

UNIVERSITY OF ZIMBABWE

Graduate School of Management

**Sustaining Entrepreneurship in New
Telecommunications Enterprises: The Case of Spiritage
Communications (2009-2012)**

A Dissertation Submitted in Partial Fulfilment of MBA

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Declaration

I, Prettymore Mugwaze, I.D number R9917208 declares that this dissertation is a new area of study and has not been worked on in other degree programs and in any University. It is a result of my own individual effort except for the portions indicated in the References, Acknowledgements and in the body of the report.

Student signature

Date

Supervisor signature

Date

Dedication

This report is dedicated with lots of love to my husband Stanley and to my son Bezalel.

Acknowledgements

This research would not have been possible without the contributions of certain individuals. I would first of all give special thanks to my supervisor, Mr. S. Gumbe for the guidance and continual support he has given me. I am also eternally grateful to management at Spiritage Communications for allowing me to do such a research. To all the employees at Spiritage, thank you for your support.

Special acknowledgement is due to my family. My husband Stanley who was tolerant and encouraged me to embark on the MBA journey, without his encouragement I would not have made it this far. To my son Bezalel, for the neglect during the busy times I will make it up to you.

To the Almighty I am nothing without you.

Abstract

Theory has revealed that many entrepreneurs fail because they do not take a holistic approach to entrepreneurship. This research sought to investigate whether Spiritage Communications has taken the right steps in sustaining entrepreneurship. The major objectives were to assess whether the management at the company are true entrepreneurs, to investigate their approach to innovation as well as to assess the company's ability to gather resources and to exploit opportunities.

To bring balance to the research both the qualitative and quantitative approach were employed. Furthermore the researcher had to use the case study method as there was need to come up with the actual views of the employees the organization. Stratified and convenient sampling were used and the population was represented by a sample size of sixty employees. Data was collected in form of structured questionnaires and was analyzed using SPSS and excel software. Presentation was in the form of bar charts, pie charts, descriptive statistics and tables.

The major findings of the study revealed that though Spiritage Communications has employed personnel that are educated, experienced and skilled the management drive for success is low, the organization lacks the proper environment for innovation and opportunities are not exploited on time.

The study concluded that Spiritage Communications should engage in management and executive training, reward employees for outstanding performance, constantly hold strategic meetings to evaluate strategy and seek funding to improve its performance.

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LIST OF ABBREVIATIONS

CEO	Chief Executive Officer
PSTN	Public Switched Data Network
PORTRAZ	Posts and Telecommunications Regulatory Authority in Zimbabwe
PTC	Posts & Telecommunications Corporation
IAP	Internet Access Provider
GDP	Gross Domestic Product
IMF	International Monetary fund
PDN	Public Data Network
ISP	Internet Service Provider
VoIP	Voice over Internet Protocol
IP-TV	Television over Internet Protocol

CHAPTER 1: INTRODUCTION

1.0 Introduction

This chapter shall introduce the study by giving the background to the research, the research problem, the research rationale, the assumptions that were made, and the major research objectives among other things

Telecommunications and entrepreneurial activities play an important role in a country's economy (Olawale & Garwe, 2010) and statistics show that 19% of economic growth can be attributed to these activities (Global Entrepreneurship Monitor (GEM), 2008). In spite of this important fact it is estimated that 8 out of 10 new business ventures fail to survive the first three years (Mason, 2006). Of those that survive only 50 % of them make it to the fifth year. It is therefore the purpose of this study to investigate what entrepreneurs can do to sustain themselves using Spiritage Communications as a case study.

1.1 Background to the study

1.1.1 Telecommunications industry in Zimbabwe

The telecommunications industry in Zimbabwe is a major driver of other sectors of the economy and is rated as one of the fastest growing sectors in the economy as well. According to the International Monetary Fund (IMF) (2012) Zimbabwe's GDP is around 5.9% and the bigger chunk of it is the contribution from the telecommunications sector (4.5%).

The industry is segmented into five sectors as illustrated in Table 1.1.

Table 1.1. Types of operators.

Type of operator	Number of Licenses and year issued	Companies	Services offered
PSTN	2	Tel*One and TeleAccess (License withdrawn.)	Public Switched Data Network and fixed telephony.
Mobile Services Providers	4(2003 and 2009)	Telecel, Econet, Net*One and Tel*One (Not yet operational)	Cellular phones with voice and internet.
Internet Access Providers (IAPs)	11(2003 and 2009)	Class A: Ecoweb (Liquid Telecom); Powertel, Africom, Telecontract, Tel*One, Aptics, Spiritage Communications, Acquiva Wireless, Dandemutande, Pecus Enterprises, and BlueSat. Class B: CommIT and Net One	The class A offer VOIP and Internet within three categories: 1. International connectivity provisioning 2. Intercity connectivity and last mile solutions and 3. Last mile solutions only The Class B offers only internet without any VoIP services within the same categories as the Class A.
Public Data Networks (PDN)	2(2009)	Broadlands and Qualtime Investments	These offer public data services through point to point connectivity and point to multipoint connectivity, up to international level
Internet Service Providers (ISP)	18	Include companies like ZOL, Yo! Africa, ZARNET, iWay Africa, Utande, etc. POTRAZ governs them through the IAP that they are affiliated to.	The ISPs have concentrated on the customer end. These are actually getting more value per dollar invested as they deal directly with the end user.

The incumbent fixed line operator, government owned Tel*One (formerly PTC) was the sole Telecommunications service provider in Zimbabwe and its operations date back to the colonial era. The industry was highly monopolized and could not meet the demand for phone lines. As such many people were put on waiting lists and until today some have not received the service. However the de-regularization of the sector in 1998 saw the introduction of the mobile networks and was a relief to the applicants and to Zimbabwe at large as rural areas could also be reached.

1.1.2 Licensing

The sector is regulated by state owned PORTRAZ which emerged from PTC. The regulator is accused of some biases in its dealings such that there are high entry barriers in terms of the costs to licensing and how, when and who to license. Thus the telecommunications industry has suffered drawbacks in terms of its development and meeting the demands of the customers. To date the teledensity for voice telephone and VoIP is 63% and the broadband internet penetration ratio is 12 % (Table 1.2). Such ratios indicate that the internet market is still far from being satisfied and therefore presents vast opportunities in the telecommunications sector.

Table 1.2 Broadband subscribers registered under licensed operators.

Operator	Voice Subscribers		Broadband Subscribers	
Econet	5,600,000	68.4%	1,500,000	97.6%
Telecel	1,200,000	14.6%	-	0.0%
NetOne	1,000,000	12.2%	-	0.0%
TelOne	386,000	4.7%	-	0.0%
Powertel	300	0.0%	5,000	0.3%
Africom	1,000	0.0%	9,000	0.6%
Telecontract	1,000	0.0%	-	0.0%
Spiritage Communications	3,000	0.0%	3,000	0.2%
ComOne			20,000	1.3%
Other users (ISP& Cafes)			-	0.0%
Penetration ratio	63%		12%	

Source :POTRAZ (2011)

1.1.3 Spiritage Communications

Spiritage Communications is one of the companies that was incepted when PORTRAZ issued licenses in 2009. It possesses a Class A,IAP license. It offers broadband internet. Voice over Internet Protocol(VoIP) and has a public data network which comprises of optic fibre, Wi-Max (4g), TDSCDMA (3g) and microwave radios. Other Value Added Services(VAS) that the company proposed to offer include E-mail, Domain services, Web hosting, Web security, IP-TV, Video and data centre infrastructure.

1.1.3.1 Vision

To be a strong Spirit-led global business which excels in every chosen enterprise through inspired application of wisdom, learning, innovation and excellence also constantly searching for the invisible so that we can do and achieve the impossible.

1.1.3.2 Mission

To keep our customers delighted by consistently delivering a life transforming and revolutionary standard of service through every product we offer.

1.1.3.3 Structure and Staff

Unlike other companies which have sales, marketing and research and development under one company, Spiritage Communications decided to split these into their own sub companies each with its own Chief Executive Officer (CEO). The marketing side is called Broadacom, the sales side is called Broadastore, the customer installations section is called Spiritage Business Solutions and other departments include Finance, Human resources, Operations and Human Resources. There are also other sub companies like Spiritage Health and True Spirit which are part of the company but are not critical to the day to day operations. Spiritage Health deals with medical issues such as medical aid and pharmaceuticals while True Spirit deals with software development.

Overall company organogram with its sub divisions

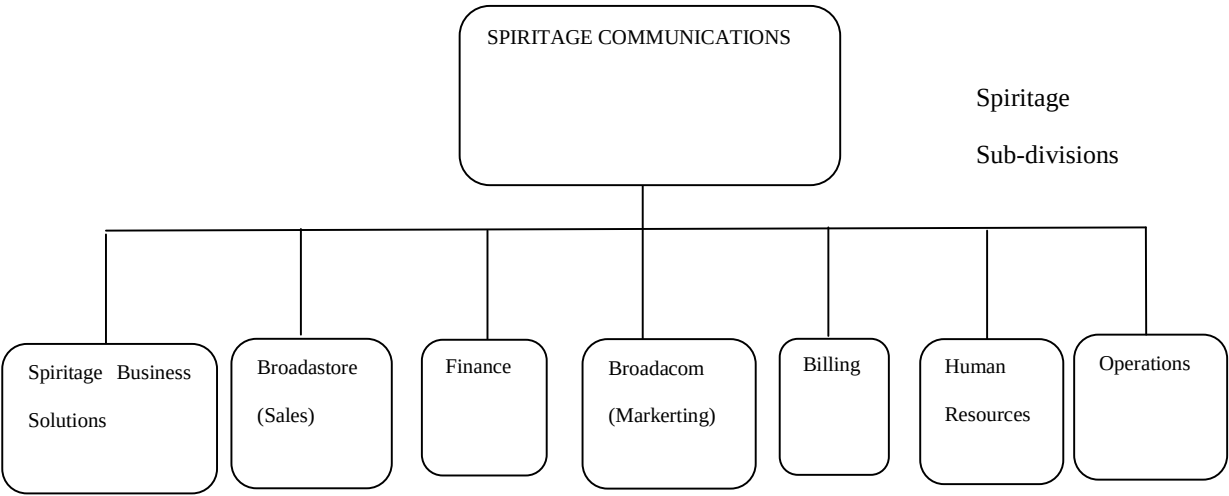
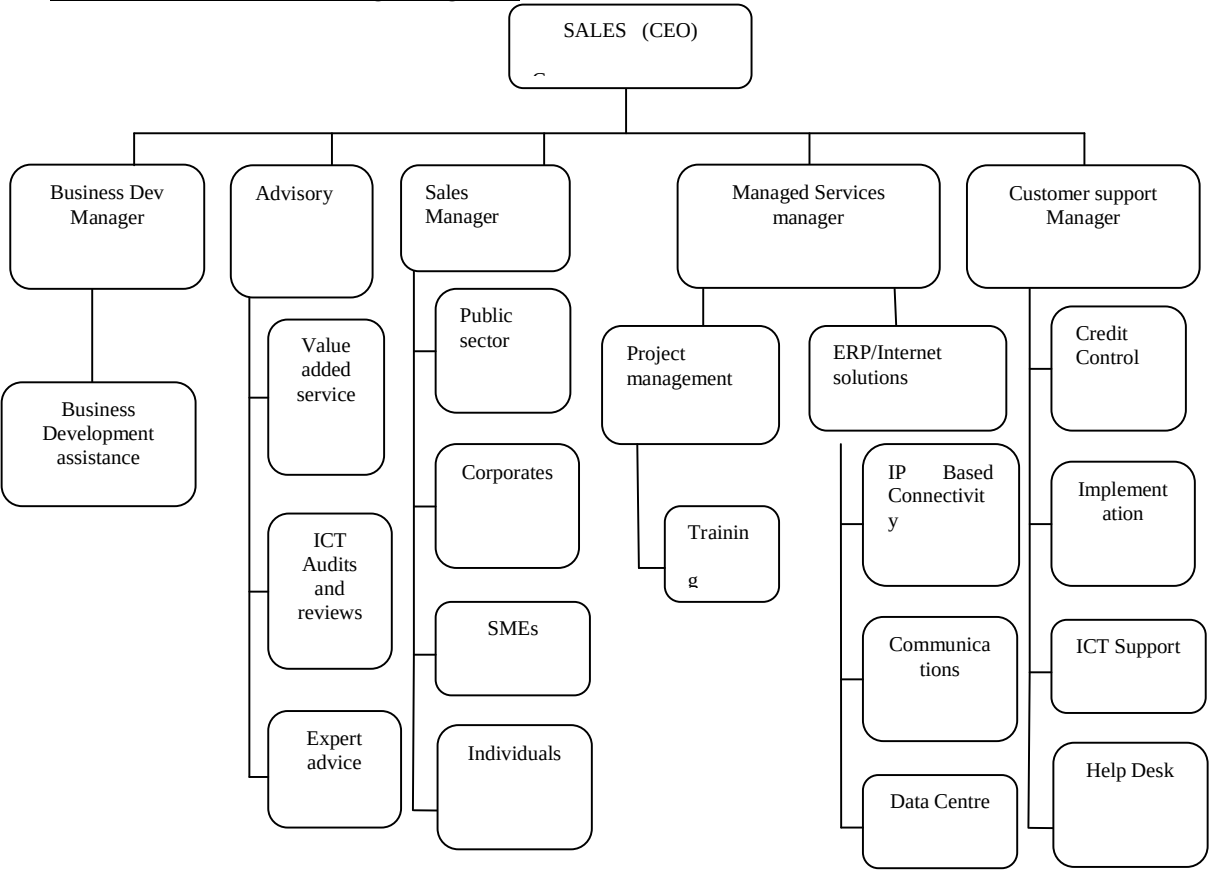


