

## Corporate Entrepreneurship Strategy and the Survival of Small to Medium Tourism Enterprises in Zimbabwe

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### Abstract

Corporate Entrepreneurship (CE) has been increasingly recognised as a legitimate path to firm performance and survival. However, the use of CE as a survival strategy by Small to Medium Tourism Enterprises (SMTEs) is a neglected stream in most studies and models of CE. Therefore, this study sought to assess the use of CE as a survival strategy by SMTEs operating in volatile economic conditions. A quantitative methodology was adopted for this study and a sample of 150 respondents was used to participate in the survey. The study established that the use of CE contributes to a greater extent to the survival of SMTEs. CE activities are quite significant although they do not follow a uniform pattern, a development which has a bearing on the lifespan or survival of SMTEs. The results also indicate that, despite efforts by SMTEs, they still face constraints in adopting the strategy. It is recommended that SMTEs in Zimbabwe should collaborate with different stakeholders like Government and training institutions to bring together resources to promote research and development. Open innovation can also act as a panacea of this problem, where employees can showcase their entrepreneurial abilities through competition of ideas.

**Keywords:** Corporate entrepreneurship; small to medium tourism enterprises, survival, tourism industry, volatile economic conditions

### Introduction

The effects of globalisation, that have brought about economic challenges, political instability, inadequate resources, competition for customers and markets as well as a myriad of other challenges have brought out the importance of Corporate Entrepreneurship (CE). This means that only those firms who are entrepreneurial within survive the arduous, obstacle strewn path (Kapepa, 2016) to CE excellence. Kapepa (2016:18) opined that these “economic conditions require the entrepreneurial prowess of some individuals, whether by themselves or collectively”. Entrepreneurship prowess allows entrepreneurs to take their ventures across the famed rubicon of success and remain at the top of the market place regardless of the vagaries and hostilities of the business environment. As small firms grow, it is necessary to incorporate CE in their strategic management while simultaneously reinventing themselves and realizing



their strategic goals even in an inimical business environment. Small to Medium Tourism Enterprises (SMTEs) are forced to reinforce their entrepreneurial dexterity in quest of economic firmness and toughen themselves in order to endure the ruthless business environment.

According to Adeyeye (2016:2), CE has been “increasingly recognised as a paradigm for successful competition, survival and growth of enterprises”. It has been increasingly recognised as a legitimate path to high levels of organisational performance (Garvin, 2004 cited in Thorén, 2007) in today’s complex business environment. As Small and Medium Enterprises (SMEs) are recognized as an engine of sustainable economic development in both the developed and developing world Prasanna, Jayasundara, Naradda Gamage, Ekanayake, Rajapakshe, and Abeyrathne (2019) their survival and sustainability becomes a crucial issue. The tourism sector is largely dominated by SMEs, and each year many SMEs enter the sector but also a considerable number of these small firms get lost and experience organisational dearth. Therefore, CE has become a way of adapting to environmental dynamism which SMEs can adopt to survive. However, the present comatose state of SMEs survival in developing countries like Zimbabwe is a sad cue that there is a missing link between the use of CE and its implementation. The use of CE as a survival strategy in unstable economic conditions by SMTEs has generally remained under researched and a cloaked phenomenon. Hence, the potential of CE as a strategy for sustainability of SMTEs operating in volatile economic conditions remains new in the tourism and hospitality sector.

Mxunyelwa and Vallabh (2017) assert that there is a dearth of research within the SMEs sector pertaining to CE. In addition, Calisto (2014) acknowledges that CE has become an established stream of research worldwide, but there is a stunted growth of CE research in tourism. Researchers have studied the different activities that companies undertake to engage middle managers and promote their interest in CE (Hornsby, Peña-Legazkue, & Guerrero, 2013; Kuratko & Morris, 2018). Schmelter, Mauer, Borsc and Brettel, (2010); Zhang and Jia, (2010) studied the effect of intellectual capital and Human resource management policies on CE, while Hajipour and Mas’oomi, 2012; Kemelgor, 2002; Li and Zahra, 2012) investigated the effects of CE on company performance in other countries and Zimbabwe is not included. It is worth noting that most researches conducted on CE very few are related to hospitality and tourism sector.

