

THE EFFECTS OF ENTREPRENEURIAL INTENTION ON BUSINESS PERFORMANCE

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Abstract

The study examined the relationship between entrepreneurial intention and business performance using 500 small, micro and medium enterprises (SMMEs) in Gauteng province, South Africa. A questionnaire was used to collect data. The findings from the survey were modelled through a categorical regression model with business performance as a dependent variable. The level of significance of eight out of twelve variables suggests that entrepreneurial intention be classified as the strongest predictor of business performance. These findings, depicting the magnitude of the business environment in the study area, clearly confirm the positive impact of entrepreneurial intention on business performance.

Key Words: Entrepreneurship; Entrepreneurial Intention; Business Performance; Feasibility and Desirability

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1. Introduction

In literature an intention is identified as the best predictor of planned behaviour, particularly when that behaviour is rare, hard to observe or involves unpredictable time lags. But the term “intention” is somewhat obscured by its double meaning: the one meaning mainly relates to the cognitive component of psychological functioning and the other refers to its motivational aspect (Ajzen, 1991:24). Therefore, intentionality is a characteristic of psychological acts. The more current meaning of the term is related to motivational functioning, especially volition. In fact, an act can be intended or a person can intend to do something to the extent that acts and objects can be cognitively present. Intention and intended acts are situated at the pre-performance level of doing and intentional existence.

Entrepreneurial intention is crucial in the founding and performance of businesses, large or small businesses alike (Van Vuuren and Nieman, 1999). The intention towards behaviour can be a strong indicator of that behaviour. Entrepreneurial intention in this study is guided by two models: Ajzen’s (1991:24) theory of planned behaviour (TPB) and Shapero’s (2000:39) entrepreneurial event model (SEE). The TPB was developed to explain individual attitudes towards an act, the subjective norm, and perceived behavioural control as antecedents of intention. The SEE was developed to understand entrepreneurial behaviour. The general rule of the two models is that the stronger the intention in a particular

behaviour, such as choosing an entrepreneurial career path, the more positive the performance of that behaviour is likely to be (Farrington, Venter and Neethling, 2012:18). Thomas and Mueller (2001) however asserted that to advance entrepreneurial activity in a country, the population of that country should possess a sufficient number of attributes (personality traits, skills, aptitudes and desire) to motivate entrepreneurial behaviour or increase its likelihood. The likelihood of entrepreneurial behaviour and in turn entrepreneurial activity in a country is thus likely to increase as the prevalence of entrepreneurial attributes in a given population increases.

In the psychological literature, intentions have been shown to be the best predictor of planned behaviour, particularly when that behaviour is rare, hard to observe or involves unpredictable time lags (Ajzen, 1991; Farrington, Venter and Neethling, 2012:18). However, the meaning of the word *intention* is somewhat obscured by its two-fold meaning; one mainly related to the cognitive component of psychological functioning, and the other referring to its motivational aspect (Halisch & Kuhn 1995:317). Accordingly, intentionality is a characteristic of psychological acts. A more current meaning of the word *intention* is related to motivational functioning, especially volition. In fact, an act can be intended or a person can intend to do something, to the extent that acts and objects can be cognitively present. Intention and intended acts are situated at the pre-performance level of intentional

existence. Intentions provide the motivational process with a cognitive element that introduces explicit direction into behaviour dynamics (Halisch & Kuhn 1995:317).

Scholars in entrepreneurship have been searching for constructs of individual characteristics that are unique to entrepreneurs (Ajzen, 1991; Farrington, Venter and Neethling, 2012:18). Krueger (2000:38) maintains that entrepreneurs' intentions guide their goal setting, communications, commitment, organisation and other kinds of work. He further indicates that intentions are the single best predictors of any planned behaviour including entrepreneurship. It is said that entrepreneurial intentions depend on individuals' attitudes and subjective norms and the perceived feasibility of the intention.

The aim of this article is to investigate how beliefs and intentions of potential entrepreneurs impact on business performance in South Africa.

A business owner's belief in his/her capabilities to successfully achieve the tasks of entrepreneurship has a positive effect on business performance regarding perceived profitability, revenues, growth, meeting expectations and overall success. As the pace of change continues to accelerate globally, the success of community enterprises depends on the innovation of entrepreneurs. Yet the Global Entrepreneurship Monitor (GEM, 2011) reported South Africa as performing poorly (9.1%) in entrepreneurship, with total entrepreneurial activity (TEA) below the average of comparable economies around the world. This remains a concern and feeds the debate around the factors that impact on entrepreneurial performance.

