

Full Length Research Paper

Evaluation of the entrepreneurial success factors of small, micro and medium farming enterprises (SMMEs) in the peri-urban poor communities of George municipality, Western Cape Province, RSA

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The aim of the study was to determine the entrepreneurship capacity of farming enterprises focussed small business in poor communities of George Municipality. The study was conducted in four (n=4) townships around George metropolitan areas. Only 10% the sample population was considered during quantitative data collection processes. The quantitative data collected was randomly selected whilst the qualitative data collection were collected from focus sessions. The population was sampled in a way that provides the required precision, representativeness, reliability and repeatability. To achieve these, both qualitative and quantitative methodologies were employed with former being important during the interpretation of the results and the later being important in quantifying the variables outcomes. The descriptive, factorial and inferential data analyses were performed. In all three analyses conducted, it appears that innovation and risk taking were the most crucial key success factors in these types of businesses. The study recommends that for these enterprises to be viable, the capacity building programs aimed at consolidating and developing entrepreneurial capacity should consider innovation, risk taking, financial and infrastructural capacities as their first priority in establishing their enterprises. Therefore, it is important that incubating organizations provide priority support services for those key success factors found to be crucial in order to ensure the required sustainability.

Key words: Entrepreneurship, analyses, capacity, businesses, priority, crucial.

INTRODUCTION

The aim of the study was to determine the entrepreneurial success factors for small, micro and medium businesses in the poverty stricken communities of George Municipality with an objective to assess their entrepreneurial capacity. According to Nieman et al. (2004), successful entrepreneurs are known to have certain entrepreneurial success factors or skills. These authors suggest that for entrepreneurs to harness such

success factors or skills, it is important for them to analyse their prevalence in their enterprises with the view to improve and exploit the existence for the benefit of their enterprises. Thus, exploit these success factors appear as their entrepreneurial capacity (Fete, 2012, Kumar 2007). McKenzie et al., (2007) referred to entrepreneurial capacity as a kind of human capital that is comprised of the set of knowledge resources, skills that

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skills that are essential for an opportunity to be realized. Hence, entrepreneurial capacity appears to be influenced by the intentions of the actors, the process of entrepreneurship and the form of exploitation. Summer et al., (2009), found that in rural communities, building community entrepreneurial capacity is often critical to the economic growth and is often part of comprehensive economic strategic plans of local authorities. In South African local authorities (District and local municipalities), such plans are referred to as local economic development (LED) plans (Fete, 2012). Summer et al. (2009), pointed out that success in conducting the entrepreneurial capacity building process is important to enhancement of entrepreneurial success.

LITERATURE REVIEW

This section covers the aspects such as the historical evolution of entrepreneurship, the role of small businesses in the poor communities and the importance of SMMEs in the global economics. This background studies were selected in order to provide a clear theoretical and previous empirical findings in order to delineate and uncover the new contribution of this study.

Historical evolution of entrepreneurship

The concept entrepreneurship has been inverted and documented largely by intellectuals from the developed nations such as France and Germany (Nieman et al., 2004). Critics point out that little or no significant contribution on the invention of this concept was received from developing and least developing countries (Strydom, 2006; Nieman et al., 2004). However, this does not imply that this concept started in the developed countries as opposed to the developing one (Fete, 2012). This may equally pre-supposed amongst others, that prior to the start of the civilization in the developing and least developed nations, experts in such nation states had no proper platform to expose their intellectual conceptualization of entrepreneurship. In turn, experts from developing and least developed nations have been credited with the theories that were inverted by expert from developed nation. Hence, mimicking the views and experiences of the dominant theories and practices from developed nations, with little reference to their practical application to their respective countries. For instance, it is well known that in France, one of the pioneer experts who brought the theory of entrepreneurship to the fore was Richard Cantillon (Strydom, 2006). It is understood that was the first theory of entrepreneurship. This theory provided a fundamental view that entrepreneurship is a crucial part of the market system and is associated with entrepreneurial activities such as buying and selling of goods and services. In the year 1816, Jean-Baptiste Say

added to Richard Cantillon theory by arguing that productive services receive payments according to the law of supply and demand (Strydom, 2006). Jean-Baptiste Say further argued that the limits of supply are in essence the barriers to the entry and that may include the necessary finances to fund the entrepreneurial endeavor. In the 19th century, German scholars provided further significant contributions in the development of entrepreneurship. Notably, in the year 1917 Max Weber provided a theory that explains the entrepreneurial behavior and success or failure of certain entrepreneurial activities based on the ideological economic values where he explains the successes of capitalism in other parts of Western civilization (Strydom, 2006). Of equal significant, Joseph Schumpeter came with his theory of entrepreneurship in 1934 (Nieman et al., 2004). In his theory, he argued that entrepreneurship involves the implementation of new combinations such as for instance a new goods, new methods of production, markets, raw materials and new organizational form (Strydom, 2006). Subsequently, in the year 1961 Mc Clelland associated entrepreneurship with the ability of the producer to produce more than he or she can consume in order to sell the surplus for the profit. It appears that all these theories were built around the success of products, markets, enterprises and entrepreneurs. These theories have in the main informed the development of the contemporary definition of entrepreneurship (Table 1).

The role of small businesses in the poor communities

Small businesses are widely acknowledged for their potential to create jobs, wealth and food security in the poverty stricken and underdeveloped areas throughout the globe (Ferreira, 2007). Agarwal and Chatterjee (2007) confirmed that the majority of the new jobs created are only by 15% of new small firms. According to Mills (2010), without the existence of small businesses in poverty stricken communities, joblessness and poverty would be out of proportion and therefore, these communities would not be able to meet the millennium development goals (MDGs) as set out by the United Nations (Fete, 2012). For these businesses, to trade sustainably and productively, entrepreneurship capacity is required (Mmbengwa, 2009). Entrepreneurial capacity is often referred to as the ability of entrepreneur to influence entrepreneurial success through the exploitation or acting on opportunities (McKenzie, 2007). Morgan (1993) defined entrepreneurial capacity as the ability of individuals, groups, institutions and organizations to identify opportunities and creation of the enterprises. This amongst others includes the management of resources, knowledge and processes employed by individuals, organizations, institutions and groups to achieve their entrepreneurial goals and objectives. The capacity of an

Table 1. Contemporary definition of entrepreneurship.