Fig 1.1 Overall company organogram with its sub divisions

Broadcastore/Sales Organogram



Operations Organogram

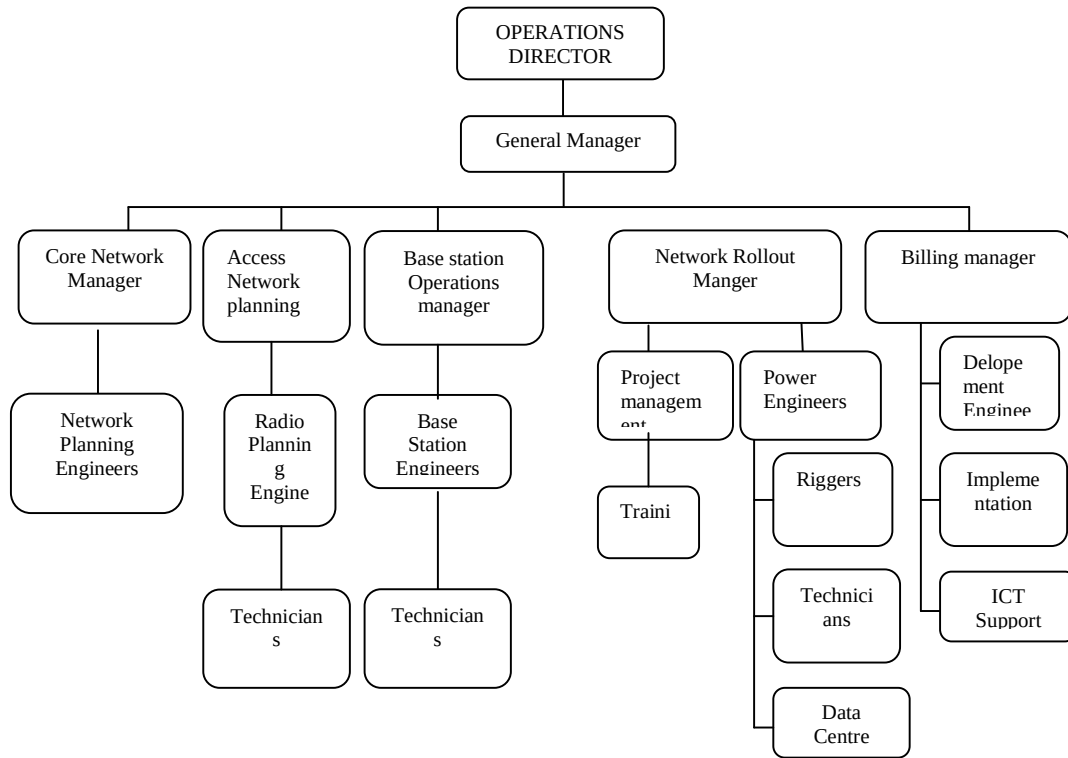


Fig 1.3 Operations Organogram

Since the company has different subdivisions each with its own CEO decision making for each division is delegated to the heads. Recruitment is to be done as the head sees it fit; currently the structure of the company has bloomed to unsustainable levels. Employees could be hired even when the proper infrastructure for their jobs was not in place such that some of them went for several months being paid for doing nothing.

1.1.3.4 Challenges that Spiritage Communications is facing.

The following are the challenges that Spiritage is facing:

- No profit – organisation is running at a loss. This can be seen by a brief analysis of the financial statements.

Table 1.3: Analysis of profitability for Spiritage Communication (2009 – 2011)

<u>STATEMENT OF COMPREHENSIVE INCOME</u>			
<u>ACCOUNT DESCRIPTION</u>			
		2010	2009
		US\$	US\$
Continuing operations			
Sale of goods:	-Group companies	27,426	16,508
Third parties	-Exports	98,291	183,083
	-Local	2,340,252	1,452,104
Rendering of services		-	-
Rental income		-	-
Revenue		2,465,969	1,651,695
Cost of sales		(2,149,208)	(1,676,251)
Gross Profit/(Loss)		316,761	(24,556)
Other operating income		26,914	662
Selling and distribution costs		(55,978)	(54,317)
Administration expenses		(351,637)	(312,399)
Other operating expenses		(92,899)	(77,705)
Operating Loss		(156,839)	(468,315)
Finance costs		(42,052)	(13,680)
Finance income		172	56

From Table 1.3.Spiritage made a loss of \$468,315 in 2009 and \$156,839 in 2010. Cost of finance is also in the negative reflecting that the company is not able to service its debt, In 2009 it had overdrawn its accounts by \$13 680 and in 2010 by \$42 052.

- No funding – when the organisation started it borrowed money for its network roll out .Already the company is over geared and if it is to borrow the company will be taken over by its creditors.
- No salaries – employees have gone for more than six months without salaries and this has affected productivity.
- Employee migration – as the company is not able to pay its workers, employees have left for greener pastures.
- Unmet orders

1.1.3.5 Profitability and lack of funding

Spiritage communications cannot meet its day to day operational expenses. At its inception the company got some funding of around USD\$20 million from Afrezim bank in South Africa. The money was supposed to be dispersed in batches of \$10 million initially and \$5 million thereafter on condition that the company gets a substantial amount of revenue to meet its daily operations. The \$10 million was enough to roll out the network in the five major cities, namely Harare, Bulawayo, Gweru, Kwekwe and Mutare but currently only two cities are partly covered (Harare and Bulawayo). The revenue from this network was supposed to sustain the company after six months of rollout however the company could not meet this requirement and Afrexim could not disperse the other batch. In addition, the company has not been able to pay back what it owes the bank. Salaries and other operational expenses were being met through borrowing such that the company became over borrowed to the extent that it could not borrow anymore.

1.1.3.6 Customer orders, Network rollout and Coverage.

Spiritage cannot meet its clients' orders because of its network coverage. The company has not been able to roll out its network according to plan. To date only

two cities have been partially covered namely Harare and Bulawayo. Thus customers are forced to withdraw their requests for service on discovering that the network coverage is only limited to the two cities. Recently the company received an order of 40 000 telephone handsets but the customer had to withdraw the requests on discovering the extent of the network coverage.

Furthermore the poor network coverage has resulted in a subscriber base which is lower than what the company had projected (See Table 1.4).

Table 1.4: Projected subscriber base (Adapted from 2009 Strategic Planning Document)

Year	Expected Subscribers	Number of subscribers on the network	Variations
Year 1(2010)	20 000	200	19 910
Year 2(2011)	60 000	800	59 800
Year 3(2012)	93 000	3000	92 700

1.1.3.7 Quality of Equipment, Technology and innovation

Spiritage communications started replacing the equipment for its base stations after six months from the installation date. According to the International Telecommunications Union (ITU) standards telecommunications equipment has to take three years on the network without being replaced. In addition gadgets that are installed at the customer sites are continuously being replaced instead of being used for new customers. To date all the 30 sites have had one or two of their units replaced and about 1000 customer gadgets have been deemed faulty. This has reduced customer confidence and has resulted in customers switching

to other networks. The company has also accumulated more costs as it had not foreseen the additional expenses of replacing the equipment in such a short space of time from the installation date.

In addition the equipment is not scalable or compatible with other equipment vendors. As technology is very dynamic, for Spiritage to be competitive it has to offer the same or better technologies than its competitors. For example Ecoweb is offering 4G technologies which Spiritage wants also to offer however because the equipment that is currently on the network cannot be upgraded to offer such a technology, the company has to buy new equipment. With the financial constraints that the company is facing raising the required funds seems like a mammoth task and already customers are preferring Ecoweb (Econet) better than Spiritage (Refer to Table 1.2).

The first mover advantage which most telecommunication companies survive on was one of the forms of competitive advantage that Spiritage was to employ. According to their strategic plan in 2009 Voice over Internet Protocol (VoIP) was the gap that was not filled and Spiritage was to capitalise on, unfortunately Africom launched the VOIP ahead of them. Up to now the voice network is not fully functional as the network is not yet interconnected to other voice operators such as Econet, Tel*one and Telecel. Such interconnections are critical elements of a fully functional voice network. The international gateway for international calls is also still outstanding.

1.1.3.8 Staff turnover and working conditions

Spiritage Communications has not been able to pay its employees for more than eight months. As such staff morale is very low; and productivity is low. Employees come to work at any time when they feel like and they work at their own pace. Some employees have moved to other companies in search of greener pastures. Up to date the company has lost more than 40 employees from a total of 160. The operations department which is the core of the company has lost all its six managers, its CEO and some junior staff.

Furthermore some employees had to be forced to go on unpaid leave for one year and this move has caused them to seek legal action against the company, further draining the financial resources of an already ailing company. Medical aid and lunch which were part of the allowances have been scrapped. In addition the company has not been able to avail adequate resources for use in different departments. For example the operations department requires laptops when configuring base stations, yet these are not always provided. In fact, employees get to the extent whereby they use their own resources to do their duties.

1.1.3.9 Rentals

Spiritage communications is not able to pay rentals for the two premises that it has been occupying in Harare. About twenty cars that the company owned have been auctioned so as to cover the rentals that the company was supposed to have paid. Furthermore the company has been evicted from one of these premises and all the workers are now resident at one premise.

The company has also not been able to meet its monthly obligations for the bandwidth that it is leasing from other companies and that has resulted in one of the supplier cutting the company off its network- other suppliers are also threatening to do the same. Towers are also leased from those companies that would have installed towers and the company is also having challenges paying for them such that it has been blacklisted and cannot receive service from established companies like Econet. The same story goes for the contactors who had been subcontracted to provide services that could not be done in house.

1.1.3.10 Products and services

Of the products that Spiritage had planned to offer only the data centre and internet infrastructure are in place, other services such as e-mail for corporates, web hosting, value added services, IP-TV and video on demand are not yet on the market. The company had planned to make use of fibre optics in their network, but to date almost all the customers are linked wirelessly. Wireless technologies are unreliable compared to fibre such that customers (especially

large corporates like banks who are highly sensitive to errors) are forced to seek services from the company's competitors where reliability is assured.

1.1.4 Environmental/Situation analysis

1.1.4.1 Macro environmental/PEST analysis

The macro environment is the collection of uncontrollable forces and conditions facing a person or a company including demographic, economical, natural, technological, political and cultural forces(Allen,2005). Each of these environments is made up of many factors that affect the industry in different ways. These environmental factors can offer both threats and opportunities to a company within the industry. For the purposes of this discussion, the external environmental factors that affect the ICT industry in Zimbabwe are thus discussed as:

Technological factors

The technological environment looks at new technologies which can be used to create new products and avail new market opportunities. The ICT industry is technology driven and any global technological developments are critical to the success of a technological company. ICT products evolve rapidly and therefore a company needs to always update its technology so as to survive the competition. Critical to an ICT company is the issue of getting returns before the technology becomes obsolete. An example can be given of the IAPs such as Powertel, Spiritage and Africom which are deploying the 3G technology which has already been overtaken by the 4G Wimax and the Long Term Evolution which offer better speeds. They cannot just migrate to the new generation of networks without recouping their initial investment.

While this factor remains true it is critical that the company put mechanisms in place which will enable their products to reach the market in the shortest possible time. Management capacity is needed to allocate resources efficiently and to make quick and timely decisions. If the company fails to abide to this, the

resultant is product redundancy as the customers' technological expectations are not met.

Political and legal environment

The regulator of the Telecommunications Industry PORTRAZ had put in place a single gateway policy prior to the deregularization in 2003 whereby Tel*One was the only player allowed to have an international gateway. As the industry deregularised more players were allowed into the industry, eleven IAP licenses were issued in 2009 and these allowed each player to have its own gateway. As such the quality of service offered by these new players was compromised because of the poor quality set by Tel*One which was to some extent being used as the benchmark.

As one of its mandates, POTRAZ regulates the prices that are offered to customers and the quality of service on the telecommunications products. Before the period of the multi-currencies, it was difficult for the telecommunications players to operate at a profit because the price reviews were not in line with the inflation rate. To further exacerbate the situation players in the industry are supposed to give their expansion plans in terms of areas that they are planning to reach in a given time period. Failure to reach those areas within the stipulated time frame might mean withdrawal of the license.

The political/legal framework that a country presents can have negative impact on the performance of the Telecommunications Industry. Zimbabwe is rated as an unattractive destination for investment because of its poor governance and unstable policies. For example the passing on of the indigenization policy has hampered foreign investments which are desperately needed in a capital intensive industry such as telecommunications. Furthermore the government has come up with the look east policy which has resulted in Telecommunications companies dealing with China for their equipment and has compromised on product quality.

Socio-cultural environment

According to Schiffman and Kanuk (2000) social factors include such things as changes in birthrates and marriage patterns, an increase in the number of women going to work. In a social arena, ICT companies must understand people's views, of themselves, others, organizations, society and nature of the universe. Of importance to the ICT industry is an increase in the market growth of goods that can be socially substituted for example televisions and computers which could be taken as a cure for loneliness. As such the demand for broadband subscribers in Zimbabwe has increased and the demand will continue to rise. Instead of spending time with friends and relatives people now prefer spending time on social networks like Facebook, what's up and Skype.

Kotler (1999) asserts that the ultimate test of business is its social relevance. It is therefore important for the strategic planner to be familiar with emerging social trends and concerns. According to the New Zimbabwe of 14 September 2010, Zimbabwe's literacy rate is now the highest in Africa currently standing at 92%. This is especially crucial in the ICT industry, as the use of ICT services generally demands a certain level of literacy.

Economic factors

The Zimbabwean economy suffered such a major drawback from 2000-2008 and this period was labeled as a decade of economic stagnation. As such the level of disposable income plummeted resulting in a decrease in demand for ICT products. Furthermore the tariff reviews were not in line with the inflation rates which further exacerbated the situation for ICT companies.

The introduction of the multicurrency system saw consumers readily spend on ICT products as depicted by Fig 1.4.

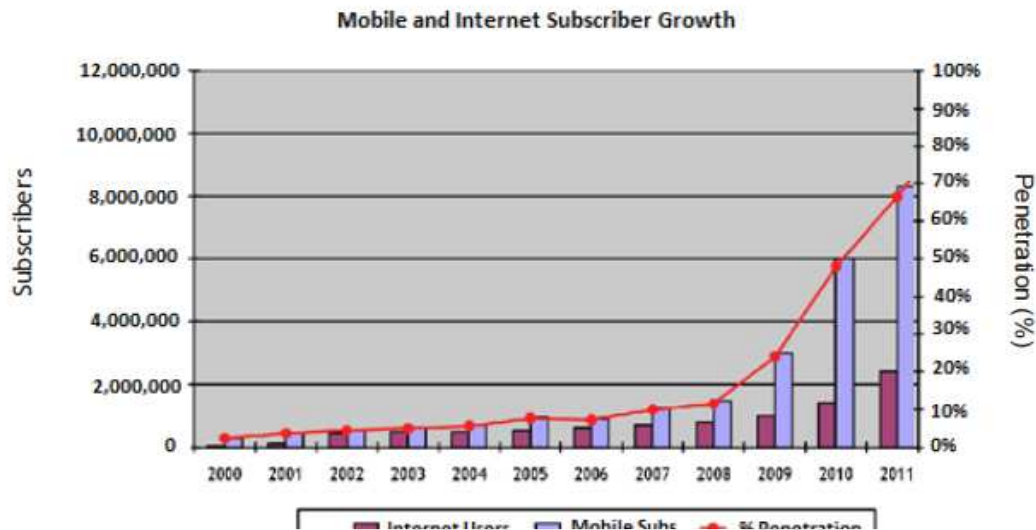


Fig 1.4 Mobile and Internet subscriber growth - Source POTRAZ (2011).