Regionally, a number of studies on the use of CE focus on SMEs in other sectors other than tourism. Noteworthy is that most researches on CE in SMEs were carried out in South Africa and most of them were from other sectors like insurance (van Vuuran & Groenwald, 2010) mining (Scheepers, 2009) and accounting (Khoza, Schachtebeck & Groenwald, 2017). Other authors like Xuhua, Spio-Kwofie, Udimal, and Addai (2018) researched on entrepreneurial innovation as a strategy used by small hotels in Ghana. A factor analysis of the motivation and challenges faced by small business accommodation owners was carried out. Kapepa (2016) observed that South Africa is the geographical location where research on the use of CE in SMEs has been undertaken and of which there is a considerable amount of literature on the subject. Unfortunately, the results cannot be generalised to Zimbabwean SMTEs because of the differences in the economical environments.

In Zimbabwe, there is limited research pertaining to CE in SMTEs. Assessing the use of CE as a survival strategy by SMTEs operating in volatile economic environments has remained a closed book in academia. It is, therefore, necessary to adopt different strategies in order to survive. In support, Kapepa (2016) acknowledges that there have been few CE studies and or even none in SMTEs related to Zimbabwe. As it is, the use of CE during difficult economic times by SMTEs has been unnoticed, underexplored and an overlooked phenomenon in Zimbabwe’s Food and Beverage Service Sector. Fu, Okumus, Wu, and Köseoglu (2019)



advocate for sectorial based view studies on the use of CE as it helps to the direction of where the organisation is heading to and how to succeed. It can also be argued that the study on the use of CE as a survival strategy by SMTEs operating in a state of the muddled economy is of importance as institutional shift offers a laboratory setting to assess CE in an environment that is characterised by complex economic vagaries. Since there is little research that has been conducted with regards to the use of CE as a survival strategy by SMTEs in depressed economic conditions, it is undeniable that there is a knowledge gap on this subject with regard to Zimbabwe. Therefore, it is against this background that this study sought to assess the use of CE as a survival strategy in unstable economic conditions by SMTEs in Zimbabwe.

## Literature review

### *An overview of corporate entrepreneurship*

The definition of CE has been subject to debate in its early stages, but later researchers seem to have reconciled on definitional issues of the concept. The concept of CE changed over the years and definitions have varied considerably over time (Kuratko & Hoskinson, 2018:2). Though there are a plethora of definitions of CE, fortunately, knowledge accumulation on the subject has been gaining momentum and many of the fundamentals essential to creating a theoretically grounded understanding of CE can be readily identified from existing literature (Kuratko & Audretsch 2013:326). Early scholars (Burgelman, 1983; Jennings & Lumpkin, 1989; Peterson & Berger, 1971; Pinchot, 1985), suggested that CE has to do with product innovation, proactiveness and risk-taking (Ravjee & Mamabolo, 2019). Jennings and Lumpkin (1989:486) defined CE as the extent to which new products or new markets are developed. An organization is entrepreneurial if it develops a higher than average number of new products or markets.

In the 1990s, according to Ravjee and Mamabolo (2019), CE was seen as two distinct yet complementary features which are corporate venturing and strategic renewal. The objective behind these complementary activities was to improve the financial performance of large organizations. Authors like Dess, Lumpkin and McKee (1999) cited in Van Wyk & Adonisi (2012) argue that although the concept of entrepreneurship has been limited to new products or new market development by scholars like Jennings & Lumpkin (1989), CE may be viewed more broadly as consisting two types of phenomena and processes. They pointed out that the dimensions are the birth of new businesses within the organization (corporate venturing) and the transformation of organizations (strategic renewal). CE, therefore, was defined as the sum of a firm's innovation, renewal and venturing (Guth & Ginsberg, 1990; Lumpkin & Dess, 1996; Sharma & Chrisman, 1999; Zahra, 1991, 1995, 1996).