Author	Definition
Duru (2011)	The whole idea about entrepreneurship is about self-employment, which will generate employment opportunities to others that must work with him as he cannot work alone.
McKenzie (2007)	Entrepreneurship is a process that involves individuals and groups of individuals seeking and exploiting economic opportunities.
Hisrich et al. (2005)	Entrepreneurship is a process of creating something new with value by devoting the necessary time and effort, assuming the accompanying financial, psychic and social risks and receiving the resulting rewards of monetary and personal satisfaction and independence.
Wickham (2004)	Entrepreneurship is referred to as a function, activities and actions associated with the perception of opportunities and creation of organizations to pursue them.
Timmons and Spinelli (2004)	Entrepreneurship as a way of thinking, realizing and acting that is opportunity obsessed, holistic in approach and leadership balanced. It results in the creation, enhancement, realization and renewal of value, not just for owners but for all participants and stakeholders.
Dollinger (2003)	Entrepreneurship is the creation of an innovative economic organization (or network of organizations) for the purpose of gain or growth under conditions of risk and uncertainty.
Nieuwenhuizen et al. (2003)	Entrepreneurship is the process of creating or seizing an opportunity and pursuing it regardless of the resources currently controlled.

entrepreneur is often comprised of the staffing, physical infrastructure, technology, financial resources, strategic leadership, program, process management, networks, linkages with other organizations, monitoring and evaluation abilities (IDRC, 2002). Therefore, entrepreneurial capacity relates to the ability of entrepreneurs to pursue entrepreneurial activities with success (McKenzie, 2007). Mmbengwa, (2009) has also highlighted that human, infrastructure, financial and management capacities were identified as important for the determination of entrepreneurial capacity.

The importance of SMMEs in the global economies

According to Sithole (2006), the importance of SMMEs is increasingly recognised in many countries across the industrial sectors. These businesses are exploding across the globe despite their limited resources and support (Ladzani, 1999). This author has pointed out that literature has acknowledged the significant role played by these types of businesses in different sectors and countries. These businesses are often associated with wealth creation and alleviation of lack of food security (Ladzani, 1999). In the USA, 25 million small businesses continue to be a potent force in the dynamic economy (ASCCI, 2007; Longenecker et al., 2003). It is recorded that the small businesses provide more than 52% of the private work force and are the principal source of new jobs (Ladzani and van Vuuren, 2002; Scarborough and Zimmerer, 1996; Longenecker et al., 2003). It is further

noted that these businesses generate more than 51% of the private sector contribution to GDP (Longenecker et al., 2003). Le Roux et al. (1995) ascribed much credit for the success of countries like Japan, Korea and Germany to their strong SMME sectors. Japan's SMMEs account for the bulk of the country's business establishment, providing vital support for employment creation and regional economics (Ministry of International trade and Industry, 1997; Ladzani and Van Vuuren, 2002). In Taiwan, SMMEs account for about 98% of the national GDP. In this way, they make significant contributions to economic prosperity, create numerous jobs and promote social stability (Annual Report, 1983; Ladzani and Van Vuuren, 2002). Many African countries are also changing their economic policies with regard to small business enterprises (Mmbengwa, 2009). There are moves to promote the development of SMMEs (National Economic Policy Research Unit, 1995). In South Africa, the White Paper on National Strategy for the Development and Promotion of Small Business (1995) has led to the enactment of the National Small Business Act 102 of 1996, which made a lot of impact on decisions by South African Revenue Services (SARS) and the Treasury to set flexible conditions for small business to flourish (Ladzani and Van Vuuren, 2002). The association of Southern African Development Communities (SADC) chambers of Commerce and Industry (ASCCI, 2007) has mentioned that 95% of the businesses in South Africa are small enterprises. Many entrepreneurs in South Africa are in small, medium or micro-enterprises. They contribute 50% of total employment in the country. Their

contribution to the country's GDP is about 35% (ASCCI, 2007). According to Nieman et al. (2004), in order for these businesses to continuously contribute to the socio-economic factors described above, entrepreneurs should embodied internal entrepreneurial capacity such as creativity, risk taking capability, innovation, interest, perseverance, passion, resources, infrastructure and financial capacity. According to these authors, not much of researches were done to find out whether entrepreneurs in various sectors have embodied such characters. However, little or no literature are also available that provide the information regarding entrepreneurial enhancement capacity of SMMEs.

MATERIALS AND METHODS

The study was conducted in the Western Cape province of South Africa in four areas ($n=4$) called Lavalu, Blanco, Thembalethu and Palcaltsdorp. These areas are located in George Municipality under Eden District Municipality. According to Wikipedia, (2011), George Municipality was founded in 1811; the municipality occupies approximately 1,072 km² (413.9 sq mi) of lands. The whole municipality is situated at 33°58'00 South latitude, 22°26'59 East longitude and at an altitude of 178m above sea level. George normally receives about 662mm of rain per year, with rainfall occurring throughout the year. It receives the lowest rainfall (36mm) in June and the highest (78mm) in March. The monthly distribution of average daily maximum temperatures ranges from 18.2°C in July to 27.6°C in February. The region is the coldest during July when the mercury drops to 6.2°C on average during the night (Wikipedia, 2011). The research used both qualitative and quantitative methods. Prior to the commencement of the data collection, intensive desktop study, involving the use of old and recent published materials was explored. The desktop study prioritized both national and international accredited journals information resources. With regard to qualitative methodology, participatory forums were used to delineate the research context and premise, whilst the quantitative methods were utilized to measure variables under investigation. A representative sample size was pre-determined by using expert evaluation. SMMEs participants ($n=126$) were identified by looking at business activities such as supply and demand. The criteria used for selection of the participants (at least three participants per SMME) were through the exchange of goods and services to clients. Only 10% the sample population was considered during data collection. The data collected through a survey questionnaire and a simple random sampling was preferred. According to Diamantopoulos and Schlegelmilch (2005), the criterion for simple random sampling is that sample members are chosen randomly for inclusion in the sample, with each population element having an equal probability of being selected. Table 2 presents the descriptive variables of the sample.