For the service providers however the cost of capital was very expensive. The country's lack of control on the currency caused the lending rates to be very high, around 12-25% and the credit terms are on a short term basis. Such conditions make it very difficult for long term projects, capital intensive projects such as those in telecommunications to be funded without rollover of accounts. When accounts are rolled over the interest rates may reach unsustainable levels such that companies may run at a loss.

1.1.4.2 Telecommunications Industry Competitive Analysis

1.1.4.2.1 Porter's Five Forces Analysis

Porter's five forces is a framework that models an industry's competitiveness. The model can be used to better understand the industry in which a business is operating in. In analysing the telecommunications competitiveness all the

companies in the telecommunications industry will be used, including mobile operators as they are also offering services that include data.

Rivalry

Like any other company that is in business, firms in the data communications industry compete to lead in the market. As such they compete in market prices, new product development and promotion. The firms compete for large organisations as they are the customers which bring higher revenues. Examples of such organisations include banks, large retail outlets, institutions like Old Mutual, FML, manufacturing organisations and other businesses. Due to the value of large buyers, it is of great importance for a competitor to have as many large buyers as possible.

Threat of Entry

The high entry barriers in the data communications industry reduce any serious threats of entering the sector. Thus the profitability of companies that are already operating is not highly affected.

Entry barriers include:

- High capital requirements to set up telecommunications infrastructure
- Government policy which restricts competition through granting of monopolies.
- Cost advantage independent of size stemming from the effects of the learning curve, proprietary technology, and assets purchased at pre-inflation prices and favourable locations. An example is Powertel's fibre optic cable which is strung on existing ZESA lines making the deployment of their intercity links easier and cheaper.
- Economies of scale: data communications profitability also depends on volume; that is the number of customers on the network. This forces the aspirant to enter the market on a large scale in order to be viable. Liquid

Telecommunications has capitalised on this by having optic fibre all over the country (where there are Econet Base Stations there is Liquid fibre).

Bargaining power of Suppliers

When suppliers raise their prices or produce low quality goods they exert the bargaining power on participants in a particular industry. Powerful suppliers can have a great impact on profitability. The telecommunications supplier market is dominated by two Chinese suppliers Huawei and ZTE and these suppliers have some power over the buyers. Due to the liquidity crunch, the suppliers dictate the price, quality and terms of payment especially for organisations that are not making profit. The prevailing foreign currency situation has caused a number of the operators to become less important customers because a number of supply contracts have been signed with suppliers and only to be abandoned due to lack of financing.

Bargaining power of Buyers

The players that bring a lot of revenue are large corporates and these are the ones that have some degree of influence over the suppliers compared to individuals. The threat of switching over to other service providers is higher for these large buyers and each competitor is under pressure to maintain high product quality. The costs of buyers switching to substitutes or other service providers are low but the buyers remain loyal to a particular service provider due to the service performance. Integrating backwards is very difficult for the buyers because of the high entry barriers stated earlier.

Substitute Products

Substitute products greatly affect the profitability of a data communications company. Products can only fetch a particular price which when exceeded might negatively impact on the sales of the company. Such products include individual point to point radios and some Chinese CDMA and Wi-max dongles. The point to

point radios are expensive to maintain and they are less reliable. The Chinese dongles require a once off payment and access to the internet is free. How it becomes free is a question that needs to be asked because access to the internet has to be through some registered ISP.

1.1.4.3 SWOT Analysis for Spiritage Communications.

Strengths

The major strength that Spiritage has is on its management reputation. Most of the managers that are holding key positions are from Econet. Econet has a good reputation such that anything that is associated to it is also assumed to be good. As such consumer confidence has been boosted.

In addition VoIP is one of the cheapest service that a service provider can offer. International calls are charged as if they are local because of the internet channel. With such a service Spiritage has attracted clients who are price sensitive.

Weaknesses

Lack of funding is one of Spiritage's major weaknesses. The company has no financial reserves and is having problems in recapitalizing the company. The company has not been able to attract new investors; this coupled with the liquidity crunch has placed a limitation on the company's ability to fund greenfield investments.

Another major drawback is that Spiritage does not have its own backbone. The intercity bandwidth is leased from other service providers who are its competitors. As such the prices that Spiritage charges is a bit more than what is charged by the owners of the backbone. In seeking service the customers will prefer where the service is cheap.

Poor remuneration and non-payment of salaries has led to high staff turnover and the company is incurring huge costs in training new personnel. This has

meant that most of the gifted personnel at Spiritage have been attracted elsewhere, this leaving a less skilled team.

Opportunities

The Zimbabwean telecommunications industry has got vast opportunities. Due to a low teledensity, demand for telecommunications services is very high. Furthermore Spiritage can also increase its product range due to favourable regulatory conditions. For example the granting of the IAP Class A license to Spiritage allows it to provide VoIP services and thus gain voice services market share.

Threats

The regulatory authority PORTRAZ has been accused of some bias in its dealings. For example in the laying of fibre other operators who wanted to install fibre to Mutare could not be allowed to do so because Tel*One had its fibre installed already however Tel*One was allowed to install fibre to Bulawayo when already other two operators Powertel and Liquid had their fibre in that route. This could be a major threat to Spiritage as it has also plans to put fibre on the same routes.

1.2 Problem Statement

Since the inception of Spiritage Communications no profit has been recorded and the organisation is going through a financial distress. Employees have gone for some time without salaries and some employees have been forced to go on unpaid leave. Some of the departments like Health have been shut down and medical aid services to the employees have been placed on hold. The customer base has not improved and it remains small compared to other competitors. The company is facing eviction from its offices and some company property has been confiscated due to this effect.

The situation at the company may be ascribed to a lack of entrepreneurial skills in the management, inability to seek resources, mismanaging of resources, lack of the right expertise, lack of innovation, poor strategic planning and lack of capacity to exploit opportunities as they present themselves. It is therefore the purpose of this paper to investigate whether the above mentioned reasons are the causes of the aforementioned problems.

1.3 Research Objectives

The research objectives derived from the research topic are as follows:

1. To establish whether the management at Spiritage Communications are true entrepreneurs.
2. To investigate whether the management approach encourages innovation.
3. To assess the ability of the company to seek resources for the exploitation of opportunities.
4. To investigate whether the company is able to exploit opportunities after they have been identified.

1.4 Research Proposition

Spiritage Communications is building a successful entrepreneurial organisation by engaging in entrepreneurial activities.

1.5 Rationale

This research is important to three participants: the researcher, Spiritage Communications and Zimbabwe Academia

1. Researcher

The research area is one of major interest to the researcher as she is also an entrepreneur. Given the challenges that Spiritage is facing the researcher will be able to learn more on the attributes that are needed for her to be a true entrepreneur and improve on how she runs her own business. Above all this is a key area in the researcher's career and academic development.

2. Academia

This research will help shed more light on the area of sustaining entrepreneurship in the Telecommunications Industry in Zimbabwe. The area of entrepreneurial sustainability especially in the Telecommunications Industry has not received much attention in Zimbabwe as it has in other parts of the world. This research will also provide a platform through which further research on other facets of sustainability can be analysed.

3. Spiritage Communications

This research is important in that Spiritage Communications need an urgent turnaround strategy in order to address its current challenges. Sales are very low and need to be boosted, employees have gone for a while without salaries and need to be paid in order to avoid brain drain. The research will identify where the company is lacking in terms of entrepreneurial attributes which are key to the performance of the company.

1.6 Scope of Research

The research will investigate how entrepreneurship can be sustained at Spiritage Communications. The investigation will be limited to Spiritage directors and employees within Harare. The target groups are those who are perceived to have

some interactions with Spiritage Communications in terms of strategic decision making and those who may contribute to its input.

1.7 Assumptions of the Study

1. The information collected is a true representation of what is currently happening in the company.
2. The tools and instruments used for the study are reliable and valid.
3. The sample used is representative of the population.
4. There will be major changes within the company that will render the study invalid or unnecessary.
5. Respondents will be true and sincere in responding to questions and providing information.

1.8 Structure of the Study

This dissertation shall constitute five chapters which are outlined below:

Chapter 1: The chapter is an overview of the research. It introduces the research, gives its background and also outlines the rationale for the research.

Chapter 2: This gives the literature review which is relevant to the topic of study. The chapter also highlights research findings from previous researches which have the capacity to answer the research objectives.

Chapter 3: This gives the research methodology used in the research. It looks at the relevant research approaches, philosophies and strategies that are used in the research in order to answer the research objectives. Information on the data collection methods and analysis is also given in this chapter.

Chapter 4: This is a chapter where the research findings are presented and analysed.

Chapter 5: This gives a conclusion and recommendations based on the research finding. Outlines of possible future research areas are also given.

CHAPTER 2: LITERATURE REVIEW

2.0 Introduction

This chapter seeks to explore and review literature on entrepreneurship with a particular focus on how it can be sustained. The researcher shall review both the empirical and theoretical literature which is relevant to the study and also identify any gaps. An assessment of the contextual discussion of entrepreneurship shall be carried out in a bid to identify its key elements such as strategic management, innovation, entrepreneurial management, growth, opportunity identification and exploitation.

2.1 Definitions

2.1.1 Entrepreneurship

Since its inception the term entrepreneurship has had a plethora of definitions which are still evolving even up to today. Herbert and Link (1989) gave an analysis of how the definition has evolved during the past ages. In their analysis they gave an overview of different views by different authors. Cantillon (1734) takes the concept as an individual taking risk in return for profit by engaging in market exchanges. An arbitrage opportunity is sought but a loss may also be incurred as the market conditions are uncertain. This means goods may be bought at a certain price so as to be sold again at unknown price with the difference being the profit or loss. According to him anyone can become an entrepreneur despite their social standing, beggars and robbers included, as long as they take chances and face the uncertainties in the economy. However Say (1800) describes an entrepreneur as a coordinator, coordinating production and distribution processes.

Weber (1905) is of the view that an entrepreneur is an individual who disrupts the traditional state of the economy by lowering prices thereby gaining customers.

On the other hand Schumpeter's view brings in a new concept of an innovator which greatly differs from Cantillon's opinion of a risk taker. Rather he is in agreement with Say on leadership and coordinating productive processes. According to him an innovator shifts the market system through creative destruction by bringing new combinations of productive resources (Schumpeter, 1934). Snow (2007) in support defines entrepreneurship in the same way that he defines innovation. His argument lies on the concept that both introduces a new thing – innovation introduces a new product or service while entrepreneurship introduces a new business. Schumpeter's views were very influential such that he is called the grandfather of entrepreneurship theory and the phrase 'innovative entrepreneurship' emanated from his theories (Braguinsky, Klepper, & Ohyama, 2009).

Kirzner (1930) in direct opposition brought about the concept of opportunity discovery. He described an entrepreneur as an individual who takes advantage of an economic disequilibrium as an opportunity for making profit, thus in taking up the opportunity equilibrium is gradually restored back (Kirzner 1973). According to Shane and Venkataraman (2000) Kirzner's view is based on 'processes of discovery, evaluation and exploitation of opportunities' thus even as a company is established opportunities can continue to be discovered (p.218).

The modern day definition of an entrepreneur according to Rey (2011) is an individual who starts his/her own business. Bruyat and Julien (2000) define it as creation of new value. The aspect of value creation is supported by Robinson, Blockson and Robinson (2007) who in turn adds the aspects of risk, innovation and implementation. On the other hand Stewart and Roth (2001) refers to it as, 'independent ownership and active management'(p.20).

Kuratko (2009) defines it as:

A dynamic process of vision, change, and creation. It requires an application of energy and passion toward the creation and implementation of new ideas and creative solutions. Essential ingredients include the willingness to take calculated risk in terms of time, equity, or career; the ability to formulate and effective venture team; the creative skill to marshal needed resources; the fundamental skill of building a solid business plan; and, finally, the vision to recognise the opportunity where others see chaos, contradiction, and confusion (p.530-531).

In essence his definition centres on commitment and a passionate drive towards attaining the vision.

To sum it all the following can be deduced as the definition of entrepreneurship:

- Innovation or invention
- Entrepreneurial management
- Strategic Management
- Growth and capital investment
- Coordination of management.

And when all these attributes are embraced in a new enterprise then entrepreneurship can be sustained.

2.1.2 Sustainability

As per the conglomerate view of various English dictionaries sustainability comes from the verb sustain which means to bear, to hold up, to support, to keep going, to keep growing. 'Viability into the future is also known as sustainability' (Vineyard, 2008). In other words sustainability is continual growth in the long term.

2.2 Entrepreneurial Process (Elements)

2.2.1 Entrepreneurial management

The entrepreneurial process involves five major tasks namely; identification of opportunities and the ability to screen the right one, business plan formulation, gathering of resources, organising the team that will work on the new venture and managing the creation of the venture and its growth (Hisrich, Robert, Peters, & Shepherd, 2005, Timmons & Spinellin, 2009). As for profit entrepreneurship centres on wealth creation (Hitt, Lamp, & Sexton, 2001), it therefore calls that a competitive edge be acquired through better performance of these tasks (Urban & Rwigema, 2008). However the journey to success might not be easy if the right strategies are not applied (Kiyosaki, 2002). It is important that the managers and the entrepreneur be able to apply entrepreneurial and strategic tools, techniques and concepts in ways that will create increasing amount of wealth for the new venture (Hitt et al., 2001).

‘Managerial performance is a key factor for entrepreneurial success and a lack of managerial abilities contributes strongly to business failure’ (Cantner, Göthner., & Meder, 2009, p.5). Strategic leadership that has the capacity to envision, think strategically and take the right strategic and entrepreneurial actions that will ensure that the new venture uses its capabilities to differentiate itself from competition is required (Porter, 2008). In other words a new enterprise requires entrepreneurial management that is able to lead, plan, control, organize and co-ordinate the different tasks in the entrepreneurial process so as to be able to build a successful enterprise.