The 21<sup>st</sup> century shifted the perspective of CE. According to Ravjee and Mamabolo, (2019), the focus is now pointing to internal and external CE and the involvement of management in CE. Therefore, contemporary scholars like Anton (2004); Belousova, Gailly and Basso (2010); Bhardwaj & Sushil (2012); Kuratko and Audretsch (2013); Kuratko and Morris (2018); and Ogunsiji & Ladanu (2010) explored organizational factors that can be used to measure CE. New dimensions were discovered, that is, management support, work discretion, rewards and reinforcement, time availability and organizational conditions (Ravjee & Mamabolo, 2019). CE therefore, according to Kuratko and Morris (2018) is a term that describes entrepreneurial behaviour inside an existing firm, regardless of its size which then leads to new business ventures, other innovative activities and orientations such as the development of new products, services, technologies, administrative techniques, strategies and corporate postures.



### ***Corporate entrepreneurship dimensions***

Corporate Entrepreneurship is conceptualized and operationalized in two ways: Entrepreneurial Orientation and Entrepreneurial Management (Otache & Mahmood, 2015). Both ways measure the entrepreneurial posture or positioning of an organization as reflected in organizational activities, processes, practices and administrative routine. Kahkha, Kahrazeh & Armesh (2014) are of the opinion that CE normally focuses on two things: the factors of a company external environment and organizational level internal factors. The authors observed that entrepreneurship can be classified into four dimensions: i) new business venturing ii) innovation iii) self-renewal and iv) proactivity. Contributing to the discourse Covin & Wales (2012) cited in Otache & Mahmood (2015) indicated that, an entrepreneurial firm is one that engages in innovative, proactive and risk-taking actions. Entrepreneurial Orientation, therefore, was also defined as organizational processes and practices which lead to the creation of new business as characterized by one or a combination of the following dimensions: risk-taking, innovativeness, proactiveness, competitive aggressiveness and autonomy (Lumpkin & Dess 1996:136). However, Covin and Slevin (1991:362) pointed out that CE is a uni-dimensional construct with three sub-dimensions namely risk-taking, innovativeness and proactiveness. The researchers were of the view that the dimensions co-vary with each other, meaning as one dimension increases the other will equally increase or decrease. Other authors like Lumpkin and Dess (1996:137) identified two more dimensions that are autonomy and competitive aggressiveness. This thereby brings the dimensions to seven.

### ***Determinants of corporate entrepreneurship***

For corporate entrepreneurship to flourish, there are factors that foster its implementation. Every employee in an organization is rich in entrepreneurial potential and, in response, firms face challenges in creating an internal environment that helps employees to engage in various CE activities (Morici, 2018). There are two broad dimensions supporting CE (Srivastava & Agrawal, 2016). The first dimension consists of environmental factors and the other consists of individual characteristics represented by the employee orientation towards CE (Srivastava & Agrawal 2016:364). In support of the discourse, Casales Morici (2018) asserts that CE can be influenced by a host of specific organizational factors, five of the most prominent of which are management support, work discretion, rewards, time availability and organizational boundaries. Grounded on literature, Kuratko, Montagno and Hornsby (1990), developed a multi-dimensional scale (CEAI) which consists of management support, reward and resource availability, organizational structure and boundaries, risk-taking and time. Various scholars (Covin & Slevin, 1991; Kuratko & Andretsch, 2013; Lumpkin & Dess, 1996) have emphasized the necessary characteristics that foster CE in organizations. Oosthuizen (2006:5-10) acknowledges thirteen (13) constructs that are significant for the establishment of CE by firms.