The selected sample population was done in order to ensure that the data collected provide the required precision, representativeness, reliability and repeatability. To achieve these, both qualitative and quantitative methodologies were employed with former being important during the interpretation of the results and the later being important in quantifying the variables outcomes. The descriptive, factorial and inferential analyses were conducted. According to Diamantopoulos and Schlegelmilch (2005), analysis of the data should be well planned in order to provide the relevant outcome. In order to conform to these directives, the choice of the analyses used in this research followed the guidelines mentioned below:

- That the analysis should ensure that only relevant analysis is undertaken.
- That the analysis objectives provide a check on comprehensiveness of the analysis
- That the analyses should objectively help avoid redundancy.

The inferential analysis chosen for this data was mainly non-parametric tests Mann-Whitney U test. The statistical software during analysis was Statistica.

Model specification

All the data from all groups were ranked together; that is, rank the data from 1 to N ignoring group membership. Values were assigned to the average of the ranks. The test statistics given by the formula below were used.

The ranks were added up for the observations which came from sample 1. The sum of ranks in sample 2 follows by calculation, since the sum of all the ranks equals $N(N+1)/2$ where N is the total number of observations.

U is then given by:

$$U_1 = R_1 - \frac{n_1(n_1 + 1)}{2}$$

where n_1 is the sample size for sample 1, and R_1 is the sum of the ranks in sample 1.

Note that there is no specification as to which sample is considered sample 1. An equally valid formula for U is

$$U_2 = R_2 - \frac{n_2(n_2 + 1)}{2}.$$

The smaller value of U_1 and U_2 is the one used when consulting significance tables. The sum of the two values is given by

$$U_1 + U_2 = R_1 - \frac{n_1(n_1 + 1)}{2} + R_2 - \frac{n_2(n_2 + 1)}{2}$$

Knowing that $R_1 + R_2 = N(N+1)/2$ and $N = n_1 + n_2$, and doing some algebra, we find that the sum is

$$U_1 + U_2 = n_1n_2.$$

RESULTS AND DISCUSSION

This section presents the results of the indicators of entrepreneurial capacity outlined as follows: creativity, risk taking, innovativeness, interest, perseverance, passion, commitment, business infrastructure and financial capacity of entrepreneurs. In this study, descriptive, factorial and inferential analyses were conducted.

Demographics

According to Figure 1, the majority (84%) of the respondents in this study come from Pacaltsdorp and

Table 2. A statistical summary of age of the participants according to gender.

Age	Gender	
	Male	Female
Descriptive variables		
Mean	49.45	43.49
Median	50.00	45.00
N	67.00	59.00
Minimum	28.00	26.00
Maximum	70.00	62.00
Standard deviation	9.23	10.32
Variance	85.22	106.56
Lower conf. interval (95%)	47.20	40.80
Upper conf. Interval (95%)	40.80	46.18
Range	42.00	56.00
Skeweness	-0.098	-0.68
Kurtosis	-0.57	1.53
Lower quartile (Q25)	43.00	37.00
Upper quartile (Q75)	57.00	52.00
P-Values (95%)	1.00 ^{ns}	0.05 [*]

*=Significant, ns=non significant.

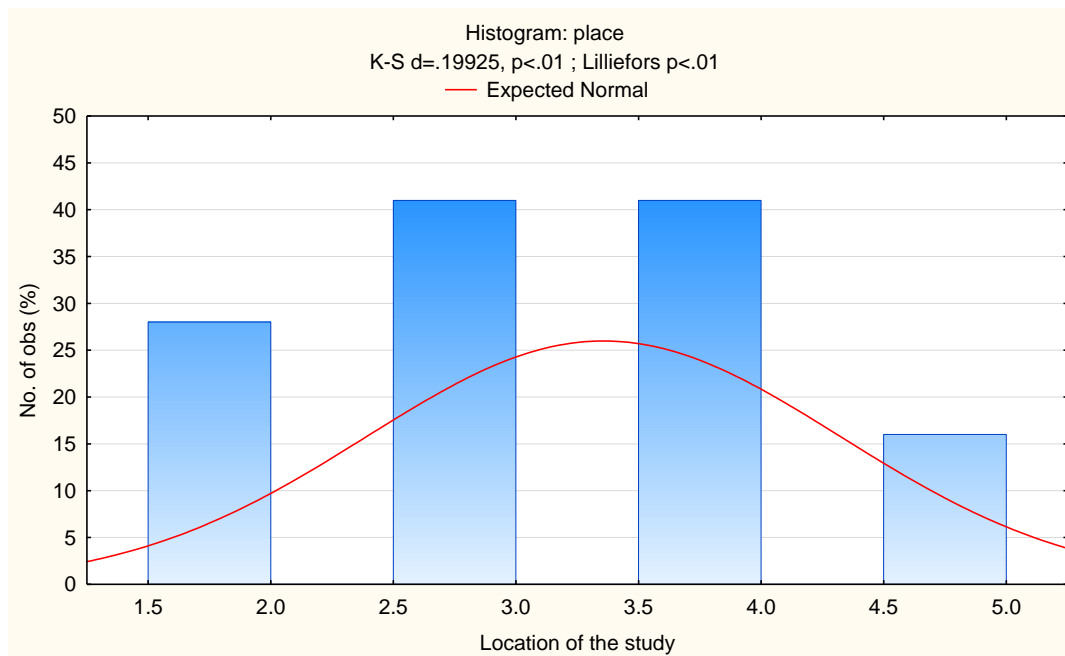


Figure 1. Frequency distribution of respondents in terms of places.
Keys: 1.5-2.0 = Thembalethu, 2.5-3.0 = Pacaltsdorp, 3.5-4.0 = Lavallia, 4.5-5.0 = Blanco.

Lavallia with Thembalethu (27%) and Blanco (16%) having the least respondents.

According to Table 3, male respondents (53.17%) are slightly more than female (46.83%) counterparts.

Table 4, reports on the frequency distribution of the respondents based on qualifications. According to Table

4, only 5 out of 126 (3.97%) of the SMMEs sampled, managed to have a graduate qualifications. The results revealed that the majority (96.03%) of the respondents have the lowest educational qualifications. These results appear to indicate that only the least educated residents of the George municipality have a dire interest in

Table 3. Frequency distribution of respondents in terms of gender.

Category	Count	Cumulative count	Percent	Cumulative percent
Male	67	67	53.18	53.18
Female	59	126	46.83	100
Missing	0	126	0	100

Table 4. Frequency distribution of respondents in terms of qualification.

Category	Count	Cumulative count	Percent	Cumulative percent
Primary	62	62	49.21	49.21
Secondary	53	115	42.06	91.27
Drop out	6	121	4.76	96.03
Diploma	5	126	3.97	100
Missing	0	126	0	100

Table 5. Frequency distribution of respondents in terms of age groupings.