Leading the venture ensures that the team is properly coordinated in the activities to meet the goals and plans of the venture (Wiltbank & Boeker, 2005). They further argued that the team is motivated when there are effective channels of communication and proper conflict resolution amongst members. The entrepreneur should be able to lead by example by his own behaviour and

attitude (Cantner et al.,2011). In other words as the leader of the organisation he should show his team how to do their jobs through the actual demonstration of hoe it is done.

2.2.2 Strategic Management and Entrepreneurship

Strategic management is the driver to a successful enterprise (Saloner, Shepard,& Podolny 2001). In fact all the elements of entrepreneurship are embodied in strategic management (Hitt et al.,2001).They further argued that it is strategic management that drives innovation and growth, the level of risk to be taken and the level of coordination of managers. In other words strategic management defines the level of entrepreneurial orientation, venture performance and how to build a competitive advantage as the new enterprise is being created (Oni , Ndibe, & Adefila, 2012). Whereas entrepreneurship put more emphasis on the process of new business creation rather than performance as strategic management does the integration of the two brings synergy hence a higher output(Kuratko, Ireland, & Hornsby, 2001).

A new business venture should be able to attract customers in the existing market and at the same time be able to create new ones in other markets (Hitt et al., 2001). Ability to take market share, customers, assets and even employees from the existing competitors determine how the new venture is to perform (Hamel, 2000). As entrepreneurship creates goods and services it is important to acquire a competitive advantage with the created goods and services (Hitt et al., 2001).This requires strategic management and continual focus on new sources of competitive advantage and it requires an ability to organise and coordinate all the resources and the core competences of a venture and be able to combine them in a unique way so as to create new sources of value (Wickman, 2001).

Strategic management involves taking strategic actions (LaCasse & Manzione, 2007). Strategic actions are ways in which an idea is moved from its inception to its fulfilment (Foundation for Community Association Research, 2001). It involves

analysing decisions and actions that an organisation takes for the reason of creating and sustaining a competitive advantage (Hitt et al., 2001). It is about taking action today to achieve benefits in the future (Kuratko & Audretsch, 2009).

In view of this the following aspects of strategic management shall be looked at:

- Strategic Management and the Entrepreneur
- Strategic Planning and Analysis
- Strategy and the external environment
- Clarifying the vision, mission, values and objectives
- Strategy Formulation

1. Strategic Management and the Entrepreneur

As entrepreneurs start their own ventures they should continuously ask themselves where they want to be and what competences they need to develop (Ehmke & Boehlje, 2005). They often fail because they do not have the right strategies for sustainability (Bhide, 1996). He further asserts that there is need for entrepreneurs to clarify their goals, map out strategies for the attainment of those goals and then assess the capacity to execute their strategies. In the same line of thought Timmons and Spinellin (2009) suggest that of the three elements that are critical to the entrepreneurial process (entrepreneur, the team and the resources) the entrepreneur plays the pivotal role and should have the ability to balance the three. In other words he should make the right strategic decisions and should possess the proper skills and capabilities to implement them.

However because of the emotional attachment between the founders and their ventures, most entrepreneurs have a high level of optimism which may lead them to overestimate their own success compared to their competitors (Coelho, De Meza & Reyners, 2004). They usually underestimate their resource requirements, overestimate their capabilities and in some instances they fail to

plan (Gudmundson, Tower,&Hartman 2003). Furthermore most entrepreneurs operate in an environment which is uncertain and where information on buyer and customer demands and trends are not publicly available (Ehmke & Boehlje, 2005). In such an environment vulnerability to errors, wrong judgments, cognitive biases and overconfidence is high (Frick, 2012).

2. Strategic Planning and Analysis

Strategic planning is the process of analysing and deciding on the firm's vision, mission, objectives, general strategies and major resource allocations (Hitt, Ireland, & Hoskisson, 2009). It involves the formulation of long term plans that enables the effective management of environmental opportunities and threats given the venture's weaknesses and strengths (Gudmundson, Tower,&Hartman 2003). It is a game plan which is a guide to the new venture in order to achieve its goals, mission and objectives and to keep it on the right course (Ehmke & Akridge, 2005). Without a defined course of action an organization may follow multiple and conflicting goals (Gudmundson, Tower,&Hartman 2003). Strategic planning helps a new venture to identify its distinctive characteristics which help in differentiating itself from other companies (Collis & Rukstad, 2008). Differentiation that a company can preserve is a source of outperforming rivals (Porter, 2006)

In addition strategic management helps in coordinating the management in different functional units to work towards a common goal (Collis & Rukstad, 2008). Proactivity in problem solving and decision making is also encouraged with a clearly outlined strategic plan (Hitt et al., 2001). Bhide (1996) however posit that though much emphasised in organisations planning does not suit most start-ups. He further asserts that often times entrepreneurs lack money and time to do much research on competitors' internal cost structures and interviewing a substantial number of customers. He discovered that too much analysis may be harmful such that by the time the opportunity is fully investigated the opportunity may no longer exist. He proposes that entrepreneurs should focus on

approaches that work, meaning approaches that are cheap, quick and timely. Concerning the guidelines to the approaches he suggests three steps, namely:

- Quick screening of opportunities and discarding unpromising ones.
- Careful analysis of ideas and focus should be on the important issues.
- Action and analysis should be integrated. There is no need to wait for all the answers and the entrepreneur should be ready to change course where it is possible.

In the same line of thought Sarasvathy (2008) argues that most entrepreneurs operate under what she called 'effectuation' which does not require strategic planning. Their ventures are based on what they have instead of what they want. Her concept is drawn from five findings: 1. Entrepreneurs set their goals according to the resources that they have. 2. Focus is not on what has to be gained but rather on the possible loss. 3. Competition is not their major focus rather it is partnership. 4. Their services and products are continually being refined to suit the concerned stakeholders and 5. They can deviate from their original set objectives.

On the other hand Hitt et al. (2001) suggest that strategic planning should not be ruled out as it produces better outcomes for the entrepreneur. He proposes the following steps in which strategic planning should be carried out:

- i. External and internal examination of the environment (strengths, weaknesses, opportunities and threats - SWOT analysis).
- ii. Formulation of long and short term strategies.
- iii. Strategic Plan Implementation
- iv. Strategy evaluation.

Based on earlier arguments on the advantages of strategic management the route by Hitt et al. (2001) will be taken.

i. **External and internal examination of the environment (strengths, weaknesses, opportunities and threats - SWOT analysis).**

The external environment poses as the source of opportunity identification for the entrepreneur (Collis & Rukstad, 2008). However the same environment may also threaten the implementation and operations of that same opportunity (Parnell, 2009). It is therefore required that an environmental scan be carried out by the entrepreneur for the screening and evaluation of the said opportunity. An environmental scan is carried out through the assessment of the internal and external environment in which the venture is operating in (Muensriphu, Vichvavichien, Jinarach, Atthayuwat, & Mujtaba, 2010). The internal environment focuses on the venture itself; it includes such things as the company's resources and capabilities, its cost structure and its competitive strengths and weaknesses (Morris, Kuratko, & Covin, 2008). The external environment involves the analysis of the opportunities and the threats that are external to the organisation for example the industry and the macro environment (Parnell, 2009).

New ventures need to continuously change their strategies to suit the changing external environment (Collis & Rukstad, 2008). While the same venture might have its own weaknesses, it has to use its internal strengths to fully utilise any opportunities and counter any threats that the external environment may present (Parnell, 2009). However in some instances it is difficult to match the opportunity to the environment because of the uncertainty inherent in the entrepreneurial process (Davidson, 2001). Furthermore using the effectuation approach by Sarasvathy (2008) there are challenges of the proper selection of the environmental factors to consider. To this end Davidsson (2001) proposes that implementation should be trial and error with little costs to each step until the right concept is found.

The linkage between the internal and external environment is that of cause and effect (Parnell, 2009). When the external environment presents its threats, this affects the operations of the new venture (Venter, Urban, & Rwigema, 2008). For

example if there are any changes in the political, economic, regulatory, culture these will have an impact on the performance of the company. On the other hand the environment may present conditions that are favourable to the performance of the venture (Hitt et al.,2009). For example when the environment is unstable and hostile there is high level of innovation, risk taking and pro-activeness which leads to new business opportunities.

Strategy and the internal capabilities

Empirical evidence has shown that the performance of a new venture is affected by its internal capabilities (Baum, Locke, & Smith, 2001). In the same line of thought Lee, Lee and Pennings (2001) discovered that ventures that are technical create value from their internal capabilities than those that are non-technical. Conducting a situational analysis of a venture is the groundwork for matching the venture to its internal competitive capabilities and its internal resources (Baum, Locke, & Smith, 2001). They suggested that the situational analysis can be done through a SWOT (Strengths, Weaknesses, opportunities and strengths) analysis, Value chain analysis; Benchmarking Resource-based view of the firm; and balanced scorecard.

Resource based view

A new venture has got a lot of challenges because it does not have a history to point at, it does not have established customer base, no reputation to talk about which lead to a competitive advantage (Brush, Greene, Hart,& Haller, 2004). Their source of competitive advantage is on their choice of resources and the ability to combine them in a unique way which cannot be copied by competitors (Grant,2005). Resources that a company can possess can either be tangible or intangible (Gruchman, 2009). While tangible resources can be viewed as important a new venture needs to possess the intangible resources for competitive advantage because of their complexity which limits imitation (Grant,2005). Furthermore a new venture needs to integrate strategic and entrepreneurial actions in order to come up with resources which are rare,

valuable and not easily copied or substituted (Hitt et al 2001., Wickham, 2001). Embedded in the issues to do with the intangible resources are issues to do with intellectual capital, which is the human capital, social capital and organisational capital (Dess & Lumpkin,2003).

Human Capital

Becker (1993) is of the view that Human Capital points to the individual capabilities, knowledge, skills and experience of the company's employees and managers. On the other hand (1959) and Mincer (1974) are of the opinion that of the human capital elements knowledge is crucial as it increases an individual's levels of cognitive abilities which leads to more productivity. As such in entrepreneurship the most critical success factor is that of skilled human capital (Pfeffer,1998 & Erikson, 2002). At the inception of the venture the entrepreneur is the most important human capital resource that a new venture starts with (Doyle & Sandra,2011). Besides identifying the opportunity, the entrepreneur should be able to lead, organise, control and direct the company in a unique way that beats competition (Sugars, 2010). He posit that the entrepreneur should be capable of gathering the resources that are needed for the company to achieve its dream.

All entrepreneurs are said to start with three intangible resources: (1) Their personality traits, tastes and ability i.e. who they are (2) Their knowledge i.e. education, training , expertise and experience and (3) Whom they know – their professional and social networks (Sarasvathy,2001). While the possession of these resources by the entrepreneur is critical to the success of the venture it has to be noted however that these will not work without the required commitment from him and the entrepreneurial team (Yamada, 2004). Furthermore the entrepreneur should exhibit such competences as resilience, optimism, persistence, high problem solving capabilities, self-efficacy and should have a high drive for success (Doyle & Sandra,2011). Erikson (2002) argues that the combination of the entrepreneurial competences and the entrepreneurial

commitment determines the entrepreneurial behaviour of the venture in the future. In other words the level of competences and behaviours that a venture exhibits at its inception determines the entrepreneurial behaviour of that venture in the future.

- **Knowledge, education and work experience**

In order to be effective in the marketplace an entrepreneur needs to be alert and be capable to pinpoint underexploited markets for potential opportunities and to acquire the required resources (Venter et al., 2008). This is enabled by the entrepreneur's knowledge that would have been acquired through previous experiences, education and training. Knowledge is a valuable intangible resource that a new venture needs to possess for competitive advantage (Von Krogh, Ichijo, & Nonaka, 2000). The entrepreneur's career experience is of importance as it aids in problem solving and in functional areas such as finance, marketing, human resources and in operations (Politis & Gabrielsson, 2008). There is a general notion that entrepreneurs need not to be educated, for example Richard Branson had a poor academic performance but he is one of the successful business people in the world. On the other hand Bill Gates was a college dropout but he has managed to take Microsoft to greater heights. Not to mention again people like Steve Jobs who dropped out of college after six months but had the capabilities to own a company that is a technological leader however it can be argued that when his company Apple started expanding he had challenges with managerial issues which he could not deal with. As such a certain level of education is necessary as it allows the entrepreneur an understanding of different concepts and the ability to adapt to different situations that need a certain level of reasoning.

Alvarez and Barney (2001) argue that oftentimes entrepreneurs use unique cognitive models that have idiosyncratic resources for their

strategic making. They apply heuristics that are not known by others in their decision making processes (Gigerenzer, 2011). He posit that by this the entrepreneur attain to unique and high level of learning which enhances their base of knowledge. The learning curve effects due to experience contributes immensely to how a company competes, it can be one of the barriers to entry tactics by new ventures (Morris, Kuratko,& Covin, 2008).

Wealth creation is enabled by knowledge in today's economy (Nonaka, 2009). The way that a company handles talent and the mechanisms that it provides for value creation through innovation and developing of goods and services determines how it competes (Beijerse,2000).As such an entrepreneur needs to hire skilled people who will help him to build a successful entrepreneurial organisation (Slaughter, 2000). He should hire people who are smarter than himself who will give him better ideas (Timmons & Spinellin, 2009).He also needs to get the best out of the employees by having an entrepreneurial environment which allows the transfer of both tacit an explicit knowledge (Nonaka, 2009).

- **Social capital**

'Social capital theory refers to the ability of actors to extract benefits from their social structures, networks, and memberships' (Thérin, 2007,p.45). In entrepreneurship these are sources of acquiring capabilities and resources which are necessary for effective competition (Hitt et al., 2001). They further assert that when entrepreneurs network they get new sources of knowledge, technology, information and resources which might not be easily imitated or substituted.

Strategy and the external environment

Though the external environment can be a source of opportunities, it may threaten the operations of an organisation; as such an entrepreneur should

always be alert for any changes that may affect the venture's performance (Beutler, Moleiro, & Talebi, 2002). He argues that entrepreneurs need watch out for any changes in tax, economic growth rates, interest rates, unemployment, inflation, regulation and political changes as these are sources of threats and opportunities. As the entrepreneur has little or no control on the external environment it is imperative that managers should try to predict and put means within the venture to counter any changes before and even as they occur (Ireland & Hitt, 2005).