This means that South Africa has the smallest proportion of entrepreneurs compared with other developing countries. This is a problem in a country where entrepreneurial ventures account for one-third of total employment. The unemployment rate in post-apartheid South Africa remains extremely high, with unemployment especially among black South Africans worsening since 1994 (GEM, 2011 & 2012). With the increase in unemployment, which is in part due to the apartheid legacy, current government policies are increasingly being questioned. The GEM (2010) reported South Africa as ranking 110th out of 135 countries in terms of the unemployment rate.

It is therefore necessary to understand how the entrepreneurial start-up factor "entrepreneurial intention" affects business performance – in other words, there is a need to find out to what extent the entrepreneurial intention affects performance of business.

This article is structured in the following manner: section 1 presented the introduction that covers research background and aim of the study. The next section, section 2, presents literature review on entrepreneurial intention and business performance. The section further elaborates the constructs used in

this study and outlines proposed hypotheses. Section 3 presents the research methodology, section 4 discusses the findings and section 5 concludes and makes recommendations.

2. Literature review

This section provides an overview background of entrepreneurial intention and business performance.

2.1 Entrepreneurial intentions

Krueger (1993:45) defines entrepreneurial intention as a commitment to starting a new business. People who become entrepreneurs have a particular set of motivational goals. Entrepreneurs stand out in terms of the issues they consider important and worth pursuing in life. Krueger (2000:130) also argues that intentional behaviour helps to explain why many entrepreneurs decide to start a business long before they scan for opportunities. The term "entrepreneurial intention" relates to entrepreneurial awareness, entrepreneurial potential, aspiring entrepreneurs, entrepreneurial proclivity, entrepreneurial propensity and entrepreneurial orientation. Bandura (2001:67) states that intention (general) is a representation of a future course of action to be performed; it is not simply an expectation of a future course of action, but a proactive commitment to bringing it about. Intention is centred on plans of action.

Researchers like Peterman and Kennedy (2003:83) postulate that entrepreneurial education is an important factor in influencing students' cognitive processes of perceived feasibility and desirability associated with becoming entrepreneurs. Feasibility and desirability perceptions have been argued to be instrumental in fostering positive entrepreneurial intentions (Krueger 1993:50). Underdeveloped countries with low-income earners were more likely to enter entrepreneurship as the only option to survive or to maintain their income, compared to those in higher-income countries whose intentions to become entrepreneurs were based predominantly on a desire to be independent or to increase their income. The GEM Report (2012) reveals that: males and younger individuals in low, middle and high-income countries were more likely to start their own businesses; perceived capabilities and opportunities regarding entrepreneurship were related to early-stage entrepreneurial activity; and perceptions of national attitudes of entrepreneurship were related to early-stage entrepreneurship

Nieman and Nieuwenhuzen (2009:11-12) have identified a number of factors that contribute towards entrepreneurial intentions, namely;

Education: Most successful entrepreneurs are educated people. Tertiary education can provide valuable additional entrepreneurial capacity for high-potential entrepreneurs. This means that entrepreneurship can be developed by education and

can be learnt. Focusing on teaching learners to become employers rather than employees will contribute to increased levels of entrepreneurship in a society.

Work experience: The skills people gain at their workplace contribute to their entrepreneurial orientation. Many entrepreneurs gained experience as employees and then applied the skills, knowledge and experience acquired in their own businesses.

Family and role models: If one is exposed to the entrepreneurial activities of family members or other role models, a propensity towards entrepreneurship is increased. Children who grow up in family businesses or where members are entrepreneurs are more inclined to start their own businesses or may be involved in the family business.

Low income: Krueger (1993:50) highlights the fact that low-income earners are more likely to become entrepreneurs as the only option to survive or to maintain their income, compared to those in higher-income countries whose intentions to become entrepreneurs are based predominantly on a desire to be independent or to increase their income.

Young males: The GEM report (2008:20) states that young males are more likely to start businesses than their female counterparts.