### ***Benefits of corporate entrepreneurship***

Corporate Entrepreneurship can create a substantial difference to a firm's capacity to compete (Stark, 2016). Literature indicates that CE can be used by organizations to improve competitive positioning (Kennedy, 2018; Lan, 2018) and transform corporations, their markets, and industries when opportunities for value-creating innovations are developed and exploited (Stark, 2016, Zahra & Holmes, 2017). According to Lumpkin and Dess (1999), a major benefit of CE is to drive corporations to employ various strategies, often in unique combinations. Hence, by doing so, organizations build layers of advantages by linking distinctive bases for competitive superiority (Kennedy, 2018; Kuratko et al., 1990). CE can improve a firm's growth and profitability (Zahra & Holmes, 2017).



The empirical evidence shows that CE improves performance by increasing the organization's proactiveness and willingness to take risks by pioneering the development of new products, processes, and services were presented in Kuratko, Montagno, and Hornsby (1990), and Lumpkin and Dess (1996), has been termed 'compelling' by Zahra, Nielson and Bogner (1999). A contemporary study conducted by Zahra and Holmes (2017); it revealed that corporate entrepreneurship has positive effects on the financial performance of organizations, thus directly affects the profitability of the company. In another study, Abou-Moghli and Abdallah (2018) evaluated the association between CE and firm performance and revealed that there exists a positive correlation between CE and firms performance. Tseng and Tseng (2019) also conducted a study which revealed that CE can be used as a strategic approach for internal performance.

### ***Constraints to corporate entrepreneurship***

Small to Medium Enterprises, regardless of sector, face constraints in adopting CE as a survival strategy. The external environment pose constraints when SMEs try to implement CE as a strategy. In the submission of O'regan and Ghobadian (2004), cited in Nyamwanza (2014), distinct characteristics of SMEs include limited resources, lack of specialist expertise, reliance on a few customers and inability to influence, to any significant degree, the threats of their external environment. Nyamwanza (2014) pointed out that, the foregoing characteristics might impede the implementation of the strategy, resulting in subdued performance. Muranda (2003) cited in Kapepa (2016) identified various challenges facing SMEs in a globalized environment. To support this notion Kapepa (2016) acknowledges that SMEs should mainly focus in overcoming challenges, which include, among others, recession, a barrier from global sourcing, low productivity, lack of managerial capabilities and lack of financing, difficulty in accessing management, technology and heavy regulatory burden. Jafarnejad, Abbaszadeh, Ebrahimi and Abtahi, (2013) identified twenty-eight (28) barriers that SMEs face in practising CE. These barriers were categorized into four categories as financial, scientific-educational, policy-making and cultural.

### ***Strategies to enhance the use of corporate entrepreneurship in SMTEs***

Strategies are long term objectives which are put in place based on a careful analysis of the external and internal environment. Strategy is the direction and scope of an organisation over the long term which achieves competitive advantage in a changing environment. This is done through its configuration of resources and competencies with the aim of fulfilling stakeholders' expectations (Johnson, Scholes & Whittington, 2006). There are strategies that can be put in place to foster the use of CE in SMTEs operating in harsh economic conditions. Enz (2012) summarizes the areas to focus on if CE is to be adopted and be a success in a firm. Below is the summary:

- Vision and culture that supports innovation, personal growth and risk-taking
- Top management support and organization champions
- Teamwork and collaborations, a flat organizational management hierarchy
- Decentralized approval process
- Valuing the ideas of every employee
- Excellent communication
- Innovation grants and time to pursue projects
- Large rewards for successful entrepreneurs and focus on learning.