Category	Count	Cumulative count	Percent	Cumulative Percent
Age 35 and less	19	19	15.08	15.08
Age 36-60	100	119	79.37	94.44
Age 61 and above	7	126	5.56	100
Missing	0	126	0	100

engaging on farming entrepreneurship. On the contrary, it also appears that the residents who have acquired high level skills and expertise seem to be uninterested in this sort of entrepreneurship. It may also be argued that the more educated the respondents are, the more they opt for other types of entrepreneurship than farming related one. Furthermore, it may also be deduced that the lack of education from the respondents, the more capacity they require to run their business activities and henceforth, their need for skills empowerment for their business development.

Table 5 provides the frequency distribution of the respondents based on the age categories. These results show that both youth (15.08%) and the aged (5.56%) are in minority as compared to the economically active (79.37%) respondents in this sort of entrepreneurship. This appears to indicate that the majority of these entrepreneurs are deriving their livelihood and income from the farming entrepreneurial activities. Therefore, investing in the farming entrepreneurial empowerment of these sorts for these enterprises may be handy in alleviating unemployment and reduction of poverty.

In addition, Table 6 depicts the variation of respondents in terms of age and qualifications. The purpose for this illustration was to see whether there is a critical expertise amongst the entrepreneurs involved in these types of enterprises. It is clear that all the age groups do lack

critical expertise. This is demonstrated by the results that revealed that only 5 out of 129 (3.97%) of the respondents aged between 36 to 60 years had a diploma qualification.

Descriptive analysis

Assessing the entrepreneurial creativity

According to Nieman et al. (2004) creativity involves the adjustment or refining of existing procedures or products, the identification of opportunities, solutions to the problems and invention of new ideas. Bird (1989) and Amabile (1996) indicated that creativity is used in businesses in order to refine ideas, identify problems and find accompanying solutions. In this study the evaluators assessed 126 enterprises by examining whether the entrepreneurs are able to solve their lack of infrastructure, solve their problems that may affect their production in an intuitive manner. These evaluators used score card to identify if there is any level of creativity in addressing the aforementioned challenges. The results of the evaluation of creativity were presented in Table 7 and illustrated graphically in Figure 2. According to these results, it is revealed that 86.51% of the entrepreneurs are regarded as lowly creative. The results further

Table 6. Cross tabulation of distribution of respondents in terms of age and qualifications.

Variable	Primary qualification	Secondary qualification	Drop out	Diploma qualification	Total
Age 35 yrs and less	9 (7.14%)	8 (6.35%)	2 (1.59%)	0(0.00%)	19(15.08%)
Age 36 to 60 yrs	46 (36.51%)	45 (35.71%)	4(3.17%)	5 (3.97%)	100(79.37%)
Age 61 yrs and more	7(5.56%)	0 (0.00%)	0(0.00%)	0(0.00%)	7(5.56%)
All groups	62(49.21%)	53(42.06%)	6 (4.76%)	5 (3.97%)	126

Table 7. Cross tabulation between educational levels of respondents.

Variables	Yes	No	Total
Primary	52 (41.27%)	10 (7.94%)	62 (49.21%)
Secondary	46 (36.51%)	7 (5.56%)	53 (42.06%)
Drop out	6 (4.76%)	0(0.00%)	6 (4.76%)
Diploma	5 (3.97%)	0(0.00%)	5 (3.97%)
All Groups	109 (86.51%)	17 (13.49%)	126

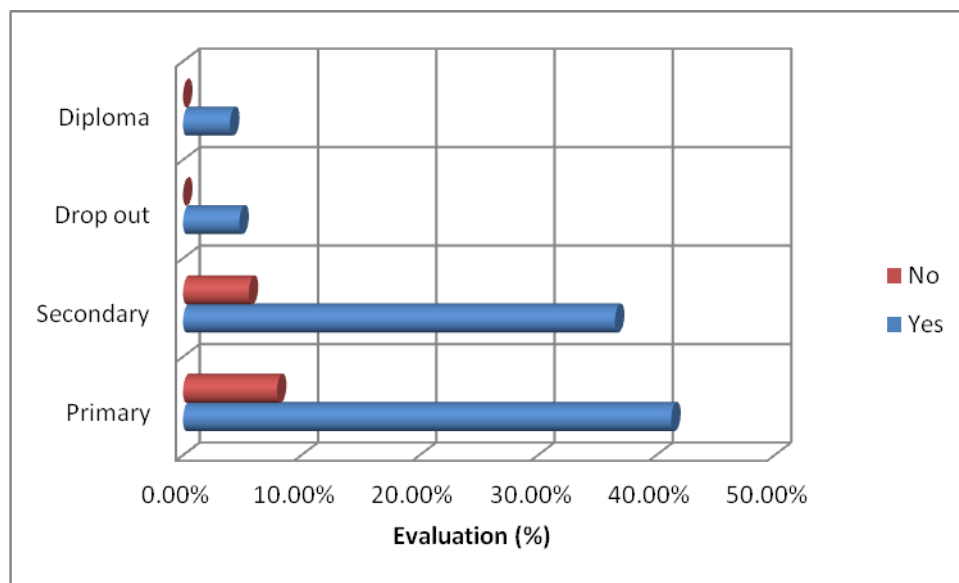


Figure 2. The evaluation outcome (%) of creativity displayed by respondents in terms of their educational level.

revealed that entrepreneur who possesses primary and secondary educational level qualification appears to have high proportion of creativity. These results are counter intuitive. Therefore, it appears to indicate that education is inversely proportional to creativity. Thus, these results confirm the insignificant role that education may play in enhancing the creativity and therefore, encourage entrepreneurs to be less educated in order to enable their creativity. These results are inconsistent with the views expressed by some researchers (Hisrich et al., 2005).

Table 8 shows that of all the respondents, male respondents (44.44%) are slightly creative than female

(42.06%) counterparts. These results appears to indicate that entrepreneurship that involves agricultural production might as well demand physical strength and creativity that is associated with the physical efforts which on those basis, makes male naturally superior than female counterparts.

Assessing the respondents' risk taking

According to Dollinger (2003), the need for achievement necessitates the risk-taking propensity amongst the

Table 8. Cross tabulation of the outcome of creativity evaluation in terms of gender.