Krueger (1993:56) argues that perceived desirability refers to the degree of attractiveness one finds in starting one's own business. On the other hand, perceived feasibility is the degree of personal competence one perceives in starting a business. Moreover, perceptions of desirability regarding entrepreneurship are the entrepreneurs "attitudes towards entrepreneurship". Attitudes towards entrepreneurship have a significant and direct effect on intentions. Krueger (1993:58) tested Shapero's conceptual model of entrepreneurial intentions and found that perceived desirability directly and positively influenced entrepreneurial intentions. He even claims that attitudes are particularly relevant to our understanding of how various exogenous factors influence entrepreneurial intentions.

Ajzen (1991:70) indicates that when behaviour is rare or difficult to observe, intentions offer critical insights into underlying processes such as opportunity recognition. Behaviour is often predicted by attitudes alone or by exogenous factors that are either situational or individual. Exogenous influences usually affect intentions and behaviour only indirectly through attitude changes (Ajzen 1991:68). The exogenous variables influence attitudes and may also moderate the relationship between intentions and behaviour, for example, exogenous factors may serve to inhibit one from realising the intent to be an entrepreneur. Intentions and their underlying attitudes are perception-based, which should mean they are learnt. However, intentions are also an unbiased predictor of action even where time lags exist (Krueger.2000.81)

2.2 Business Performance

Laitinen (2002) describe business performance as "the company's capability to produce the targeted output satisfying the needs of the interest groups". This description can also be applied in small and medium sized enterprises' business performance.

Examining the performance of small and medium enterprises can be problematic, especially when objective measures of performance are not available. Cooper and Gascon (1992) highlight individual factors influencing performance as experience, education, occupation of parents, gender, race, age and the entrepreneur's goals. In addition, other studies highlight financial measures and other measures that are normally termed non- financial measures.

Some studies suggest a combination of financial and non-financial measures would offer a more comprehensive evaluation on a firm's performance (Li, Huang, & Tsai, 2009) as financial measures alone may not provide an accurate assessment of business performance. Subjective non-financial measures include indicators such as perceived market share, perceived sales growth, customer satisfaction, loyalty and brand equity (Li et al, 2009). Murphy, Trailer and Hill (1996) examined 51 published entrepreneurial studies using performance as the dependent variable and found that the most commonly considered dimensions of performance were related to efficiency, growth and profit. Efficiency comprises some financial measures like return on investment and return on equity; growth focuses on increase in sales, employees or market share; and profit includes return on sales and net profit margin.

It is always difficult to examine the performance of SMMEs, especially when objective measures of performance are not publicly available. Collection of financial data like sales revenue and net profit through surveys often results in "item nonresponse" due to a business owner's reluctance to disclose this type of information (Hallak, Assaker & O'Connor, 2012).

The aim of this article is to establish the relationship between entrepreneurial intentions and business performance. The major question that arose from the research is: do entrepreneurial intentions have an impact on business performance?

Bandura (2001) states that goals do not automatically activate the evaluative processes that affect performance. High achievers tend to make self-satisfaction contingent upon the attainment of difficult goals; low achievers adopt easy goals as sufficient (Bandura, 2001). The researcher argues that high levels of entrepreneurship will yield enhanced effort and persistence, increased planning, and increased intention toward business start-up.

Entrepreneurs with high levels of entrepreneurial intention set higher goals for themselves and for the business. Therefore the study

suggest that: **H₀1** There is a significant positive relationship exists between entrepreneurial intention and business performance (**H₀1a**: my business income; **H₀1b** - my business profit; **H₀1c** - my market share; **H₀1d** - my return on investment; **H₀1e** - number of employees; **H₀1f** - product line).

3. Methodology

This section discusses the research methodology used in the study. The population and sampling used was briefly discussed. Thereafter, the constructs were also briefly discussed.

The population of the study is in SMMEs in the retail sector in Gauteng province of South Africa. The DTI estimates the population of SMMEs in retail to be approximately 15 000 SMMEs (South Africa, 2009). Dockel & Ligthelm (2005:56) and Strydom and Tustin (2003) highlighted the fact that demographic characteristics of the SMME population are not accurately known in South Africa. The researcher therefore decided to use a more accurate source of determining the SMMEs population in Gauteng; that is, the brabys.com. This source is known to contain a register of reliable and leading role players in the industry (GEM, 2012).

The population size by brabys.com is 10 000 SMMEs in the retail industry in Gauteng. The study population was therefore based on 10 000 SMMEs.

Probability sampling was used to ensure that each member of SMME population is given a known non-zero chance of selection. Simple random sampling was utilised to identify the respondents. This increased the accuracy and precision of the sample in representing the characteristics of the population of SMMEs in retail industry in that province.