Political and regulatory environment

The government is the key driver to entrepreneurship in a given country (Hawkins, 2010). The quality of a country's government can be assessed by the robustness of the rule of law and private property rights (Scarborough, Zimmerer, & Wilson, 2008). Entrepreneurship thrives well when these two are properly addressed. Some governments have got a tendency of increasing the barriers to entry in a given industry to protect government owned entities which will not be performing (Beutler, Moleiro, & Talebi, 2002). Restrictive regulations and policies discourage entrepreneurship and encourage corruption (Dollinger, 2002)

Technological environment

Baron and Shane (2005) posit that technological changes are the most important sources of entrepreneurial opportunities and these are changing very fast (Downey, 2007). For example the emergence of the internet has created new ways of doing business which remove some of the barriers to entry (David, 2005). Of importance is to note that most companies have embraced technology for competitive advantage (Fuduric, 2008). Therefore in order to compete effectively entrepreneurs should be creative and be able to come up with unique combinations of different technologies and avoid lagging in the market (Kotler & Keller, 2006).

Economic environment

The macroeconomic indicators such as taxation, interest rates, exchange rate, monetary policy, unemployment, gross domestic product, per capita income has an impact on entrepreneurial performance (Fuduric, 2008). If these indicators are favourable they increase the rate of entrepreneurial activity (David, 2005). For example if inflation rates are very low entrepreneurial activities are encouraged.

Social cultural environment

The cultural environment is made up of forces that affect a society's basic values, perceptions, preferences and behaviors(Downey, 2007).According to Schiffman and Kanuk (2000) social factors include changes in birthrates and marriage patterns, an increase in the number of women going to work. In a social arena, entrepreneurs must understand people's views, of themselves, others, organizations, society and nature of the universe and be able to find sources of opportunities and threats (Scarborough, Zimmerer, & Wilson, 2008). As social behaviors vary with time customers change their preferences and buying behaviors (Downey, 2007). It is therefore important that entrepreneurs should be able to monitor such and be able to meet customer expectations. Unmet expectations repel customers, with disastrous consequence for the company's survival and success (McShane & Von Glinow, 2003).

Strategy and industry analysis

In industry analysis as pointed out by Porter (2006) new business enterprises do not only face competition from competitors offering the same goods and services but also from suppliers, substitute products , buyers and new entrants. In fact a new venture is faced with much competition even from companies outside the industry as it has to look for employees and capital (Hitt et al.,2001). As such a new organization needs to identify the markets in which it competes as well as the ways in which it competes in these markets (Scarborough, Zimmerer,&

Wilson, 2008). Porter's five forces model determines the level of profit making in a given industry (Porter, 2006). According to him the model helps an entrepreneur to decide whether to enter or not in a given industry. Furthermore levels of resource commitment and strategies to employ in that industry can be determined from there.

Entrepreneurs may face high entry barriers in industries that are capital intensive (Bhide, 1998), for example the telecommunications industry is very capital intensive such that an entrepreneur who wants to venture in such should have easy access to capital markets. Otherwise it is encouraged that an entrepreneur should venture into industries that are not capital intensive and ensure growth is sustained by internally generated profits (Harper,2005).

According to Scarborough, Zimmerer,& Wilson,2008) questions such as the following need to be asked when conducting an industry analysis:

- How profitable is the industry?
- What is the level of profit, is it small or is it high?
- What are the trends that are likely to occur in the industry in the future?
- Are there any opportunities that might arise in the industry?
- How crowded is the industry?
- Is the level of competition intense or not?
- In what stage of the industry life cycle is the industry in, is it emerging, rapid growth, mature or somewhere in between?

He argues that when these questions are fully addressed it helps in determining whether the products and services being offered by the entrepreneurs have sufficient demand .

Though the analysis of the external and internal environment allows the entrepreneur to focus on what he wants and eliminate ideas that are unpromising, it is important to take cognisance of the fact that not all ideas that seem unpromising will not do well (Bhide,1998).For example at the introduction

of photocopiers people had not shown an interest in them because they were satisfied with using carbon paper but when they found out how easy it was to use them, they adopted them in their business systems(Bhidhe,1996). Basing on this argument it is therefore important that when entrepreneurs are doing their surveys they should have prototypes of their products so that people may have a feel of how their products work.

3. Clarifying the vision, mission, values and objectives

An entrepreneur should know the kind of an organization that he/ she want to build (Bhide, 1996).Sustainability in the long term is not determined by quick profits and 'in and out deals' rather on the core ideology of the company which is a capability of an enterprise to renew itself in a changing environment (Collis & Rukstad, 2008). For example the enterprise should be able to stand the changes in technology,changing customer needs and employee needs. Most entrepreneurs are concerned with the tactical issues like operational matters and parameters internal to the company which are only short term and have grass root views (Lag, 2005).

A clearly defined vision of the new venture is the direction setting of a new venture(Collis & Rukstad, 2008). It is an overall conception of what the company is striving to become (Lag, 2005). A vision gives clarity on the aspirations and intentions of an organisation (Welch, 2001). In other words it gives the long term direction that a company is heading. A vision cannot stand alone it has to be supported by the mission statement which clarifies the purpose of existence of the company i.e. it defines what business the company is in, the customers , the technology employed and the obligations of the company to its stakeholders(Collis & Rukstad, 2008). Furthermore a venture has to have its core values, short and long term financial and strategic objectives that are linked to the vision and mission of the venture (Harris, Chen, Freeman, Venkataraman,& Mead,2010). The venture's core values are the company's beliefs and behaviours that ultimately shapes the organisational culture and hence the

outcomes of the vision, mission and the objectives of the venture (Collis & Rukstad, 2008).

In trying to bring out the importance of a vision and mission Fazio, Finlayson and Pearse (2011) argue that of the three (directional, behavioural and architectural) critical factors that are essential in building an entrepreneurial organisation the directional is the pace setter of the other two. The directional involves the vision, the goals, and the strategies that have been set for the organization. The architectural looks at the organizational structures, roles, processes and decision rights. The behavioural aspect centres on the culture of the organization and how well the employees interact- level of idea sharing and collaboration. In other words as highlighted by Slaughter (2000) clarity of vision, purpose and direction is very important.

The entrepreneur should be able to effectively communicate the vision as stressed by Gartner (2010) when he said:

We write our identity as we communicate it to others, and then once that communication is no longer “in us”—rather, it is now articulated and external—we read it ourselves, and that external story we tell for others becomes the story of our lives(p.16).

He further argues that a clear articulation of the vision inspires employees and they take positive steps towards fulfilling the vision. In the same line of argument Welch the former CEO of general electric argued that, "Leaders inspire people with clear visions of how things can be done better," and "The best leader do not provide a step-by-step instruction manual for workers. The best leaders are those who come up with new idea, and articulate a vision that inspires others to act' (Ampeliotis, 2006, p.178).

4. Strategy Formulation

Crafting strategy is an analysis-driven exercise, therefore in formulating an effective strategy and implementing it, it is necessary to have inputs that are

derived from the analysis of the internal and external environment (Kuratko & Audretsch, 2009). It is therefore required that strategies be formulated so as to build and sustain a competitive edge through matching the firm's strengths and weaknesses with the opportunities and strengths from the external environment (Parnell, 2009).

Aligning strategy to the organisation's environment

Strategies can be launched depending on which stage of the Industry life cycle the venture is in - emerging, mature, rapid growth or declining (Hawawini, Subramanian, & Verdin, 2003). They can also be launched depending on the strength of the industry driving forces, Porter's five forces and the scope of competitive rivalry (Parnell, 2009).

Entrepreneurs who venture into mature industries have got an uphill task of taking business away from competitors (Bhide, 1998). In view of this Porter's five generic strategies can be used to gain market share (Porter, 2006). However most entrepreneurs can only afford to differentiate, being a low cost provider can be difficult as most entrepreneurs lack economies of scale, effects of the learning curve, access to cheap raw materials as they would not have established supplier relationships (Parnell, 2009). Offensive strategies such as pre-emptive strikes, end-run offensives and guerrilla offensives can be used in order to topple down the market leaders (Yannopoulos, 2011). In addition the first mover advantage can also be employed so as to capture the market share before competitors (Bhide, 1998). He further argued that Microsoft founder Bill Gates capitalised on early entrance without a ground breaking product and his company is one of the most successful companies in the world.

On the other hand emerging markets are different because customers have in most cases little knowledge about the product (Bhide, 1998). They often lack the know-how on the product pricing and quality. For example here in Zimbabwe the introduction of the mobile communications saw the first cellular companies making huge profits from selling SIM cards even when the quality of service was

poor. Bhidé argues that strategic choices in such a market are normally limited and product features are normally standardised with no extras.

2.2.3 Growth and capital investment

While the start-up process is centred on the entrepreneur, the team, the opportunity and the resources the growth process shifts to the organisational, structural and financial all being driven by the venture's strategy (Wickham, 2001). An entrepreneur must therefore view the growth and development of their ventures in these four aspects (Snyman, 2003). In fact the growth of a business is measured as the hallmark of success for the entrepreneur (Nieman & Pretorius, 2004). As such most entrepreneurs have a high quest for growth (Dobbs & Hamilton, 2007) and they make it their effort to grow the business in whatever way that is possible, taking risks both financially and personally (Burns, 2007).

Financial resources are required in order to finance the expansion and the operation of the venture (Steyn-Bruwer & Hamman, 2007). As such Snyman (2003) argues that a venture that is pursuing rapid growth rate can easily deplete its cash resources and can soon grow out of the business if not properly managed. In fact entrepreneurs are said to face overtrading challenges in the growth phase as they aggressively push for rapid growth (Burns, 2007). In other words as entrepreneurs are obsessed with rapid growth, little attention is paid on issues to do on how to manage that growth. Bygrave and Zacharias (2010) posit that many new ventures fail because of failure to manage the transition from the start-up phase to the growth phase.

When a business overtrades it will be 'trading at certain volumes without a proper base to support these volumes' (Nieman, 2009, p.277). Bygrave and Zacharias (2008) argue that ventures in the growth stages succumb to overtrading because of several challenges; Execution challenges such as emphasis on sales without proper cash cycle management that results in more sales but without profit, entrepreneurs may pursue many opportunities and as such commitment to

planning and to long term strategy lacks as they will be involved in so many operations, managerial skills that are required to grow the business often lack.

2.2.3.1 Financial growth

The financial is more emphasized than the others as profitable growth is measured on the capacity to create wealth (Nieman, 2009). Accounting principles can be used to determine whether a business is making profit or not (Damodaran,2003). He asserts that such measures as the return on investment, sales turnover and net profit can be used to measure the level of profitability of a new venture. The ability of the venture to attract new resources and its execution capacity determines its growth levels (Bygrave & Zacharakis, 2010). Oftentimes the new ventures lack capital that is desperately needed to fuel growth (Davila, Foster,& Gupta, 2002). According to Damodaran it is economically believed that a company that gets capital performs much better than a company that is running on its own coffers. However new ventures are encouraged to grow the business from internally generated funds((Harper, 2005),as such debt servicing is avoided and resources are channelled towards company growth (Akintoye,Beck, Hardcastle, Chinyio, & Asenova, 2001).When a company is said to be growing it is seen by more sales and profits compared to its competitors (Hitt et al., 2001).However basing on earlier argument when emphasis is put on sales without profits a venture can overtrade.

Growth strategies

According to Dollinger (2006) a venture that is seeking to grow its business can use growth strategies such as:

- Franchising
- Mergers and acquisitions
- Vertical and horizontal intergradation
- Diversification
- Market development(Existing products being taken to new markets)

- Product development (Introducing new uses of an existing product)
- Market penetration.

2.2.3.2 Structural growth

Nieman & Pretorius (2004) are of the view that the structural growth of a venture is concerned with four factors, namely; the organisation's size, the technology in use, the competitive strategy and the environment in which the firm is operating in. On the other hand Wickham (2001) describes the structural growth as the changes in the organisation's internal systems such as the responsibilities and the roles of managers, reporting structures and control systems.

The rate at which the size of the organisation grows is linked to its level of financial growth (Nieman, 2009). He has it that whenever a certain level of capital is injected into the company more employees are hired. Reason being that as the company increases its operations more personnel are called for. Furthermore as cited by Bygraves and Zacharias (2010) there is need to hire people who have the right expertise as the venture grows. They posit that entrepreneurial skills are applicable as the venture starts but as it grows managerial skills are required.

2.2.4 Innovation and invention

'The essence of entrepreneurship is creation '(Shane and Venkataraman, 2000,p.30). Creativity gives a sustainable competitive advantage to a firm because it is a strategic resource that is valuable, flexible, rare, and imperfectly imitable or substitutable (I'm and Workman, 2004). Besides creatively using resources entrepreneurs need to manage change by generating new products, services and technologies (Ward, 2004). In other words creativity is a key determinant in innovation as it encourages the generation of new ideas.

2.2.4.1 Sources of innovation

They are many ways in which a new venture can innovate and innovation begins with a conscious search for opportunity (Drucker, 1998). As mentioned earlier the internal and external environments pose as the sources of innovation (Drucker

1998 & Venter et al., 2008). Historically sources of innovation were known to be in new product, new markets and new technologies, with the latter taking the lead (Klevorick, Levin, Nelson, & Winter, 1995). It has to be noted however that not every latest technology stands as a source of innovation as 'there is a danger that fancy equipment and techniques will simply play back a sophisticated version of what is already known' (Drucker, 1998, p. 152). Innovation in this era can also be applied in the development of new services, business model, pricing plans, and routes to distribution channels and also in new management practices (Birkinshaw, Bouquet, & Barsoux, 2011). Cost cutting measures can also be achieved through the value chain innovation (Hollenstein, 2003) and open innovation which encourages global collaboration on a venture's products and services (Birkinshaw et al., 2011). External sources such as the customers, the suppliers, companies in the same industry, colleges and research centres can also act as good sources for innovation (Filippetti, 2011).

2.2.4.2 How to innovate

Drucker (1998) argues that it is not the entrepreneurial personality that makes a successful entrepreneur but the 'commitment to the systematic approach to innovation' (p. 150). He asserts that most entrepreneurs lack the focus and practical solutions that are required in this approach therefore they fail to innovate. To achieve this, innovation has to be the key focus of the whole organisation not just a preserve of few. It requires the correct entrepreneurial environment and it should be driven by strategy, appropriate resources and risk taking, the right leadership, key performance measures to innovation, reward systems among other things (Samson, 2010). Furthermore the work environment should encourage collaboration activities amongst the employees, customers, suppliers and other companies in the same field (Filippetti, 2011).