Variables	Yes	No	Total
Male	56 (44.44%)	11(8.73%)	67 (53.17%)
Female	53 (42.06%)	6 (4.76%)	59 (46.83%)
All Groups	109 (86.51%)	17 (13.49%)	126 (100%)

Table 9. Cross tabulation between educational level of respondents and their responses to evaluation.

Education level	Yes	No	Do not know	Total
Primary	25 (19.84%)	34 (26.98%)	3 (2.38%)	62 (49.21%)
Secondary	16 (12.70%)	36 (28.57%)	1 (0.79%)	53 (42.06%)
Drop out	0 (0.00%)	5 (3.97%)	1 (0.79%)	6 (4.76%)
Diploma	3 (2.38%)	2 (1.59%)	0 (0.00%)	5 (3.97%)
All Groups	44 (34.92%)	77 (61.11%)	5 (0.04%)	126 (100%)

Table 10. Cross tabulation of the outcome of risk taking propensity in terms of gender.

Gender	Yes	No	Do not know	Total
Male	46 (36.51%)	21 (16.67%)	0 (0.00%)	67 (53.17%)
Female	52 (41.27%)	6 (4.76%)	1 (0.79%)	59 (46.83%)
All Grps	98 (77.78%)	27 (21.43%)	1 (0.79%)	126 (100%)

entrepreneurs. In addition, Nieman et al. (2004) reported that the readiness to take risks involves a preparedness to make use of opportunities that are identified, even if there is a possibility of financial loss. However, in Brockhaus's research, it was found that risk taking propensity is not a distinguishing characteristic of entrepreneurs (Dolinger, 2003). On contrary, Osborne (1995) and Cox and Jennings (1995) indicated that successful small business owners are prepared to take calculated risks. Nieman et al. (2004) argued that there is a clear relationship between innovation and readiness to take risks and a hesitation to take risks that hampers innovation. In this study risk taking propensity was investigated through the questionnaire and focus sessions. The results of the investigations are presented in Table 9. According to the results, the majority (61.11%) of the respondents are none risk taker, whilst 34.92% are regarded as risk takers with few (3.97%) of the respondents who do not know what is meant by risk taking. Of those who take risk to advance their enterprises, it has been found that those who have primary education are higher risk takers (19.84%) as compared to respondents in other levels of educational achievements {secondary (12.70%), drop out (0%), and diploma (2.38%)}. These results appear to reflect that those without educational achievements are prepared to take risk to advance their enterprises as compared to those with education. The level of risk taking by those

without good educational achievements may be an indicative that those entrepreneurs rely on these enterprises for their livelihood provision and therefore for them taking business risk ensure that they fully commit themselves to it. On the contrary, those respondents with educational qualification appear to be afraid of taking risk. This risk taking propensity may be as results of lack of livelihood reliance to the farming enterprises and therefore, the success of such enterprises may be view as secondary to the life progression.

In view of Table 10 and Figure 3, it is clear that female take more (41.27%) risks as compared to male (36.51%) counterpart.

Assessing the respondents' interest in farming businesses

The view that farming entrepreneurs in poverty stricken peri-urban areas of South Africa may be engaged in farming enterprises for reasons such as livelihood but profit making is popularly known (Fete, 2012; Nieman et al., 2012). Those that are driven by livelihood are mostly found in the predominately black communities. On the contrary, farming that is profit driven is popularly known to be in the peri-urban white communities (Fete, 2012). In the coloured communities, both types of farming may be prevalent depending on the financial status of the

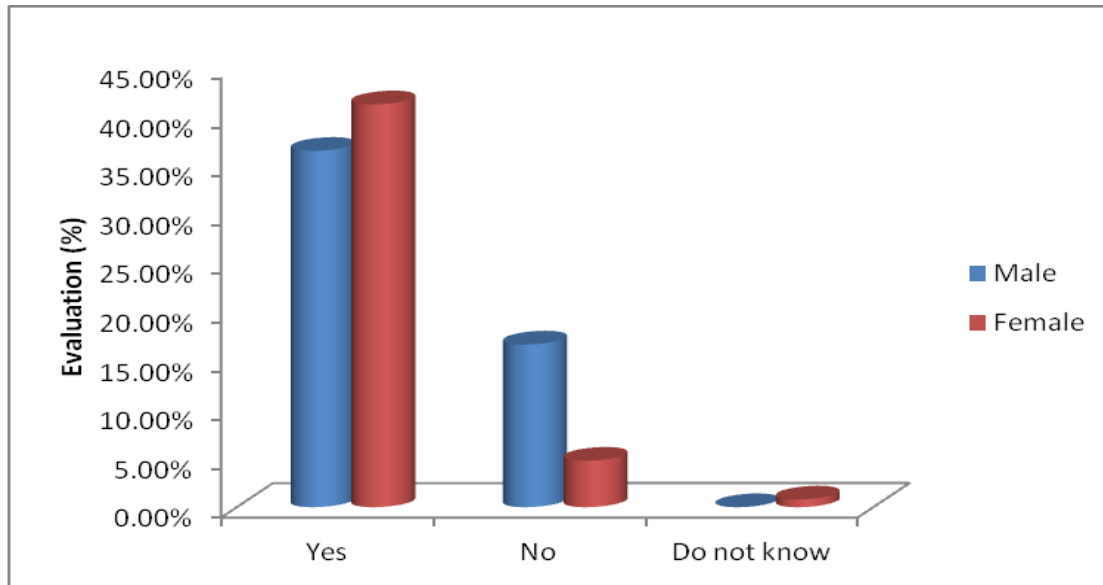


Figure 3. Illustration of risk taking propensity in terms of gender.

entrepreneur (Fete, 2012). It is well-known that entrepreneurs, who trade for the sake of livelihood, do so for survival not for profit making and thus are referred to as survivalist entrepreneur (Nieman et al., 2012). The interest of entrepreneurs mentioned above varies, with the one for livelihood having little or no interest in farming but for household food security whilst the one who farms for profit is assumed to have a huge interest in farming as a business and do so within the value and supply chain. This study investigated the interest of farming based on profit making farming enterprises, with assumption that livelihood farmers have limited interest in the farming businesses. The result of this investigation was presented in Table 11. According to results, only 32 out of 126 (25.40%) of the respondents showed interest in farming with 83 out of 126 respondents (65.87%) showing no or limited interest in farming as business (livelihood). These results appear to reflect that the majority of the respondents belong to those entrepreneurs who are farming for livelihood than for profit. Therefore, the majority of the respondents are falling under the survivalist entrepreneurship.