According to Cooper and Schindler (2008:409), the sample size that is acceptable is 5% of the total population. Given this study's estimate of a population of 10 000, it means that the targeted sample was 500 respondents (that is, 10 000 entrepreneurs \times 0.05 = 500 respondents).

A structured research instrument (a questionnaire) was used to collect data through self-administrated interviews.

3.1 Measures

The investigative questions were related to the following constructs:

3.1.1 Entrepreneurial intention

The construct "entrepreneurial intention" was based on Krueger's work which tested Shapero's conceptual model. Krueger (1993:58) tested Shapero's conceptual model of entrepreneurial intention and found that perceived desirability directly and positively influenced entrepreneurial intention. He

even claimed that attitudes are particularly relevant to our understanding of how various exogenous factors influence entrepreneurial intention.

The respondents were asked to state to what extent they agreed with statements on entrepreneurial intention. The factors were grouped into: social network, perceived desirability and perceived feasibility. This section of the questionnaire was aimed at establishing the extent to which a person's entrepreneurial intent influences the performance of a business. The 14 items were aimed at getting the respondents to indicate the extent to which they (entrepreneurs) viewed certain factors as a basis for their start-ups. These factors also influence the intention to start or not to start a business. A list of independent variables used to quantify business performance are: social network influenced intentions toward business start-up; social network is strengthened by frequency of contact with my family and friends; strong ties with business-related knowledge, skills and experience provide access to specific information and resources necessary for business start-up; values, attitude, information and skills gained from strong ties, contribute toward increased entrepreneurial intentions; I was attracted to start a business because of my family; I was attracted to start a business because of my personal exposure to entrepreneurship; I was attracted to start a business because of cultural influences; I was attracted to start a business because of friends; I started my own business because : of my previous experience in business; I believe in myself; I have the ability to manage it; I am task-oriented; I couldn't find a job; and that I was redundant at my workplace.

3.1.2 Business performance

Murphy et al (1996) examined 51 published entrepreneurial studies using performance as the dependent variable and found that the most commonly considered dimensions of performance were related to efficiency, growth and profit. Efficiency comprises some financial measures like return on investment and return on equity; growth focuses on an increase in sales, employees or market share; and profit includes return on sales and net profit margin.

The list of independent variables used to quantify business performance is: my business income; my business profit; market share; return on investment; number of employees; and product line. Respondents were requested to rate the extent to which they agreed with the statements on business performance. A five-point Likert scale (strongly agree, agree, don't know, disagree and strongly disagree) was used for each of the six questions that were asked. The six items were aimed at determining the performance of the business.

The assumption was that there is a relationship between entrepreneurial intention and business

performance. The researcher therefore wanted to see if this was true and to find out which factors affect business positively, and to what extent.

3.1.3 Analysis

The statistical analysis makes use of a categorical regression model to facilitate the investigation of causal relationships in the data. This model was preferred to other categorical association measures such as chi-square, Cromer’s V and Lambda, which would not allow the same level of analysis, especially with regard to causal relationships. Another reason for using the categorical regression model derives from the use of ordinal and nominal data in the model, and also that the dependent variable is dichotomous. The dependent variable is defined as the performance of a business with six categories,

namely: my business income; my business profit; market share; return on income; number of employees; and product line. The alpha reliability of the scale was 0.63.

4. Findings

4.1 My business income

The results from the analysis of variance are depicted in Table 1 below. These show that the model variance (2.385) is considerably higher than the error variance (0.913), indicating that the different predictors separately and conjointly succeeded in predicting business performance significantly at a 95% level of certainty.

Table 1. ANOVA: my business income

	Sum of Squares	Df	Mean Square	F	Sig.
Regression	54.856	23	2.385	2.611	.000
Residual	325.144	356	.913		
Total	380.000	379			

The regression coefficients obtained by estimating the full model is presented in Table 2 below. Given that a total of 500 observations were used, the fairly large number of variables listed can be included in the regression to determine which ones are significant in determining business performance.

The standardised coefficients with regard to “my business income” in the table below were found to present strong predictors of business performance. With regard to my business income, some of the variables are above the 0.050 level of significance and can therefore be regarded as weak predictors of business performance. These include the following: I was attracted to start a business because of cultural influences; I couldn’t find a job and I was redundant at my workplace. These factors are entrepreneurial intention factors to start a business but some are not predictors of business performance. The table shows some intention factors between a 5% and 20% level of significance. Statistically, these factors (namely, values, attitude, information and skills gained from strong ties, and contribution toward increased entrepreneurial intentions) can be considered as of marginal significance.

