix 6: Data Collection Tool for Objective 1 (Phase 2)

### SECTION A: Background Information

All your responses will be treated with utmost confidentiality. May you please mark the applicable block with a cross **[X]**. Complete the applicable information.

1. Sex: Female , Male , Other
2. Highest level of educational attained: None  Primary school, , Matric:  Tertiary:
3. Village where your business is located: \_\_\_\_\_
4. What year was your business established? \_\_\_\_\_

### Section B: Objective 1

1. Have you received any form of entrepreneurship support? Yes , No
2. How many years have you been operating your business?: Below 0 to 4 years , 5 to 9 years ; 10 years and above .
3. Kindly complete the following below tables: Please be as honest as you can

Year	What was your annual working capital?	What was your annual turnover?
2014		
2015		
2016		
2017		
2018		

	How would you rate your ability to introduce new products that attract customers?				
Year	10%	20%	30%	40%	50% above
2014					
2015					
2016					
2017					
2018					

	How will you rate your ability to expand your business over the years?				
Year	10%	20%	30%	40%	50% above
2014					
2015					
2016					
2017					
2018					

	How stable was your business in terms of growth?				
Year	10%	20%	30%	40%	50% above
2014					
2015					
2016					
2017					
2018					

## Appendix 7: Data Collection Tool for Objective 2 (Phase 1)

### SECTION C: Objective 2 (Phase 1)

1. What would you say are the exogenous challenges confronting your enterprise?

a \_\_\_\_\_

b \_\_\_\_\_

c \_\_\_\_\_

d \_\_\_\_\_

e \_\_\_\_\_

2. What would you say were the causes of the exogenous challenges?

a \_\_\_\_\_

b \_\_\_\_\_

c \_\_\_\_\_

d \_\_\_\_\_

e \_\_\_\_\_

## Appendix 8: Data Collection Tool for Objective 2 (Phase 2)

### SECTION D: Objective 2 (Phase 2)

1. Kindly chose which of the issues in the table affects you most:

Factors	Agree	Not sure	Disagree
1. Access to financial institutions			
2. Access to funding agencies			
3. Lack/unstable power supply			
4. Insufficient water for irrigation			
5. Corrupt enterprise agencies officials			
6. Crime			
7. Delayed delivery of materials			
8. Disaster			
9. Harsh collateral terms			
10. High competition			
11. Too many debtors			
12. High rent cost			
13. High taxes			
14. High transport costs			
15. Imitation of ideas			
16. Imperfect pricing and sales			
17. Importation of similar products			
18. Imposed business ideas			
19. Influence of social organisation			
20. Influx of foreigners			
21. Insect attacks disrupt farming			
22. Lack of credit information			
23. Lack of equipment			
24. Lack of family support			
25. Lack of proper saving system			
26. Lack of seeds			
27. Lack of skilled labour			
28. Lack of standby buyers			
29. Lack of storage facility			
30. Limited funding opportunities			
31. Limited market information			



32. Low preferences on local products			
33. Nature of the market			
34. No internet coverage			
35. Operation hour policy			
36. People's attitude to local-run enterprises			
37. Politics of belonging			
38. Poor marketing networks			
39. Poor road network			
40. Rigorous application process			
41. Access to support centres			
42. Suppression from larger firms			
43. Theft			
44. Lack social networks			
45. Very few demand			

## Appendix 9: Data Collection Tool for Objective 3 (Phase 1)

### SECTION E: Objective 3 (Phase 1)

1. What would you say are the entrepreneurs' internal attributes that enhance success in your area?

a \_\_\_\_\_

b \_\_\_\_\_

c \_\_\_\_\_

d \_\_\_\_\_

e \_\_\_\_\_

2. List 1-5 endogenous attributes that you think are the reason for your success, with 1 being the most preferred.

a \_\_\_\_\_

b \_\_\_\_\_

c \_\_\_\_\_

d \_\_\_\_\_

e \_\_\_\_\_

## Appendix 10: Data Collection Tool for Objective 3 (Phase 2)

### SECTION E: Objective 3 (Phase 2)

1. Kindly score each statement with 1 being *least agreed* while 5 being the *strongest agreed*, depending on how much you know it applies to you.