### **Methodology**

The research adopted a quantitative research methodology. A descriptive research design was used and a sample of SMTEs managers and/owners was used. The target population for the





study comprised all managers and/owners of licensed small food and beverage firms in Harare. From Harare City Council Data Base, the researchers took 75 licensed small food and beverage service firms within the 5km radius of Harare CBD. From all the 75 licensed small restaurants multiplied by four managers, which then gave the researcher a total of 300 research respondents. Four respondents were chosen because the researchers wanted to match population size of published tables by (Glenn 1992:23). Systematic sampling was used in this study basing on Glenn (1992:3) published tables. Blockin (2015) indicated that systematic sampling involves selecting items from an ordered population using a skip or sampling interval. Therefore, the sampling interval is calculated by dividing the entire population size by the desired sample. In this study, a sample of 172 (Glenn, 1992 sample size table) and a population of 300 people was used (Glenn, 1992) so as to get the interval. To start the sampling, the researchers first calculated the interval using the formula below:

- $i = N/n$  where,  $i$  is interval;  $N$  is population size;  $n$  is expected sample size
- $i = 300/172$
- Therefore  $i = 2$  people
- So 2<sup>nd</sup> person was the first to be part of the systematic sample. This led to a sample of 150 respondents.

Data was collected using a structured questionnaire. The questionnaires were personally delivered to the sample and personally collected resulting in a 73% response rate. Data was analysed, presented and interpreted quantitatively using Statistical Package for Social Scientists (SPSS) version 22.

## **Findings and discussion**

### ***Corporate Entrepreneurship activities carried out by SMTEs***

Four constructs which are (innovativeness activities, proactiveness activities, risk-taking and competitive aggressiveness) were used to establish the CE activities which were being carried out by the subjects in their organisations. Table 1 below presents the different innovative activities carried out by SMTEs operating in harsh economic conditions.

### ***Innovativeness activities***

In order of importance, the results indicate that organisations are marketing new products (4.50), sales extensions/new markets (4.40), cooperating customers (4.36) and investing in new equipment (3.76). Overall, the mean scores for all the innovative activities range from 4.5 (highest) and 3.13 (lowest) which means that innovative activities are carried out by SMTEs to survive in harsh economic conditions. The standard deviations were below 1 which means that most of the numbers are close to the average. The fact that marketing of new lines of products and services topped the list this concurs with Park and Lee (2010) who found out that SMEs seek to improve their business performance during turbulent times usually through introducing new products or services, developing new markets, and introducing and utilising new equipment or technologies. This also means that majority of SMTEs believe in the view of Peter Drucker who asserts that the primary goal of firms is marketing and innovation, therefore marketing of new products or services is the distinguishing, unique function of business (Lefter, 2010:1). Social responsibility recorded a mean score of 3.13 and a standard deviation of 0.836 with 65% of respondents who neither agree nor disagree (neutral) with the question. This means that the respondents were not sure of social responsibility as a CE strategy or it meant they do not engage in social responsibility. This is because social responsibility already has been interpreted differently by firms. Some people believe in the views of stockholder theory which states that the company's role is to produce wealth for its stockholders and pursuing socially responsible objectives may impair their performance (Taslidza, 2010:112). Others believe in



the shareholder theory which states that identifying and engaging key stakeholders around the firm's operation is critical to long term viability of firms (Atif & Charif, 2010:16).

**Table 1: Innovative Activities**

		Marketing new lines of products or services	Sales extensions (New Markets)	Investment in new equipment	Social responsibility	Customers' cooperation
N	Valid	109	110	110	110	110
	Missing	1	0	0	0	0
	Mean	4.50	4.40	3.70	3.13	4.36
	Std. Deviation	.812	.680	.894	.836	.713

### *Proactiveness*

The second construct used was proactiveness. Table 2 below presents the results. The results indicate that SMTEs are using the strategy of going ahead of competitors (4.84) and engaging in customer relationship management (4.32). This means that the subjects accept the view of being first movers in terms of identifying opportunity which gives them a competitive advantage hence their survival. Iorun (2014) cited in Etim et al., (2017:511) also asserts that in most situations SMEs utilised proactive behaviours like going ahead of competitors to enhance their competitive positions and foresight to seize new opportunities.