2.2.5 Creating an Entrepreneurial Environment

According to Fazio et al. (2011) many companies that are seeking to create an entrepreneurial work environment face a lot of challenges from the culture, the

regulatory, the political, the organisational, the educational and the economical environments. While this is true he argues that companies can break the internal barriers by creating a conducive entrepreneurial environment. They suggested the use of a framework of five levers which is illustrated in Fig 2.1



These levers are adopted for the conceptual framework on creating an entrepreneurial environment.

2.2.5.1 Leadership as the foundation for creating the right entrepreneurial environment

There are several approaches to leadership; some of them include skills approach, transformational approach, situational approach, team approach and path goal approach (Mullins, 2006). In order for a leader to be effective he should command a following and influence his followers in a way to achieve the desired results (Maxwell, 2007). As such the performance of an organisation is affected by the leadership style (Nahavandi, 2002). He argues that it is the leader who sets the tone of the organisational culture and creates an environment that is conducive for innovation.

In a world that is dynamic Wong and Davey (2007) argue that the focus should be shifted from results orientation - 'process and outcome' but to the 'people and the future'(p.1). Leaders should have the ability to delegate (Maxwell, 2007) and should not spend time putting out fires in the day to day operation of the business (Bygrave & Zacharias, 2010). They argue that often times entrepreneurs want to spend time managing what they have created instead of planning and focusing on the long term. Pertaining to people Wong and Davey argued that there are three issues that are of major concern: a) how to develop workers so that they reach their maximum potential, b) human resources retention strategies in terms of hiring and retaining talented workers, and c) ways of innovation and risk-taking levels. In the same vein Welch (2001) argues that leadership is 75% about people and 25% about everything else but unfortunately leaders do not want to work with people.

In view of this they proposed servant leadership as the type of leadership that an entrepreneurial organisation should practise. Servant leadership is a leadership style that has been developed by Greenleaf (1977) and was further developed by (Russell & Stone, 2002) and is people centred. Such values as a purpose and a vision (Stone, 1999), empowering and trusting others (Russell, 2001) and a personality that loves and submit to others (Ndoria, 2004) are part of a servant leader. In essence this kind of leadership motivates its employees primarily by creating a supportive and caring working atmosphere (Wong & Davey, 2007). Due to its level of flexibility the leadership style is not only believed to increase productivity (Hall, 2007) but trust between the leader and his team (Errol & Winston, 2005), empowerment of the team (Errol & Winston, 2005) and growth to the team (Whetstone, 2002) . However not everyone who is a leader possesses all the attributes that are needed to be a servant leader, one's personality and their spiritual beliefs counts (Errol & Winston, 2005 & Freeman, 2011). They assert that servant leaders are believed to be Christians and their kindness maybe taken as a weakness and be taken advantage of by their workers.

On the other hand Hall (2007) in his article on entrepreneurial leadership does not only suggest one type of leadership as effective in an entrepreneurial organisation. He is of the opinion that though servant leadership should take its supremacy other styles of leadership can also be employed. The skills approach for example suggests that a highly effective leader should be competent in a given field and should have a broad understanding of different concepts in addition to the human element (Katz, 1974 & Mumford, Zaccaro, Harding, Jacobs & Fleishman, 2000). They argue that the leader's career experience is of importance as it improves on the leader's level of knowledge and problem solving technics. Ebert et al. (2009) alluded to this fact after they concluded from a research that of the sources of entrepreneurial opportunities 45-85% of it is from the work experience. Critics against this model like (Northouse, 2007) argue that while the model is all encompassing and include the crucial aspect of people some of the attributes that are portrayed as skills are trait like. Furthermore the model does not explain how these skills bring about an effective leader.

Clark and Pratt (1985) argued that different stages in an organisation's development require also a different leadership style. Entrepreneurial skills are essential as the business is starting but managerial skills are needed as the business grows (Bygrave & Zacharakis, 2010). Mullins (2006) suggests four leadership styles: a champion, a tank commander, a lemon squeezer and a housekeeper. A champion fights for the business to get its roots at its initiation. As the business develops a housekeeper maintains a competitive market position by ensuring efficient and economic management of the business. The lemon squeezer is needed in case of decline, for innovation, costs cutting measures and improving productivity. Rajang (2002) however points that one leader cannot be an all-rounder, although there are exceptions, few leaders can switch from one leadership style to another.

2.2.5.2 The Incentives and Rewards Lever

Employees are motivated by the right reward not by just a reward (Slaughter, 2000). He argues that a reward should encourage the right behaviour to the recipient. According to Fare (2000) human beings in general have twelve needs: health and well-being; family; work/career; learning; home; economic; social relationships; spirituality; mobility; community leisure and safety. He argues that in the new millennium work and private life will continue to revolve around these twelve human needs. These needs can be classified into intrinsic and extrinsic motivation (Ryan & Deci, 2000). Intrinsic motivation is the motivation that encourages someone to work because the work is exciting, interesting, satisfying and challenging (Dess & Lumpkin, 2003). While on the other hand extrinsic motivation is concerned with tangible rewards such as the working environment and conditions, salary and fringe benefits, security and promotion (Mullins, 1999). Most companies have resorted to extrinsic motivation which to some extent is insufficient (Fazio et al., 2011) and therefore calls for other forms of motivation (Slaughter, 2000). Birkinshaw et al.(2011) argue that when an employee's initiative is taken up and results in problem solving employees are encouraged to be creative.

Vodafone as recorded in the Sustainability report awards its employees for taking innovative initiatives (Vodafone Sustainability Report, 2010). Lucilla Arokianathan who took an initiative of improving the customer services quality in India led the company to reduce customer complaints by 90% and was rewarded for it.

2.2.5.3 The Employee Self-Direction Lever

When employees are left to direct themselves there is a level of trust and responsibility that is bestowed on them that increases their morale and they perform to their best (Fazio et al., 2011).Google has implemented this kind of work environment by giving its employees one day of the week to be self-directed and it has been discovered that most of their successful projects were born during such times, for example gmail and goggle (Mayer, 2005).

However Birkinshaw et al. (2011) argue that when employees direct themselves, in what they called the bottom- up approach there is need for the involvement of the top management (top down). They posit that management is needed so as to create a path for the proper execution of the said ideas. According to them top management is needed to deal with issues to do with rejected ideas which may be a source of demotivation for the employees who would have come up with the ideas.

Furthermore boundaries need to be set within which the employees are to be self-directed (Deloitte, 2005) otherwise they may work outside the companies objectives. In other words there is also need for accountability, feedback and management discipline. As such some companies have set some foundation parameters to this effect by setting some critical success factors for each department within the company which are used as a basis for monitoring.

2.2.5.4 The Celebrating Failures Lever

As entrepreneurship also involves risk taking, employees are allowed to take risks without facing social stigmatisation when they fail, in fact failures should be celebrated to encourage innovation (Fazio et al., 2011). Just like Thomas Edison the light bulb pioneer after failing for 10 000 times instead of being disappointed and setback he just said, "I have not failed, I have just found 10,000 ways that won't work' (Thomas Edison "Quotes",1996,p.1). Failing 10 000 might be on the extreme case as Stevenson (1985) said, "the best entrepreneurs are the ones who 'fail quickly' and get on with learning how to do it better' (p.1)

BMW in the 1990's instead of only awarding the best workers for each month it also introduced an award for those who had creative ideas that failed but were a source of learning. By introducing such an award workers were not intimidated in trying out new ideas as their efforts of creativity were being rewarded. 'By explicitly recognizing that failure is inseparable from innovation, the program encouraged calculated risk-taking and created a climate of trust and confidence' (Fazio et al., 2011).

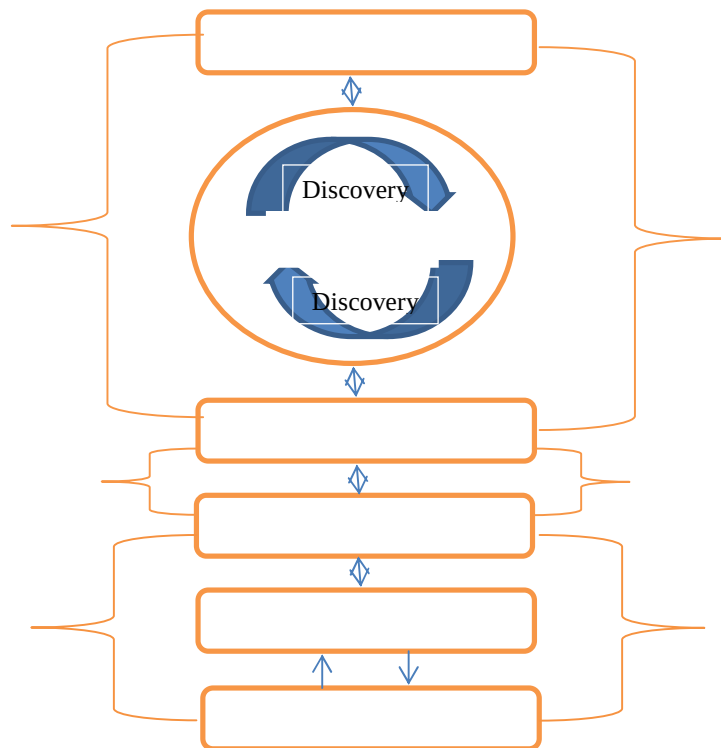
2.2.5.5 The Workspace Design Lever

The workplace physical layout, location and design has an impact on the performance of the company (Leblebici,2012). It is estimated that the improvement of the design may contribute to about 5-10% of the employees' productivity (Brill, 1992). Creative thinking and sharing of ideas is encouraged by flexible and adaptive workplaces (Fazio et al., 2011).

2.2.6 To sum it all- what model does the entrepreneurial process follow?

Literature has revealed that there are about 32 extant theoretical models on new business creation such that there lacks a clear outlined process that a would be entrepreneur would follow (Rico, Dubois,& Coq, 2011). Among them are; Hisrich, Robert, Peters and Shepherd (2005) who suggest four steps in the entrepreneurial process: a) opportunity identification and evaluation b).Business plan development.c).Resource requirements analysis d) management of the new firm. On the other hand Pretorius, Van Vuunen and Nieman (2005) suggest that there are two major steps namely, opportunity identification and resource gathering. Put differently, Bygrave and Zacharakis (2004) argue that there should be a triggering event or a driver to enterprise birthing. Sarasvathy (2001) with a totally different theory talks about effectuation and causation.

These models could be as a result of the different definitions of entrepreneurship. However basing on an earlier argument of what the different definitions come to – namely: strategic management, innovation, growth, capital investment and management coordination a model by Hindle (2010) which sums up all the models will best outline the entrepreneurial process. The model is illustrated in Fig 2.2



2.2.7 Summary

This chapter unravelled the pivotal issues in the entrepreneurial process. It mostly discussed, argued and outlined how entrepreneurship can be sustained through the elements of the entrepreneurial process. It established through theory that there are different facets to entrepreneurship and its sustainability depends upon these facets coupled with a conducive environment. Strategic management, entrepreneurial management, innovation, growth are the facets that an entrepreneurial organisation should look at. When these facets are achieved they define true entrepreneurship, how resources are sort, opportunity identification and exploitation.

The next chapter discusses how the study was carried out.

CHAPTER 3: RESEARCH METHODOLOGY

3.0 Introduction

Carrying out a research requires that a research methodology be employed in order to achieve the research objectives and ultimately solving the research problem. The research methodology can be seen in terms of the research design that has been adopted which includes such things as the research philosophy, the research approaches, the research strategy, the research instruments, data collection methods and the research limitations. This chapter shall explore these in full in a bid of achieving the research objectives. The objectives have been outlined in Chapter 1.

3.1 Research Design

The research design is a 'logic or master plan' of a research which sheds light on how the research is to be conducted in order to meet the research objectives (Yin,2003,p.14). It is more like an architectural outline that links all the major parts of the research together, for example the research philosophy, the research approaches, the research design, research instruments, data collection and analysis techniques (Flick,2009).

3.2 Research Philosophy

A research philosophy is a belief system of how data about a particular phenomenon should be collected, analysed and used (Levin, 1998).The various philosophies employed in researches are encompassed in the terms epistemology and doxology. Epistemology is 'what is known to be true' while doxology is 'what is believed to be true' (Limpanitgul, 2009). Science therefore is used to transform what is believed to what is known (Levin, 1998).The research philosophy is required in a research so that the researcher can evaluate the different methods and methodologies that are applicable in a research (Yin,2003). To this end the researcher can therefore refine and specify the

appropriate method suitable for his/her research. The research philosophy can be divided into two, namely the positivist or quantitative approach and the phenomenology / interpretive /qualitative approach (Tobin, 2006).

3.2.1 Positivism/ Quantitative approach

The positivists take an objective view of what is being observed and assume that things can be studied as hard facts and relationships can be established between the facts (Lewis & Thornhill, 2007). They employ statistical methods for analysing quantitative data and produce results that are quantifiable (Thorpe & Jackson, 2008). In other words what is being observed should be measurable, isolated, repeatable and independent of human interference. The researcher should come in for the analyses and evaluation of the data that would have been collected (Sundars, 2003). According to Hume (1748/1984) anything that does not contain number or experimental reasoning should be cast into the fire for it may contain some results that are subjective. In an organisation the behaviour of employees and the organisational systems can be measured and be quantified (Hatch and Cunliffe, 2006)

3.2.2 Phenomenology /Interpretive/Anti-positivists approach

The phenomenological approach contends that reality can be fully understood through subjective intervention and interpretation (Saunders, Lewis, & Thornhill, 2000). They argue that in the social world different individuals and groups draw meaning for a situation based on their different experiences and expectations. As such there are so many interpretations to a given situation based on different individuals. Therefore under this paradigm it is important to understand the factors that influence, determine and affect the interpretations reached by the said different individuals (Denzin & Lincoln, 2003). The researcher has to work alongside the ~~researched~~ ~~researched~~ and draw conclusions after he/she has been subjected to the same environment in which the research is being conducted. The researcher has to understand the views of different individuals in the research from their point of view (Saunders, Lewis, & Thornhill, 2007).