Table 12 and Figure 4 indicate that males are slightly more (52.38%) interested in farming as business than female (45.24%) counterparts. This appears to indicate that an agricultural support services to these entrepreneurs should be gender bias.

Assessing the respondents' perseverance in their businesses

Perseverance is the ability of the entrepreneurs to strive after their business ideals despite problems, obstacles

and setbacks (Nieman et al., 2004). In addition, Mc Clelland (1986) refers to perseverance as an indicator of the entrepreneur's ability to take repeated or different actions to solve a problem or overcome obstacles. According to Nieman et al. (2004), perseverance in the enterprises is linked to positive approach towards enterprises. These authors indicated that entrepreneurs who have positive attitude towards their enterprises believe in their businesses despite setbacks and are determined to ensure success. The following quote describe how Timmons and Spennelli (2003) view the successful entrepreneurs in relation to perseverance:

"Entrepreneurs who successfully build new enterprises seek to overcome hurdles, solve problems, complete the job, they are disciplined, tenacious and persistent in solving problems and performing other tasks. They are able to commit and recommit quickly. They are not intimidated by difficult situations. Most researchers share the opinion that whilst entrepreneurs are extremely perseverant, they are also realistic in recognizing what they can and cannot do".

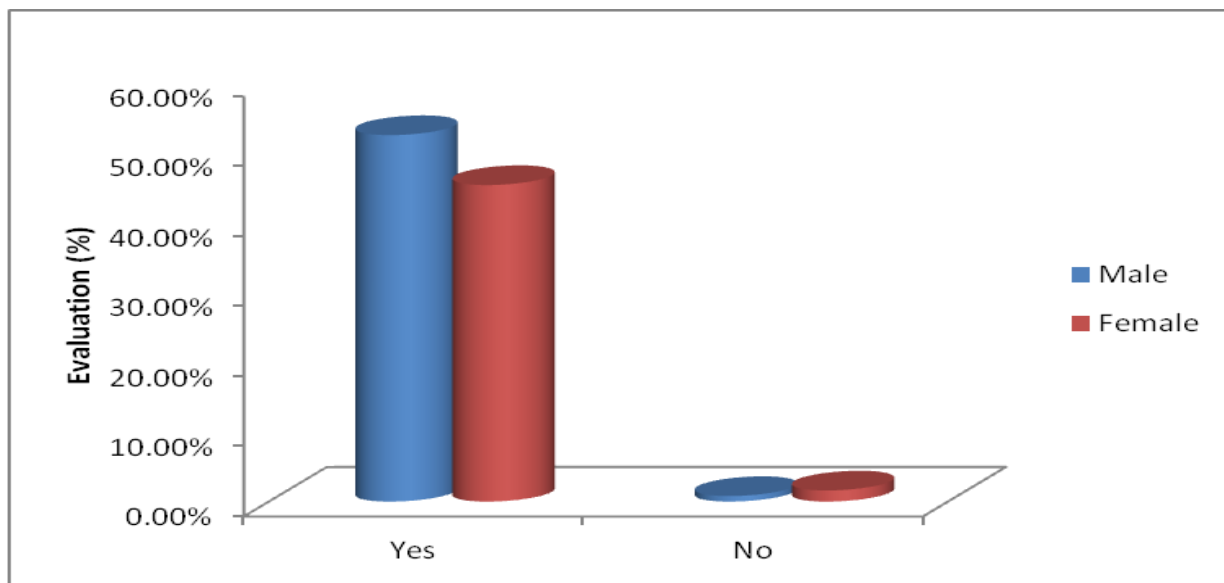
In this study the entrepreneurs were evaluated on how they managed to resolved difficult situations. The results of the evaluation were presented in Table 13. According to these results, it is revealed that all the categories of the respondents (96.03%) have been found to be highly persevering. In terms of educational levels of respondents, it is found that those with higher educational levels are less persevering relative to those with lower qualifications. This appears to indicate that those who are less educated start their businesses with a clear vision and commitment to see that their ideals are implemented

Table 11. The outcome of investigation on entrepreneur' interest in farming based on education level.

Education level	Yes	No	Do not know	Total
Primary	15 (11.90%)	40 (31.75%)	7 (5.56%)	62 (49.21%)
Secondary	14 (11.11%)	37 (29.37%)	2 (1.59%)	53 (42.06%)
Drop out	0 (0.00%)	5 (3.97%)	1 (0.79%)	6 (4.76%)
Diploma	3 (2.38%)	1 (0.79%)	1 (0.79%)	5 (3.97%)
All Groups	32 (25.40%)	83(65.87%)	11 (8.73%)	126 (100%)

Table 12. The assessment of farming interest based on gender.

Gender	Yes	No	Total
Male	66 (52.38%)	1 (0.797%)	67 (53.17%)
Female	57 (45.24%)	2 (1.59%)	59 (46.83%)
All Grps	123 (97.62%)	3 (2.38%)	126 (100%)

**Figure 4.** An illustration of the outcome of the investigation of the interest of farming as business in terms of gender.**Table 13.** Cross tabulation regarding respondents' perseverance.

Education level	Yes	No	Do not know	Total
Primary	58 (46.03%)	2 (1.59%)	2 (1.59%)	62 (49.21%)
Secondary	52 (41.27%)	1 (0.79%)	0 (0.00%)	53 (42.06%)
Drop out	6 (4.76%)	0 (0.00%)	0 (0.00%)	6 (4.76%)
Diploma	5 (3.97%)	0 (0.00%)	0 (0.00%)	5 (3.97%)
All Grps	121 (96.03%)	3(2.38%)	2 (1.59%)	126 (100%)

regardless of any unfavorable conditions. These results may as well indicate that those that are less educated have ability to resolve problems and are not afraid of any challenges. Therefore, there seems to an inverse relationship between the education and perseverance.

Table 14 also confirms that all the gender {male

(54.55%) and female (45.45%) respectively} has strong persevering ability but females are slightly less perseverant than the male counterpart. It appears that these results reflect that the ability to persevere is highly stronger in both sexes. In view of these findings, it can be inferred that there could be high level of commitment to

Table 14. The assessment of perseverance based on gender.