**Table 2 Proactiveness activities**

	N	Minimum	Maximum	Mean	Std. Deviation	Variance
Going ahead of competitors	110	3	5	4.84	.460	.212
Employing customer relationship management in an organization	110	2	5	4.32	.690	.476
Engaging in employee professional education	110	1	5	3.21	.607	.369
Long run management	110	1	5	2.99	.981	.963
Valid N (listwise)	110					

### *Risk-taking*

Results indicated in Table 3 below showed that SMTEs are investing in identifying customer needs (4.75), investing in quality improvements (3.76) and taking high-risk projects (3.53). Internationalisation of production was below 3.5, that is, 2.54 which mean SMTEs were not sure whether to partake in this activity or they do not engage in such activity. This may be because small firms focus on the home front, disputing the largely held view of international venturing as a way out from a troubled domestic market (Palmquist, 2014).

**Table 3 Risk taking activities**

	N	Mean	Std. Deviation
Investment in identifying customer needs	110	4.75	.566
Taking high-risk projects	110	3.76	.856
Application to financial support other than bank or government subsidies	109	3.53	2.983
Investment in quality improvement	110	4.38	.938
Internationalization of production	110	2.54	1.186
Valid N (listwise)	109		

### *Competitive aggressiveness*

Table 4 below shows the different competitive aggressive activities carried out by SMTEs operating in harsh economic conditions. The results indicate that SMTEs are using aggressive posture to combat industry trends that may threaten their survival, enter markets with drastically low prices and timely announce new products or technologies. The findings are in line with the definition of competitive aggressiveness proposed by Antonio (2015) who defines competitive aggressiveness as the company tendency to challenge direct and intensively its



competitors when entering into a market or to enhance its position outperforming its rivals. It also concurs with the results of Dess, Lumpkin and Eisner (2007) who ascertain that firms which decide to gain share from competitive markets adopt competitive aggressive behaviours by employing marketing strategies such as competing on prices, increasing promotions and or competing for the distribution channels or imitating competitors' actions and or products.

**Table Error! No text of specified style in document. Competitive aggressiveness activities**

	N	Minimum	Maximum	Mean	Std. Deviation	Variance
Use aggressive posture to combat industry trends that may threaten survival or competitive position	110	1	5	4.70	.785	.616
Enter markets with drastically low prices	110	2	5	3.70	.841	.707
Timely announcement of new products or technologies	110	2	5	3.80	.776	.602
Valid N (listwise)	110					

### *Corporate entrepreneurship as a survival strategy*

The correlations of variables measure the correlations between two variables. To examine the extent of contribution of CE activities to the survival of SMTEs, the Pearson correlation coefficient was calculated. According to Chetty (2015), Pearson Correlation Coefficient is used to calculate the linear relationships, that is, if one variable increase or decreases what is the extent to which other variable increase or decrease In analysing data, the researcher used correlation which is used to test for the strength of the relationship between CE factors and survival of SMTE (Age/number of years in operation). Noteworthy is that Pearson varies between +1 and -1; 1 is a perfect positive correlation and -1 is a perfect negative correlation.

**Table 5 Correlations coefficient matrix**

		Age of SMTEs	Innovative	Proactive	Risk-Taking	Competitive Aggressive
Age of SMTEs	Pearson Correlation	1	-.120	-.133	-.098	-.058
	Sig. (2-tailed)		.211	.165	.308	.547
Innovativeness	Pearson Correlation	-.120	1	.060	.195*	.188*
	Sig. (2-tailed)	.211		.534	.041	.049
Proactiveness	Pearson Correlation	-.133	.060	1	.278**	.499**
	Sig. (2-tailed)	.165	.534		.003	.000
Risk-Taking	Pearson Correlation	-.098	.195*	.278**	1	.365**
	Sig. (2-tailed)	.308	.041	.003		.000
Competitive Aggressiveness	Pearson Correlation	-.058	.188*	.499**	.365**	1
	Sig. (2-tailed)	.547	.049	.000	.000	