He/she should understand their feelings, their thinking, how they communicate both verbally and non-verbally (Easterby-Smith, Thorpe, & Jackson, 2008). However this approach is subject to too many different interpretations, bias and cannot be repeated as it is based on the impressions and opinions of different people (Saunders, Lewis, & Thornhill, 2007).

3.2.3 *Advantages and disadvantages of the two [approaches](#)*

[approach](#) Table 3.1 Summarises the advantages and disadvantages of the two approaches.

	Phenomenology	Positivism
Advantages	• Facilitates understanding of how and why. • Enables researchers to respond to changes that occur in the research process. • Good at understanding social process.	• Economical collection of large amount of data • Clear theoretical focus. • Greater opportunity for researcher to retain control of research process. • Easy to compare the collected data
Disadvantages	• Data collection can be time consuming. • Data analyses can be difficult. • Researchers must expect to face some uncertainties in the research process. • Generally perceived as less credible by 'non-researchers'.	• Inflexible: direction of the research often cannot be changed. • Very weak at understanding social interactions. • Often doesn't discover the meanings people attach to social phenomena.

3.2.4 Approach to this study

In the context of the research study both the philosophical views are in a way applicable therefore to achieve triangulation both approaches will be used.

~~3.3 In this research the positivism approach was used because of the above mentioned advantages.~~

3.3 RESEARCH APPROACHES

The research approach to be used is drawn from the research philosophy (Flick, 2009). The research philosophy chosen determines which research approach to be used. Both the deductive and the inductive approaches were used as the researcher also used both the phenomenological and the positivists approaches.

3.3.1 Deductive

According to Hussey and Hussey (1997) deductive research is defined as “a study in which a conceptual and theoretical structure is developed which is then tested by empirical observation; thus particular instances are deducted from general influences”(p.19). In other words it is a method that starts by looking at the theory then develops a hypothesis from that theory and then tests the theory(Greener, 2008).

3.3.2 Inductive

Is the opposite of the deductive approach and it starts by focusing on an issue or situation and tries to develop a theory from the observations (Greener, 2008).

3.4 RESEARCH STRATEGIES

A research strategy is a general plan that helps the researcher to answer the research question in effective manner and choose suitable research methodology (Saunders,2007). He argues that in the research field strategies can be classified under the positivists and the interpretivists philosophies as summarised in Table 3.2 .

Table 3.2.Research strategies.

Positivist	Intrepretivists
Laboratory experiments	Argumentative
Field experiments	Reviews
Surveys	Action research
Case studies	Case studies
Theorem Proof	Descriptive or interpretive
Forecasting	Futures research
Simulation	Role/Game playing

For the purpose of this research the researcher opted for a case study and a survey for data collection .

Case studies

Spiritage Communications here is the organisation, which was understudied to examine what steps the organisation has taken towards sustaining entrepreneurship. Case studies are used in instances where various evidences are needed in a given case setting(Saunders 2000). He argues that specific answers are sought while the situation unfolds in its real life context and this is useful in cases where the researcher has no control over the events as they happen. A case study can be an event or an activity which transpires in a given time period and in given place or organisation (Robson,1993). The method of

the case study can have limitations that include bias since the researcher is also part of the research and just like any method that is used alone the accuracy of the results will not be tried and tested (Denzin, 1970).

3.5 POPULATION AND SAMPLING TECHNIQUES

The researcher has to clarify the population, sample size and the sampling techniques that are to be used when collecting data.

3.5.1 Population

The population of this research constituted all the employees at Spiritage Communications. These were divided into three categories, namely: senior management, middle management and junior staff.

3.5.2 Sampling

Sampling is defined as a process of choosing units such as people or tribes from a given population so that the results may be generalized to the population after studying a sample (Trochim, 2006). He argues that the advantages of sampling are to do with limiting the study to a smaller number compared to the actual population which results in low costs, less time and easier management. In order to come up with a sample, sampling techniques have to be employed (Saunders, Lewis and Thornhill, 2000).

3.5.3 Sampling techniques

Sampling techniques are methods that are used to reduce the amount of data collected by taking into consideration only data that is from a subgroup rather than from the whole population (Saunders, 2000). The most common sampling techniques are the probability and non-probability sampling techniques (Cabrera, 2001).

Probability sampling allows inferences to be made about the population from a sample (Saunders, 2000). The chance of being chosen for a given element in the population is known and in most cases are equal (Fairfax County Department of

Systems Management for Human Services, 2003). Probability sampling can include such types as : systematic, simple random ,stratified, multistage and cluster sampling (Saunders et al,2000).On the other hand non-probability sampling methods are normally qualitative and cannot be inferred back to a given population(Greener, 2008). According to him it includes such types as quota sampling; judgmental sampling; snowball sampling; self-selection sampling and convenience sampling.

3.5.4 Specification of sampling method

A combination of both the probability and non-probability sampling methods were employed in this research based on their merits. From the probability sampling the stratified sampling was used and convenient sampling was used for the non-probability sampling.

To get the involvement of everyone in the organization and hence an unbiased representation of the population, the population was divided into strata based on the rank of the employees in the organization. The population was divided into three groups: the senior management (CEOs and General managers for each subdivisions),the middle management (departmental managers and professionals) and the junior staff. A random sample was then drawn from the stratum, making the sample more representative as each stratum was represented within the sample (Saunders et al, 2000).Convenience sampling was adopted in distributing the questionnaires depending on how easier it was to reach the employees. However the sampling technique was prone to bias and influence as the sample only constituted those employees that could be easily accessed.

3.5.5 Sample size determination

Saunders et al. (2000), suggests that a minimum number of 30 elements is required in order to carry out an analysis. To this end the researcher chose a sample size of sixty.

Table 3.3: Illustrates how the population was sampled

LEVEL	POPULATION SELECTED	SAMPLE SELECTED	SAMPLE PERCENTAGE
Senior management	10	10	100
Middle Management	55	35	64
Junior Staff	25	15	60
	100	60	60

In the senior management universal sampling was used as the number was small. For the other two levels the researcher aimed at getting at least 50% of the population.

3.6 DATA COLLECTION METHODS

In order to develop valid information and data, the researcher had to use a reliable data collection method. The primary source and the secondary source are the two possible sources of data collection. In primary data collection method, the researcher can generate data and information through questionnaires or interviews. Secondary data collection methods use existing records such as books, journals, academic articles to collect the reliable data and information (Saunders, 2003).

3.6.1 Primary data methods

As mentioned earlier these can be in the form of interviews or questionnaires

3.6.1.1 Interviews

An interview is when there is verbal discussion of pre-planned questions either over the internet, face to face, over the phone or focused group discussion . The interview can also be structured, unstructured or semi-structured.

3.6.1.2 Questionnaires

Like in the case of interview questionnaires consists of written down pre-thought questions however instead of being verbally discussed they are given to respondents so that they can answer the questions. The questionnaires can be self-administered or can be sent online. Table 3.2 gives a summary of the merits and demerits of these methods.

Table 3.2. Advantages and disadvantages of different data collection methods.

Method	Advantage	Disadvantage
Questionnaire (on-line)	• Can cover a wide geographical area • There is no bias because of the interaction with the interviewer • It is convenient • It is not expensive • It is less time consuming • It is easy to administer • It is a quicker method of administering questionnaires • It is standardised	• Possibility of a low response • Since there is no interaction with the respondent questions are not clarified.
Questionnaire (self-administered)	• There is a possibility of clarifying some questions that might not be clear • The questionnaire is delivered to the right respondent. • It is standardised • There is no bias because of the interaction with the interviewer.	• Demands a lot of follow up which may irritate the respondent • They are a bit expensive as there is need to print and deliver them to the respondents. • They are time consuming

Method	Advantage	Disadvantage
Telephone Interview	• Not very expensive • Easy to administer • Response is instantaneous • Can cover wide geographical area	• There might be a problem of representation. • Bias because of the interaction between the interviewer and the interviewee • The interviewer has to be trained
Face-to-Face Interview	• The response rate is high	• It is time consuming. • It is expensive • The interviewer has to be trained
On-line Interview	• It is less expensive • It is convenient and easy • It is instantaneous • It can cover a wide geographical area	• The interviewee must have access to the internet • It lacks anonymity • Risk of not having The proper representation.

3.6.1.3 Approach to the study

Questionnaires that are administered online and self-administered were found to be the most attractive instruments for collecting data in this study. Since the researcher was using a Telecommunications company as a case study every respondent had access to the internet and other respondents that were not collocated with the researcher were easily accessed. Follow ups were also done over the telephone, on-line or physically.

3.7 Research Instrument Design

Structured questionnaires followed up with interviews were the respondent did not understand were employed in this research. As warned by (Saunders, 2000) questionnaires are not easy to design, administer and interpret. The researcher therefore had to ensure that the questionnaire was properly designed so as to collect accurate data. When drafting a questionnaire, Eastreby –Smith et al. (1996) say the following principles are essential:

- Questions must be clear and unambiguous i.e no use of abbreviation and unfamiliar language
- Questions must be short and simple to encourage participants to fill up
- Jargon or specialist language should be avoided.
- Double-barrelled questions, where by the respondent is asked two things in one question should be avoided.
- Leading questions that indirectly suggest the answers should be avoided.
- Sensitive questions should also be avoided..

Open and closed questions were used in the questionnaire. The responses for closed questions were either yes or no, however these responses could not mean much therefore in some instances a Likert scale was used to rank the strength of the opinions. The questionnaire had to be pilot tested first to check the respondents' level of understanding (Marchington & Wilkinson, 2005).

3.8 Data Presentation And Analysis

Data presentation and analysis are closely related operations which are performed for the ultimate reason of answering the research objectives (Kumar and Ranjit, 2005). Computer packages such as Microsoft excel and SPSS were used to analyse the collected data .The analysed data was presented in the form of graphical displays such as bar charts, pie charts, tables, descriptive statistics

and by narrative explanations. Graphical displays are known to provide easy understanding of the results as they can be easily interpreted and understood.

3.9 Research Limitations

The research limitations of this study were as follows:

- Spiritage Communications has three offices, two in Harare and one in Bulawayo, however the research only confined itself to Harare which might not be a true representation of the whole population.
- The use of the convenient sampling might have brought bias though it was cheap and less time consuming.
- Customers' sentiments or even external views were not sought, this could also have brought some bias on the results.

3.10 Ethical Considerations

The rights of the participants were protected by the researcher by integrating the following ethics in the research:

1. Respondents were not forced to participate, it was totally voluntary.
2. The privacy of the respondents was maintained, information supplied was kept private and confidential. Respondents were also assured of their anonymity as they participated in the research process.
3. The participants were given full information of the research, for example the objectives of the research was outlined to them, the stakeholders involved and also the risks involved were outlined.
4. Respondents were assured that there was no risk of being harmed as they participated in the research process.

3.11 Summary

This chapter has outlined the research methodology that has been used in this research and the justifications of the use of such methodology. Concepts such as

research instruments, sampling , population of study ,data processing, analysis and presentation were also discussed. The sample size is representative of the views of Spiritage employees. The next chapter presents research findings and discussion thereof.

CHAPTER FOUR: RESULTS AND DISCUSSION

4.0 INTRODUCTION

The research findings in relation to research objects will be presented, analyzed and discussed in this chapter. These will be based from the data collected from the questionnaires, and analysis using SPSS software and Microsoft excel. The results are presented in the form of bar charts, tables, pie charts, line graphs and descriptive statistics all these being supported by brief discussions.

4.1 Research findings and analysis

4.1.1 Response Rate

Of the 60 questionnaires that were administered, 48 were returned. However of the 48, 3 could not be used in the research as the respondents responded to less than half of the questions. Therefore the total number of returned responses was put at 45 giving a response rate of 75%. According to Colton and Covert (2007) it is a valid response rate as they recommend a response rate of 50%.

Table 4.1 in the next page illustrates the response rates according to position.

Table 4.1: Response rate according to position

	Senior Management	Middle Management and Professionals	Junior Staff	Totals
Questionnaires administered	10	35	15	60
Responses Received	7	28	10	45
Response Rate	70%	80%	67%	75%

Table 4.1 shows that 70% of the employees that responded were from Senior Management, 80% from the Middle Management and Professionals and 67% were junior staff. The response profile can be attributed to the fact that the middle management and professionals' level had a clear understanding of the motive of the research. They were based at their work stations most of the time, hence were easily accessible to the researcher. However, most of the Senior Management respondents were either too busy to complete the questionnaire or were out on business. The responses from the junior staff indicated that they assumed the research would bring about a positive change to their situation thus completing the questionnaire was a way of getting management to 'act'.

4.1.2 Response rate by level of education

The level of education of the respondents is as shown by Fig 4.1.

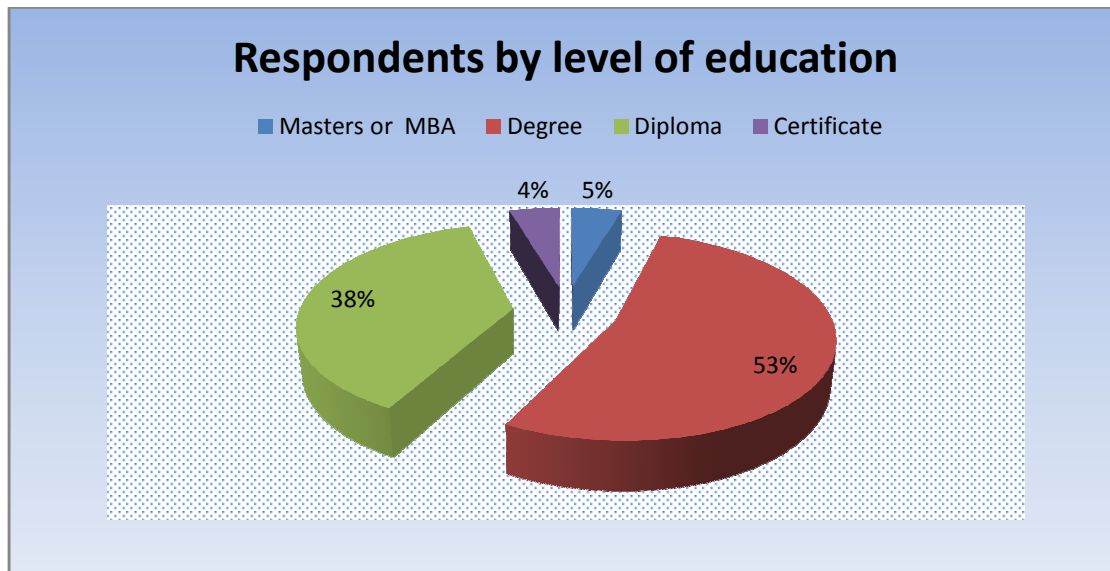


Fig 4.1: Respondents by level of education.