With regard to “my business income”, some of the variables are above the 0.050 level of significance and can therefore be regarded as weak predictors of business performance, but only nine (social network influenced intentions toward business start-up; social network is strengthened by frequency of contact with my family and friends; is strong ties with business-related knowledge, skills and experience provide access to specific information and resources necessary for business start-up; values, attitude, information and skills gained from strong ties, contribute toward increased entrepreneurial intentions; I was attracted to start a business because of my family; I was attracted to start a business because of my personal exposure to entrepreneurship; I was attracted to start a business because of friends; because of my previous experience in business; I believe in myself) are predictors of business performance with a significance level of 0.000; 0,002; 0,012; 0,043; 0,009; 0,002; 0,002; 0,018 and 0,016 respectively.

Table 2. Regression coefficients indicating the significance of entrepreneurial intentions variables to business performance (my business income)

Coefficients

	Standardised Coefficients		df	F	Sig.
	Beta	Bootstrap (1000) Estimate of Std. Error			
Social network influenced intentions toward business start-up	-.203	.075	3	7.351	.000
Social network is strengthened by frequency of contact with my family and friends	.086	.144	1	.355	.002
Strong ties with business-related knowledge, skills and experience provide access to specific information and resources necessary for business start-up	.059	.168	2	.126	.012
Values, attitude, information and skills gained from strong ties, contribute toward increased entrepreneurial intentions	.245	.138	2	3.167	.043
I was attracted to start a business because of my family.	.136	.128	1	1.126	.009
I was attracted to start a business because of my personal exposure to entrepreneurship.	.114	.102	2	1.266	.002
I was attracted to start a business because of cultural influences.	-.098	.129	2	.570	.566
I was attracted to start a business because of friends.	-.117	.118	3	.991	.002
of my previous experience in business	.084	.133	1	.399	.018
I believe in myself	-.048	.116	3	.170	.016
I couldn't find a job	-.021	.116	1	.031	.860
I was redundant at my workplace	-.063	.110	2	.322	.725

4.2 My business profit

Table 4 shows the regression coefficients indicating the significance of variables relating to “my business profit”.

With regard to “my business profit” some variables affect business performance. The significance level of some variables falls above the 0.05% level of significance. They are not strong predictors of business performance.

Table 3. ANOVA: my business profit

	Sum of Squares	Df	Mean Square	F	Sig.
Regression	52.661	25	2.106	2.278	.001
Residual	327.339	354	.925		
Total	380.000	379			

The results from the analysis of variance are depicted in Table 3. These show that the model variance (2.106) is considerably higher than the error variance (0.925), indicating that the different predictors separately and conjointly succeeded in

predicting business performance significantly at a 95% level of certainty.

With regard to “my business profit”, some of the variables are above the 0.050 level of significance and can therefore be regarded as weak predictors of business performance.

Table 4. Regression coefficients indicating the significance of intentions variables to business performance (my business profit)

Coefficients

	Standardised Coefficients	df	F	Sig.	
	Beta	Bootstrap (1000) Estimate of Std. Error			
Social network influenced intentions toward business start-up	-.208	.062	4	11.403	.000
Social network is strengthened by frequency of contact with my family and friends	.077	.091	2	.705	.495
Strong ties with business-related knowledge, skills and experience provide access to specific information and resources necessary for business start-up	.068	.139	1	.243	.012
Values, attitude, information and skills gained from strong ties, contribute toward increased entrepreneurial intentions	.190	.123	3	2.391	.055
I was attracted to start a business because of my family.	.071	.116	2	.371	.010
I was attracted to start a business because of my personal exposure to entrepreneurship.	.112	.108	3	1.087	.005
I was attracted to start a business because of cultural influences.	-.090	.134	1	.451	.003
I was attracted to start a business because of friends.	-.122	.115	2	1.136	.012
of my previous experience in business	.072	.134	2	.290	.749
I believe in myself	.087	.108	2	.650	.013
I couldn't find a job	-.077	.123	1	.389	.533
I was redundant at my workplace	.109	.091	2	1.450	.236

With regard to “my business profit”, some variables are above the 0.050 level of significance and can therefore be regarded as weak predictors of business performance, but only eight (social network influenced intentions toward business start-up; strong ties with business-related knowledge, skills and experience provide access to specific information and resources necessary for business start-up; values, attitude, information and skills gained from strong ties, contribute toward increased entrepreneurial intentions; I was attracted to start a business because of my family; I was attracted to start a business because of my personal exposure to entrepreneurship; I was attracted to start a business because of cultural influences; I was attracted to start a business because

of friends and I believe in myself) are predictors of business performance with a significance level of 0.000; 0,012; 0,055; 0,010; 0,005; 0,003; 0,012 and 0,013 respectively.