According to the correlation in the table above, there is a positive correlation between CE activities and survival of SMTEs (Age). This is highlighted by Proactiveness activities which are significant at  $P < 0.01$ , contributing 0.499 (49%) to the survival of SMTEs followed by competitive aggressiveness is significant at  $P < 0.01$ , contributing 0.365 (37%). On the other hand, Risk-Taking is significant at  $P < 0.01$ , contributing 0.278 (28%). Lastly, innovativeness activities which are significant  $P < 0.05$ , contributing 0.188 (19%) to the survival of SMTEs. Therefore, according to the interpretation of the size of the coefficient by Cohen (1992) CE is contributing to a greater extent (at moderate) to the survival of SMTEs in harsh economic conditions. Therefore, the study accepts the Alternate/H1 hypothesis which is: CE contributes to the survival of SMTEs operating in harsh economic conditions. The results support the findings of Abuya (2016) and Etim et al. (2017) who found out that CE variables (innovation, proactive, risk-taking and competitive aggressive) have a significant positive influence of SMEs survival.

### Constraints to SMTEs adopting CE

**Table 6: Rotated Component Matrix for Constraints to CE Component Matrix<sup>a</sup>**

	Component					
	1	2	3	4	5	6
Lack of sufficient knowledge in business management skills		.774				
Lack of management training and experience		.761				
Inadequate education and skills		.697				
Lack of knowledge on Corporate Entrepreneurship by management	.549					
Lack of entrepreneurial competencies among employees	.520					
Incapacitated staff	.617					
Insufficient capital and resources	.530					
Lack of hardware and software	.651					
Difficult in recruiting good and reliable staff						
High exchange rates	.665					
Insecurity for investment			.502			
Lack of market information			.626			
Lack of credit						
Low risk taking to establish new business	-.540					
Aggressive competition from rivals				.610		
Technological change				.602		
Dynamism of the market				.677		
Unfavourable national policy and regulatory environment	.684					
Lack of interest and motivation among employees for entrepreneurship	.508					
Lack of necessary infrastructure in support of entrepreneurship activities	.611					
Lack of cooperation of financial institutions with entrepreneurship corporates						
Legal deficiencies for supporting entrepreneurship process			.527			

Extraction Method: Principal Component Analysis.



a. 6 components extracted.

The Rotated Component Matrix shows the factor loadings for each variable, that is, the component on which each variable loaded most strongly on. Six components were extracted, that is, factors with an eigenvalue greater than 1 were loaded across 6 components. This means that these 6 components have a major contribution of 63% of the total variance. Unfavourable national policy and regulatory environment (0.684), High exchange rates (0.665), lack of hardware and software (0.651), incapacitated staff (0.617) and lack of necessary infrastructure in support of CE (0.611) were the constraints loaded strongly on component 1. Factors which loaded strongly on components 2 were lack of sufficient knowledge (0.774), lack of management training (0.764) and inadequate education (0.697). Lack of market knowledge (0.626), legal deficiencies for supporting entrepreneurship (0.527) and insecurity for investment (0.502) loaded strongly on factor 3. Considering component number 4, the dynamism of the market (0.677), aggressive competition from rivals (0.610) and technological change (0.602) proves that SMTEs are facing constraints in adopting CE. The findings of the study support the findings of Tinarwo (2016:148) who found out that SMTEs face challenges like lack of market information, lack of government support, lack of capital, lack of knowledge, unfair treatment from a local authority, stiff competition, lack of financial assistance, and lack of proper infrastructure. Nyamwanza (2014) further pointed out that, the foregoing characteristics might impede the implementation of the strategy, resulting in subdued performance which may lead to difficulties in survival.