	Gender	Yes	No	Do not know	Row total
Count		66.00	0.00	1.00	67.00
Column percent	Male	54.55	0.00	50.00	
Row percent		98.51	0.00	1.49	
Total percent		52.38	0.00	0.79	53.17
Count		55.00	3.00	1.00	59.00
Column percent	Female	45.45	100.00	50.00	
Row percent		93.22	5.08	1.69	
Total percent		43.65	2.38	0.79	49.83
Count		121.00	3.00	2.00	126.00
Total percent		96.03	2.38	1.59	

Table 15. Cross tabulation regarding respondents' passion to farming entrepreneurial activities.

	Gender	Yes	No	Do not know	Row total
Count		18.00	33.00	11.00	62.00
Column percent	Primary	51.43	42.86	78.57	
Row percent		29.03	53.23	17.74	
Total percent		14.29	26.19	8.73	49.00
Count		14.00	37.00	2.00	53.00
Column percent	Secondary	40.00	48.05	14.29	
Row percent		26.42	69.81	3.77	
Total percent		11.11	29.37	1.59	42.06
Count		0.00	5.00	1.00	6.00
Column percent	Drop out	0.00	6.49	7.14	
Row percent		0.00	83.33	16.67	
Total percent		0.00	3.97	0.79	4.76
Count		3.00	2.00	0.00	5.00
Column percent	Diploma	8.57	2.60	0.00	
Row percent		60.00	40.00	0.00	
Total percent		2.38	1.59	0.00	3.97
Count		35.00	77.00	14.00	126.00
All groups		27.78	61.11	11.10	

the entrepreneurial activities by these entrepreneurs regardless of gender and educational levels.

Assessing the passion of the respondents in terms of entrepreneurial capacity

Passion is one of the key success factors in entrepreneurship (Nieman et al., 2004). These authors

indicated that those entrepreneurs that pursue a business activities that they find interesting and fascinating, are much more likely to succeed in that business. In this study, the passion for the entrepreneurs was investigated. The results were presented in Table 15. According to the results, it was found that the majority (60.00 %) of respondents who have high qualifications (diploma) have more passion to the farming entrepreneurship as compared to those that are having low qualification

Table 16. Cross tabulation regarding respondents' passion to farming entrepreneurial activities in terms of gender.

	Gender	Yes	No	Do not know	Row total
Count	Male	62.00	4.00	1.00	67.00
Column percent		51.67	0.00	50.00	
Row percent		92.54	0.00	1.49	
Total percent		49.21	0.00	0.79	53.17
Count	Female	58.00	0.00	1.00	59.00
Column percent		48.33	0.00	50.00	
Row percent		98.31	0.00	1.69	
Total percent		46.03	0.00	0.79	49.83
Count		120.00	4.00	2.00	126.00
Total percent		96.03	2.38	1.59	

Table 17. Frequency distribution of the infrastructure of the farming entrepreneurs.

	Gender	Yes	No	Row total
Count	Primary	8.00	54.00	62.00
Column percent		50.00	49.09	
Row percent		12.90	87.10	
Total percent		6.35	42.86	49.21
Count	Secondary	5.00	48.00	53.00
Column percent		31.35	43.64	
Row percent		9.43	90.57	
Total percent		3.97	38.10	42.06
Count	Drop out	0.00	6.00	6.00
Column percent		0.00	5.45	
Row percent		0.00	100.00	
Total percent		0.00	4.76	4.76
Count	Diploma	3.00	2.00	5.00
Column percent		18.75	1.82	
Row percent		60.00	40.00	
Total percent		2.38	1.59	3.97
All groups		16.00	110.00	126.00
		12.70	87.30	

{primary (29.03%) and secondary (26.42%)}. This result appears to indicate that the more one is enlightened on the discipline, the more passionate one becomes.

According to Table 16, males are more (51.67%) passionate to this type of entrepreneurship than the female (48.33%).

To determine the infrastructural capacity of the farming entrepreneurs

Infrastructure is one of the enablers for the smooth

running of the business enterprises (Fete, 2012). The study assessed the infrastructure of the respondent entrepreneurs through interviews and by rating the conditions of their existing infrastructural resources. The results of the assessment were presented in Table 17. The results show that the majority (60.00%) of respondents who have high qualifications (diploma) have infrastructural capacity to carry out their business activities as compared to those that have lower qualifications {primary (12.90%) and secondary (9.43%)}. This may imply that those that are highly educated in a

Table 18. Frequency distribution of the infrastructure of the farming entrepreneurs in terms of gender.

	Gender	Yes	No	Row total
Count		10.00	57.00	67.00
Column percent	Male	62.50	51.82	
Row percent		14.93	85.07	
Total percent		7.94	45.24	53.17
Count		6.00	53.00	59.00
Column percent	Female	48.33	48.18	
Row percent		98.31	89.83	
Total percent		46.03	42.06	49.83
Count		16.00	110.00	126.00
Total percent		12.70	87.30	

Table 19. The frequency distribution of respondents in terms of financial capacity.

	Gender	Yes	No	Do not know	Row total
Count		7.00	55.00	0.00	62.00
Column percent	Primary	50.00	49.55	0.00	
Row percent		11.29	88.71	0.00	
Total percent		5.56	43.65	0.00	49.21
Count		6.00	46.00	1.00	53.00
Column percent	Secondary	42.86	41.44	100.00	
Row percent		11.32	89.79	1.89	
Total percent		4.76	36.51	0.79	42.06
Count		0.00	6.00	0.00	6.00
Column percent	Drop out	0.00	5.41	0.00	
Row percent		0.00	100.00	0.00	
Total percent		0.00	4.76	0.00	4.76
Count		1.00	4.00	0.00	5.00
Column percent	Diploma	7.14	3.60	0.00	
Row percent		20.00	80.00	0.00	
Total percent		0.79	3.17	0.00	3.97
All Groups			14.00	111.00	1.00

particular discipline have a vested interest to the extent that they invest in the infrastructure of their enterprises.

According to Table 18, both genders have less infrastructural capacity. However, the male (14.93%) appear to invest more on infrastructure compared to female (10.17%) counterparts. It appears that these results indicate that the male entrepreneurs invest their surplus income in developing the infrastructural capacity than the female counterparts.