4.3 My market share

Table 6 shows the regression coefficients indicating the significance of variables relating to “my market share”.

With regard to “my market share” some variables affect business performance. The significance level of some variables falls above the 0.05% level of significance. There are not strong predictors of business performance.

Table 5. ANOVA: my market share

Mean Square	F	Sig.
2.892	3.282	.000
.881		

The results from the analysis of variance are depicted in Table 5. These show that the model variance (2.892) is considerably higher than the error variance (0.881), indicating that the different predictors separately and conjointly succeeded in

predicting business performance significantly at a 95% level of certainty.

With regard to “my market share”, other variables are above the 0.050 level of significance and can therefore be regarded as weak predictors of business performance.

Table 6. Regression coefficients indicating the significance of intentions variables to business performance (my market share)

Coefficients

	Standardised Coefficients		df	F	Sig.
	Beta	Bootstrap (1000) Estimate of Std. Error			
Social network influenced intentions toward business start-up	-.074	.131	2	.321	.726
Social network is strengthened by frequency of contact with my family and friends	.252	.150	3	2.849	.037
Strong ties with business-related knowledge, skills and experience provide access to specific information and resources necessary for business start-up	.338	.236	2	2.051	.030
Values, attitude, information and skills gained from strong ties, contribute toward increased entrepreneurial intentions	-.259	.236	3	1.203	.008
I was attracted to start a business because of my family.	-.086	.133	2	.414	.051
I was attracted to start a business because of my personal exposure to entrepreneurship.	.012	.133	1	.009	.926
I was attracted to start a business because of cultural influences.	-.070	.122	1	.329	.006
I was attracted to start a business because of friends.	.169	.097	4	3.042	.017
of my previous experience in business	.006	.112	1	.003	.955
I believe in myself	.095	.117	1	.655	.019
I couldn't find a job	-.017	.112	1	.024	.007
I was redundant at my workplace	.045	.088	2	.256	.014

With regard to “my market share”, few of the variables are above the 0.050 level of significance and can therefore be regarded as weak predictors of business performance, but only nine (social network is strengthened by frequency of contact with my family and friends; strong ties with business-related knowledge, skills and experience provide access to specific information and resources necessary for business start-up; values, attitude, information and skills gained from strong ties, contribute toward increased entrepreneurial intentions; I was attracted to start a business because of my family; I was attracted to start a business because of my personal exposure to entrepreneurship; I was attracted to start a business because of cultural influences; I was attracted to start a business because of friends; I believe in myself; I couldn't find a job and I was

redundant at my workplace, are predictor of business performance with a significance level of 0.037; 0,030; 0,008; 0,051; 0,006; 0,017; 0,019; 0,007 and 0,014 respectively.

4.4 My return on investment

Table 8 shows the regression coefficients indicating the significance of variables relating to “my return on investment”.

With regard to “my return on investment” other variables affect business performance while some don't. The significance level of other variables falls above the 0.05% level of significance. Therefore they are not strong predictors of business performance.

Table 7. ANOVA: my return on investment

	Sum of Squares	Df	Mean Square	F	Sig.
Regression	72.732	25	2.909	3.359	.000
Residual	302.268	349	.866		
Total	375.000	374			

The results from the analysis of variance are depicted in Table 7. These show that the model variance (2.909) is considerably higher than the error variance (0.866), indicating that the different predictors separately and conjointly succeeded in

predicting business performance significantly at a 95% level of certainty.

With regard to “my return on investment”, some of the variables are above the 0.050 level of significance and can therefore be regarded as weak predictors of business performance.