### *Strategies to enhance the use of CE in SMTEs*

**Table 7 Strategies to enhance CE**

	N	Mean	Std. Deviation	Ranking
Instil attitudes of flexibility to counterchange	110	3.78	.771	11
Grant individuals and team freedom to exercise creativity	110	4.36	.700	9
Setting clear vision	110	4.60	.624	5
Enhancing a strong corporate entrepreneurship and innovation culture	110	4.68	.541	4
Management and owner support	110	4.59	.595	6
Learn from competitors	110	3.54	.738	13
Develop and train employees	110	4.51	.714	7
Challenge facing	110	3.38	.801	15
Challenge old ideas by instilling a commitment to continuous learning and strategic change	110	3.51	.763	14
Provide the resources to people to beef entrepreneurship activities	110	4.59	.746	6
Tolerate failure as a teacher	110	3.57	.683	12
Decentralize decision-making structures	110	3.25	.780	16
Create a trusted environment among manager levels and employees	110	4.08	.791	10
Corporate Entrepreneurship training programs	110	4.71	.596	3
Establish reward systems to complement corporate entrepreneurship achievements	110	4.38	.857	8
Provide human resources for CE development	110	4.75	.612	2



Provide adequate financial resources	110	4.85	.403	1
Continuous research and development	110	4.75	.562	2
Valid N (listwise)	110			

The strategies presented in Table 7 above emerged to be the most important in terms of their mean scores. The mean scores ranged from 3.25 and 4.85, and this meant that most of the answers were in a positive direction. The highest-ranked strategies emerged are provision of adequate financial resources (4.85), provision of human resources for CE development (4.75), continuous research and development (4.75), CE training programs (4.71), enhancing a strong CE and innovation culture (4.68), setting a clear vision (4.60), management and owner support (4.89), developing and training employees (4.51), establish reward systems to complement CE achievements (4.38) and grant individuals and teams the freedom to exercise creativity (4.36). The results concur with Enz and Harrison (2012) who summarised some of the aforementioned strategies as ways in which organizations can practice in order to create CE climate. The authors reiterate that for CE to take place, organizations have to commit resources such as people, money, information, equipment and physical space. On research and development, this sounds normal as the results are supported by Ross (2019) who opined that, research and devilmnt on the part of firms operations are imperative for firm growth and development.

## Conclusion

The aim of this study was to assess the extent to which the use of CE contributes to the survival of SMTEs in harsh economic conditions. The correlation coefficient was significant at  $P < 0.05$  and  $P < 0.01$ . Therefore, CE contributes to a greater extent to the survival of SMTEs operating in harsh economic conditions. Hence, the study accepted the Alternate/H1 hypothesis, which is, CE contributes to the survival of SMTEs operating in harsh economic conditions. Several recommendations have been derived from the study on how CE can be used as a survival strategy by SMTEs. The following recommendations were made:

SMEs in the food and beverage sector is recommended to fully commit themselves in CE initiatives. This is rooted from the fact that most SMEs are still in their embryonic stage hence they require strategies to manoeuvre themselves in a ruthless economic environment. The study indicated that SMEs in the food and beverage sector considered continuous research and development as a strategy to enhance CE. Therefore, this calls for SMTEs to collaborate with different stakeholders like Chefs Association, Hospitality Association, Government and institution of higher learning to bring together resources to promote research and development. It is also recommended to devise CE training programs in collaboration with institutions of higher learning to impart CE knowledge in employees. SMTEs are also recommended to engage in open innovation where employees can showcase their entrepreneurial abilities through competition of ideas which can improve CE in SMTEs.

It is recommended that government should create awareness amongst SMTEs on the utilisation of innovation hubs so that their creative ideas can be tried and tested at these hubs before they are implemented. Provision of enterprise financial guarantee loan which functions to give loan applications made by SMEs to banks a greater level of credibility. The government underwrites a certain percentage of the value of the loan on SMEs applied for which increases its chance for the bank to accept the application. The government can also establish an investment scheme where they provide seed money to assist SMEs to raise equity finance by offering a multitude of tax reliefs to prospective investors who are looking to buy shares in SMTEs.



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