To determine financial capacity of the farming entrepreneur respondents

Table 19 indicates that all the respondents have a low

financial capacity (>21%). The results also revealed that the higher the educational achievements, the higher the financial capacity (diploma has 20.00% financial capacity as compared to 11.29 and 11.32% for primary and secondary educational achievements respectively). These results appear to indicate that the financial capacity of the entrepreneurs increase proportional with the unit increase in educational achievement. In other words, financial capacity is directly proportional to educational achievements. This appears to indicate that the increase in the educational capacity may have a direct positive impact to the financial viability of these enterprises.

According to Table 20, both genders have less financial

Table 20. To determine the respondents' financial capacity based on gender variations.

	Gender	Yes	No	Do not know	Row total
Count	Male	10.00	57.00	0.00	67.00
Column percent		71.43	51.35	0.00	
Row percent		14.93	85.07	0.00	
Total percent		7.94	45.86	0.00	53.17
Count	Female	4.00	54.00	1.00	59.00
Column percent		28.57	48.65	100.00	
Row percent		6.78	91.53	1.69	
Total percent		3.17	42.86	0.79	49.83
Count		14.00	111.00	1.00	126.00
Total percent		11.11	88.10	0.79	

Table 21. Factorial analysis of the dependent variables

Factor loadings (Varimax normalized)		
Variable	Factor 1	Factor 2
Creativity	0.35	0.4
Risk	0.36	0.38
Innovation	0.64	0.21
Interest	0.58	0.11
Perservance	0.84	-0.22
Passion	0.41	-0.36
Resources	-0.05	-0.62
Infrastructure	-0.2	-0.64
Financial capacity	0.03	-0.36
Expl. Var	2.21	1.51
Prp. Totl	0.22	0.15

Extraction: Principal axis factoring (Marked loading are >0.700000).

capacity. However, the male (14.93%) compare favorably in their financial capacity as compared to female (6.78%) counterparts. It appears that these results indicate that the male entrepreneurs invest their surplus income in developing the financial capacity than the female counterparts.

Factor analysis

Table 21 shows factor analysis using principal axis factoring where nine (9) variables were analyzed on two factor levels. According to Eiselen et al. (2005), each factor extracts a certain proportion of information from the original data set in order for the factor loadings (weight) to use a Varimax normalized technique. The factor analysis was used in this study to determine the factor loading values. The results of the factor analysis were presented in Table 21. According to the results, it was found that

factor analysis showed that perseverance has a highest loading value of 0.840 on factor 1 with the lowest loading value of -0.223 on factor 2. This was followed by innovation with the second highest loading value of 0.639 on factor 1 with 0.205 loading on factor 2. The third highest loading value was found to be 0.583 for interest on factor 1 with 0.105 loading on factor 2. It appears that respondents place high premium on the factors that have high loading values relative to those with loading values. This may suggest that for SMMEs to display entrepreneurship capacity, they should have high perseverance, innovation and interest. These indicators appear to play a significant role in ensuring the success of the SMMEs under consideration.

Inferential analysis

The study used inferential statistics, where z-test, Mann-Whitney U test (also known as the 'Wilcoxon rank sum W

Table 22. Mann-Whitney U test assessing age and internal entrepreneurial capacity indicators.

Variable	Rank sum (group 1)	U	Z	Z-adjusted	2*1sided exact P
Creativity ⁵	965	812	0.81	0.81	0.42 ^{ns}
Risk taking ³	1002	830	0.88	0.88	0.38 ^{ns}
Innovative ⁴	1001	830	0.88	0.88	0.38 ^{ns}
Interest ⁸	204	172	-0.20	-0.20	0.84 ^{ns}
Perseverance ⁹	132	126	0.90	0.90	0.38 ^{ns}
Passion ⁷	397	94	-2.07	-2.07	0.03 [*]
Resources ⁶	464	390	-0.25	-0.25	0.80 ^{ns}
Infrastructure ¹	6839	734	1.07	1.07	0.29 ^{ns}
Financial capacity ²	1069	591	-1.46	-1.46	0.15 ^{ns}

Keys: ns=non significant, *= significant at (P<0.05).

test) were utilized to determine the rankings of the key success factors of the entrepreneurial capacity. According to Diamantopoulos and Schlegelmilch, (2005), this test is useful when comparing rankings of ordinal variables under considerations. The results of the inferential analysis were presented in Table 22. According to these results, the respondents ranked infrastructural capacity as the most crucial source of entrepreneurial capacity, followed by financial capacity, risk taking, innovation, creativity, resources, passion, interest and perseverance respectively. These results agree with factorial analysis only with regard to the importance of innovation on SMMEs entrepreneurial capacity whilst, they disagree with the importance of perseverance, interest and passion in determining the entrepreneurial capacity. However, it can be noticed that all indicators except passion are not significantly different at P<0.05. This may infer that those indicators that are not significantly different have similar impact regardless of the outcome of their rankings.

Conclusion

The findings of the descriptive study revealed that out of seven entrepreneurial capacity indicators identified, only four seems to be strongly represented in the entrepreneurs' businesses. This shows that the farming entrepreneurs in poverty stricken peri-urban areas of George municipality possess 57.14% of the entrepreneurial capacity under considerations. Those lacking entrepreneurial capacities (42.86%) include amongst others, the financial and infrastructural capacity. The descriptive study also establishes that both financial and infrastructural capacities are directly proportional to the economic viability of these enterprises. This may imply that the unit increase in their input will have a direct positive impact, thereby increasing the viability of the enterprises as a consequence. Furthermore, the descriptive analysis appears to be in agreement with the

results of the inferential analysis in revealing that infrastructural capacity, financial capacity, risk taking, innovation and creativity are the most top key success factors of entrepreneurial capacity in these types of enterprises. On the other hand, factorial analysis places the perseverance, innovation, interest, passion and risk taking as the top five key success factors for entrepreneurial capacity in these enterprises. In view of all three analyses conducted it appears that innovation and risk taking are the most crucial key success factors in these types of businesses. The study recommends that for these enterprises to be viable, the capacity building programs aimed at consolidating and developing entrepreneurial capacity should take innovation, risk taking, financial and infrastructural capacities as first priority in establishing enterprises. Therefore, it is important that incubating organizations provide priority support services for those key success factors found to be crucial. In addition, policy that aimed at empowering entrepreneurs from poverty-stricken rural and peri-urban areas should be amended to include or emphasize the importance of the key success factors as identified in this study.

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