Table 8. Regression coefficients indicating the significance of cultural variables to business performance (my return on income)

Coefficients

	Standardised Coefficients		df	F	Sig.
	Beta	Bootstrap (1000) Estimate of Std. Error			
Social network influenced intentions toward business start-up	-.129	.064	3	4.129	.007
Social network is strengthened by frequency of contact with my family and friends	.089	.088	2	1.018	.362
Strong ties with business-related knowledge, skills and experience provide access to specific information and resources necessary for business start-up	.253	.236	2	1.145	.019
Values, attitude, information and skills gained from strong ties, contribute toward increased entrepreneurial intentions	.199	.189	2	1.113	.020
I was attracted to start a business because of my family.	.160	.135	2	1.408	.016
I was attracted to start a business because of my personal exposure to entrepreneurship.	-.093	.141	2	.437	.646
I was attracted to start a business because of cultural influences.	-.082	.115	2	.502	.006
I was attracted to start a business because of friends.	.073	.113	2	.421	.051
of my previous experience in business	.035	.097	3	.128	.943
I believe in myself	.102	.107	2	.907	.005
I couldn't find a job	.057	.120	1	.227	.634
I was redundant at my workplace	-.079	.089	2	.777	.051

With regard to “my business profit”, few of the variables are above the 0.050 level of significance and can therefore be regarded as weak predictors of business performance, but only eight (social network influenced intentions toward business start-up; strong ties with business-related knowledge, skills and experience provide access to specific information and

resources necessary for business start-up; values, attitude, information and skills gained from strong ties, contribute toward increased entrepreneurial intentions; I was attracted to start a business because of my family; I was attracted to start a business because of cultural influences; I was attracted to start a business because of friends; I believe in myself and

I was redundant at my workplace) are predictors of business performance with a significance level of 0.007; 0,019; 0,020; 0,016; 0,006; 0,051; 0,005 and 0,051 respectively.

4.5 Number of employees

Table 10 shows the regression coefficients indicating the significance of variables relating to “number of employees”.

With regard to “number of employees” some variables affect business performance. The significance level of some of the variables falls above the 0.05% level of significance. They are not strong predictors of business performance.

Table 9. ANOVA: number of employees

	Sum of Squares	Df	Mean Square	F	Sig.
Regression	49.755	26	1.914	2.044	.002
Residual	335.245	358	.936		
Total	385.000	384			

The results from the analysis of variance are depicted in Table 9. These show that the model variance (1.914) is considerably higher than the error variance (0.936), indicating that the different predictors separately and conjointly succeeded in

predicting business performance significantly at a 95% level of certainty.

With regard to “number of employees”, few variables are above the 0.050 level of significance and can therefore be regarded as weak predictors of business performance.

Table 10. Regression coefficients indicating the significance of cultural variables to business performance (Number of employees)

Coefficients

	Standardised Coefficients		df	F	Sig.
	Beta	Bootstrap (1000) Estimate of Std. Error			
Social network influenced intentions toward business start-up	-.201	.074	4	7.426	.000
Social network is strengthened by frequency of contact with my family and friends	-.043	.125	2	.117	.890
Strong ties with business-related knowledge, skills and experience provide access to specific information and resources necessary for business start-up	.171	.194	2	.779	.020
Values, attitude, information and skills gained from strong ties, contribute toward increased entrepreneurial intentions	.082	.212	2	.148	.862
I was attracted to start a business because of my family.	-.075	.131	2	.327	.022
I was attracted to start a business because of my personal exposure to entrepreneurship.	.190	.094	3	4.097	.007
I was attracted to start a business because of cultural influences.	.040	.129	3	.097	.962
I was attracted to start a business because of friends.	.032	.122	1	.068	.794
of my previous experience in business	-.084	.119	2	.506	.003
I believe in myself	-.081	.090	2	.820	.041
I couldn't find a job	-.079	.088	2	.815	.044
I was redundant at my workplace	.177	.166	1	1.133	.008

With regard to “number of employees”, only four variables are above the 0.050 level of significance and can therefore be regarded as weak

predictors of business performance, but eight variables (social network influenced intentions toward business start-up; strong ties with business-

related knowledge, skills and experience provide access to specific information and resources necessary for business start-up; I was attracted to start a business because of my family; I was attracted to start a business because of my personal exposure to entrepreneurship; of my previous experience in business; I believe in myself; I couldn't find a job and I was redundant at my workplace, are predictor of business performance with a significance level of 0.000; 0,020; 0,022; 0,007; 0,003; 0,041; 0,044 and 0.008 respectively.

4.6 Product lines

Table 12 shows the regression coefficients indicating the significance of variables relating to "product lines".