The following endogenous attributes are the reason for your success:

Factors	1	2	3	4	5
1. Ability to deal with obstacles					
2. Ability to manage clients					
3. Acquire business skills					
4. Aim for bigger opportunities					
5. Collaborate with other entrepreneurs					
6. Competitive spirit					
7. Complete tasks within set timeframe					
8. Confident in executing tasks					
9. Consistent with specific ideas					
10. Continues search for change					
11. Create linkages for larger sales					
12. Creative mindset					
13. Dedication					
14. Desire for control					
15. Diversify investments					
16. Efficient control of credit to clients					
17. Endure uncertainties					
18. Form collaborations					
19. Good advertisement					
20. Good behaviour					
21. Good customer relations					
22. Good supplier relation					
23. Have better understanding of business					
24. Ideation and survey before investments					
25. Identify business associates					
26. Improve from failure					
27. Influence employee in a moderate manner					
28. Involvement with online business					
29. Keep current on market					

30. Maintain moderate deliverables from clients					
31. Make future projections					
32. Multitasking					
33. Operate based on market demand					
34. Passionate about new ideas					
35. Perform unpleasant tasks					
36. Periodic performance evaluation					
37. Perseverance and courage					
38. Profit reinvestments					
39. Record keeping					
40. Relations with different stakeholders					
41. Seek out unique ways of doing business					
42. Self-discipline					
43. Self-sustenance					
44. Shrewdness					
45. Smart on delivery					
46. Train employee					
47. Risk-taking					
48. Work hard to succeed					
49. Work with timeframes					

## Appendix 11: Letter of Informed Consent

My name is Ishmael Obaeko Iwara. I am a PhD student at the University of Venda registered for the Doctor of Philosophy in Rural Development Degree (PhDRDV). My research focuses on developing a Model for - Successful Enterprises centred on Exogenous and Endogenous Attributes of an Entrepreneur: Case of Vhembe District, South Africa. I am inviting you to participate in this study. Please note that any information you will provide will be treated as confidential and therefore will not be divulged to anyone without your consent. Note also that your participation is voluntary, meaning that you are free to pull out at any time should you feel uncomfortable during the course of the study.

Signature of researcher..... Date.....

I have read and understood the contents and terms of this invitation to participate in this study. I hereby declare that I am voluntarily participating in this research.

Respondent signature..... Date.....



Appendix 12: University of Venda Research Ethics Clearance Certificate

RESEARCH AND INNOVATION  
OFFICE OF THE DIRECTOR

NAME OF RESEARCHER/INVESTIGATOR:

Mr IO Iwara

Student No:

16023142

**PROJECT TITLE: A holistic entrepreneurship model that integrates entrepreneurs' exogenous and endogenous attributes for successful enterprises in Vhembe District, South Africa.**

PROJECT NO: SARDF/19/IRD/01/2603

SUPERVISORS/ CO-RESEARCHERS/ CO-INVESTIGATORS

NAME	INSTITUTION & DEPARTMENT	ROLE
Dr B Kilonzo	University of Venda	Promoter
Dr J Zuwarimwe	University of Venda	Co - Promoter
Mr IO Iwara	University of Venda	Investigator – Student

ISSUED BY:

UNIVERSITY OF VENDA, RESEARCH ETHICS COMMITTEE

Date Considered: March 2019

Decision by Ethical Clearance Committee Granted

Signature of Chairperson of the Committee: 

Name of the Chairperson of the Committee: Senior Prof. G.E. Ekosse



University of Venda

PRIVATE BAG X5050, THOHoyANDOU, 0950, LIMPOPO PROVINCE, SOUTH AFRICA  
TELEPHONE (015) 962 8504/8313 FAX (015) 962 9060

"A quality driven financially sustainable, rural-based Comprehensive University"



Appendix 13: Vhembe District Municipality Clearance Certificate

**VHEMBE DISTRICT MUNICIPALITY**  
PRIVATE BAG X5006, THOHOYANDOU, 0950  
TEL: 015 960 2000, FAX: 015 962 1017  
Website: www.vhembe.gov.za



Ref: 4/2/1  
Enq: Mphaphuli T.K  
Date: 23 May 2019

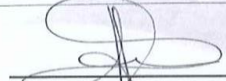


**ATTENTION: Ishmael Obaeko Iwara**

**RE: APPLICATION TO CONDUCT ACADEMIC RESEARCH: YOURSELF.**

1. Your undated application refers:
2. It is with pleasure to inform you that your request mentioned above is hereby granted to you.
3. Please contact General Manager of Development Planning Department, Ms Tshivhinda at 076 782 2570 in order to arrange the starting date.
4. Should there be anything you need clarity on, feel free to call our office at 015 960 3558/3541.

Kind Regards



**ACTING MUNICIPAL MANAGER**  
**NDOU T.S**

24/05/2019  
**DATE**