With regard to "product lines" some variables affect business performance. The significance level of some of the variables falls above the 0.05% level of significance. They are not strong predictors of business performance.

Table 11. ANOVA: product lines

	Sum of Squares	Df	Mean Square	F	Sig.
Regression	59.284	26	2.280	2.506	.000
Residual	325.716	358	.910		
Total	385.000	384			

The results from the analysis of variance are depicted in Table 11. These show that the model variance (2.280) is considerably higher than the error variance (0.910), indicating that the different predictors separately and conjointly succeeded in

predicting business performance significantly at a 95% level of certainty.

With regard to "product lines", some of the variables are above the 0.050 level of significance and can therefore be regarded as weak predictors of business performance.

Table 12. Regression coefficients indicating the significance of cultural variables to business performance (Product lines)

Coefficients

	Standardised Coefficients		df	F	Sig.
	Beta	Bootstrap (1000) Estimate of Std. Error			
Social network influenced intentions toward business start-up	-.005	.133	1	.001	.969
Social network is strengthened by frequency of contact with my family and friends	-.061	.112	2	.301	.740
Strong ties with business-related knowledge, skills and experience provide access to specific information and resources necessary for business start-up	-.142	.195	4	.530	.713
Values, attitude, information and skills gained from strong ties, contribute toward increased entrepreneurial intentions	.298	.158	2	3.544	.030
I was attracted to start a business because of my family.	.200	.076	3	6.866	.000
I was attracted to start a business because of my personal exposure to entrepreneurship.	.173	.168	3	1.055	.050
I was attracted to start a business because of cultural influences.	-.131	.111	3	1.380	.029
I was attracted to start a business because of friends.	-.166	.128	2	1.683	.017
of my previous experience in business	-.046	.111	1	.174	.007
I believe in myself	.079	.173	2	.206	.814
I couldn't find a job	.088	.117	1	.558	.006
I was redundant at my workplace	.108	.108	2	.996	.017

With regard to “product lines”, four of the variables are above the 0.050 level of significance and can therefore be regarded as weak predictors of business performance, but eight (values, attitude, information and skills gained from strong ties, contribute toward increased entrepreneurial intentions; I was attracted to start a business because of my family; I was attracted to start a business because of my personal exposure to entrepreneurship; I was attracted to start a business because of cultural influences; I was attracted to start a business because of friends; of my previous experience in business; I couldn't find a job and that I was redundant at my workplace) are predictors of business performance with a significance level of 0.030; 0.000; 0.050; 0,029; 0.017; 0,007; 0,006 and 0,017 respectively.

These findings, depicting the magnitude of the business environment in the study area, clearly confirm the positive impact of entrepreneurial intention on business performance. The findings elucidate the first research question regarding the possible positive impacts of entrepreneurial intention on business performance. The variables relating to this phenomenon are the best predictors of business performance. The strong predictive value of entrepreneurial intention as an independent variable in respect of business performance confirms that these factors should be present in the individual entrepreneur for the business to perform better. It is furthermore clear from the tables above that other variables do not impact on business performance at all. The results support the findings by Hisrich, Peters and Shepherd, (2010:38) that the intention of the entrepreneur towards business development will positively impact on business performance.

5. Conclusion and recommendation

As indicated above, some entrepreneurial intention factors are not predictors of business performance. The following were found to be predictors of business performance: *social network influenced intentions toward business start-up; strong ties with business-related knowledge, skills and experience provide access to specific information and resources necessary for business start-up; I was attracted to start a business because of my family; I was attracted to start a business because of my personal exposure to entrepreneurship; I was attracted to start a business because of my previous experience in business; I believe in myself; I couldn't find a job and I was redundant at my workplace.*

The rest of the factors were found to be weak predictors of business performance. These factors should be excluded from the factors that predict business performance. The study conducted by Radipere (2013) found that there is a significant correlation between entrepreneurial intention and business performance. The owner's entrepreneurial knowledge is essential to control and apply resources

which may lead to competitive advantage and superior performance. Entrepreneurial knowledge comes from sources like previous work experience and education, and even advice from experts. An entrepreneur's previous experience is very important for business performance. The level of significance in respect of 8 out of 12 independent variables suggests that entrepreneurial intention should be classified as the strongest predictor of business performance. The study suggests that scholars may need to pay greater attention to both joint and interdependent effects of performance predictors rather than relying solely on the main effects or two-way interactions.

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