The research findings in Fig 4.1 above indicate that 53% of the respondents had a Bachelor's Degree, 38% had Diplomas, 4% had Certificates and 5% had a Masters Degree or MBA. The level of education of the respondents implies that Spiritage Communications has employed personnel which is skilled and educated which as pointed out by Slaughter (2000) is necessary for the organisation to be successful. In the same view it can be concluded that the company has managed to organise and build the right team that is able to support his vision (Timmons and Spinellin, 2009

Fig 4.2 in the next page shows how these were distributed among the different departments.

4.1.3 Response rate per department and level of education.

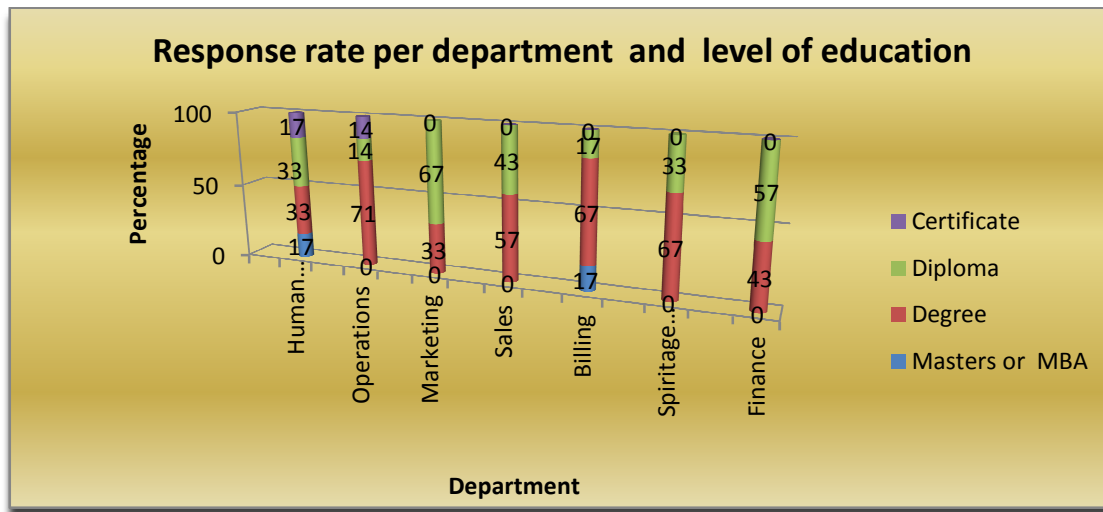


Fig 4.2: Distribution by department and level of education.

The Human Resources department had 17% employees with a Masters or MBA, 17% with Certificates, 33% with a Bachelor's Degree and the same percentage with Diplomas. The Operations department did not have anyone with a Masters or MBA, it had 71% with a Bachelor's Degree and the same percentage for the holders of Certificates and Diplomas which was at 14%. The Marketing department had no one with a Masters and a Certificate, 33% had a Bachelor's Degree and 67% had Diplomas. The same was observed for the Sales department concerning the holders of Masters Degree and Diplomas however the holders of Bachelor's Degree were 57% and those of Diplomas were 43%. The Billing department had 17% with Masters Degree, 67% with Bachelor's Degree and 17% with Diplomas, none were recorded with Certificates. Spiritage Business solutions had only two categories participating and the same was observed for the Finance department. Holders of Bachelor's Degrees were 67% and 33% had Diplomas for Spiritage Business Solution while 43% had a Bachelor's Degree and 57% had Diplomas in Finance. The distribution show that Spiritage Communications has effectively distributed skill among the different

departments which according Khan (2012) is needed so that each department effectively carries out its duties.

4.1.4 Departments

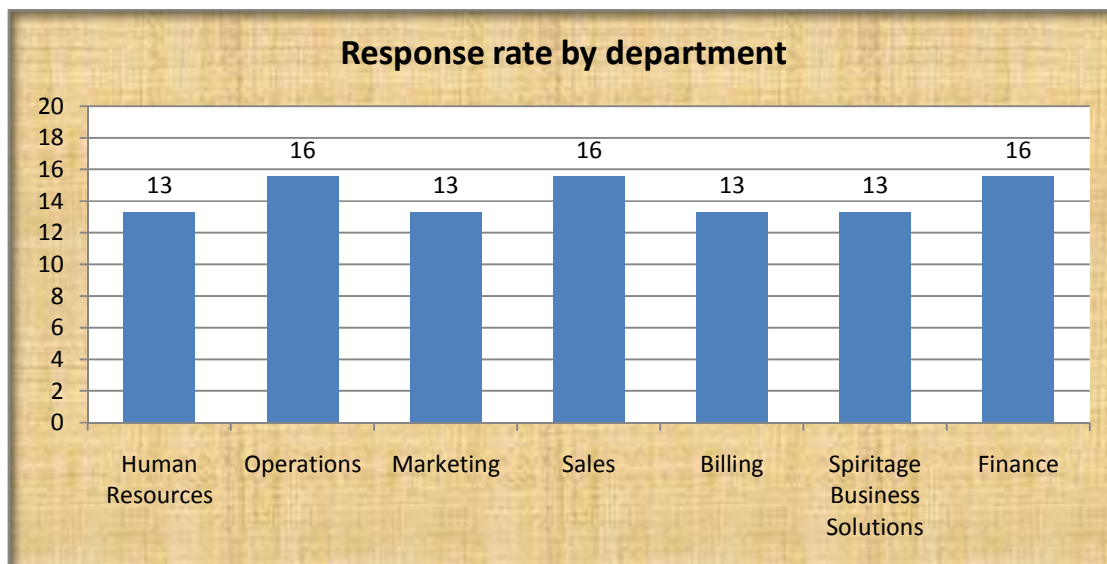


Fig 4.3: Response rate by departments

As illustrated by Fig 4.3 all the seven departments of the organization participated in the research thus reducing bias and therefore results can be rated as valid as the whole organization is represented. Finance, Spiritage Business Solutions and Sales each constituted 16 % of the respondents while the remaining departments constituted each 13% of the respondents.

4.1.5 Duration of Employment

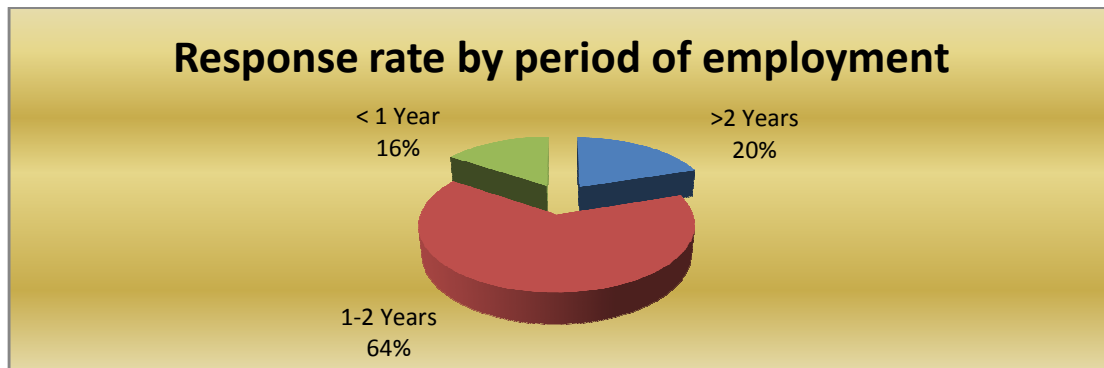


Figure 4.4: Duration of Employment

As depicted by Fig 4.4, 20% of the employees have stayed with Spiritage Communications for more than 2 years, 64% have stayed between 1-2 years, 15% have less than one year. The period of employment of the respondents is critical in that it determines the quality of responses that are received. Though different opinions were sought, most of the respondents have stayed at Spiritage between 1-2 years and as such the responses reflect to a greater extent the true picture of the organisation as the company has been operational for about two and half years. other hand new employees have the ability to look at the company's situation with a different perspective despite their little experience.

4.1.6 Knowledge of vision

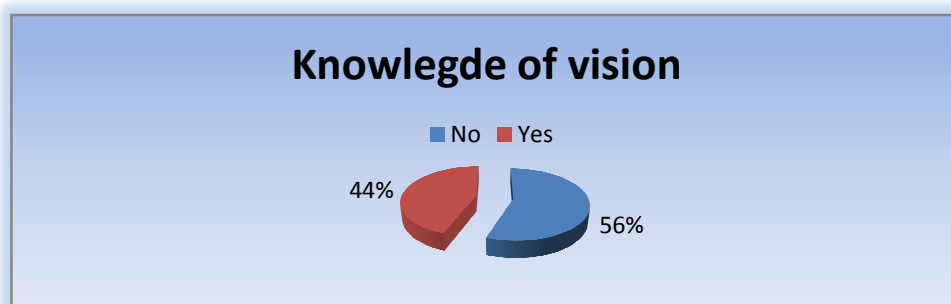


Fig 4.5: Knowledge of vision

Of the total respondents 44% knew the vision and 56% did not. However those that knew the vision did not state it correctly. Fig 4.6 illustrates the number of those that stated it correctly and those that did not.

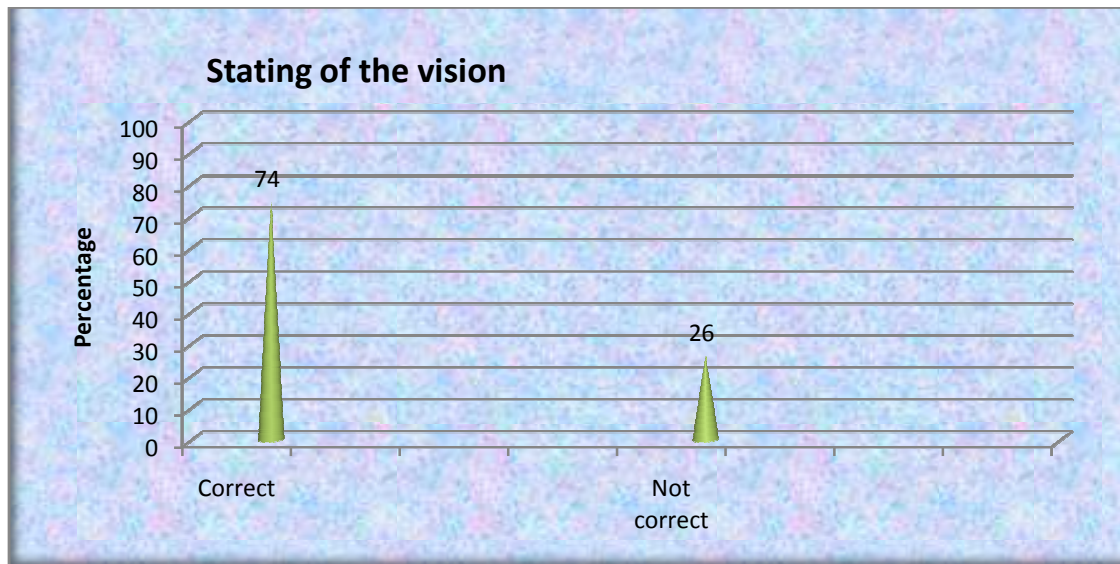


Fig 4.6:Stating the vision

Of those that knew the vision 74% stated it correctly and 26% did not state it correctly. Thus it can be concluded that more than 56% of the employees do not know the vision. It can therefore be implied that the vision was not explained to the employees. Such findings portend that duties are not executed as expected as workers are not inspired to work as the vision is a source of inspiration (Hitt et al., 2001).

A further survey of the respondents according to their positions was conducted and the results are as shown in Fig 4.7.

4.1.7 Knowledge of vision by position

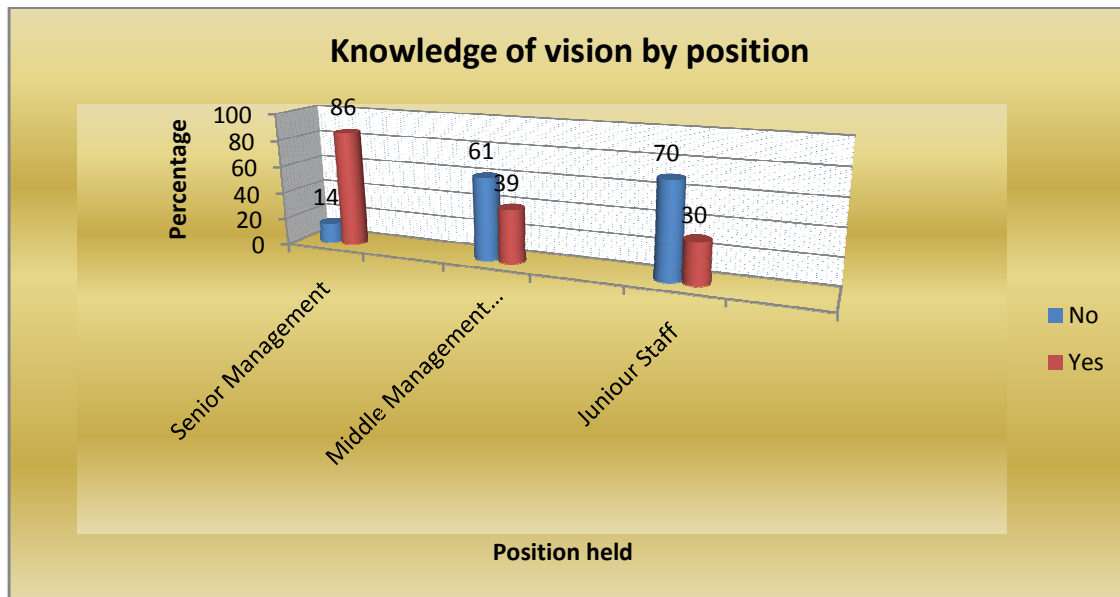


Fig 4.7 Knowledge of vision by position

As depicted by Fig 4.7 86% of the Senior Management knew the vision and 14 % did not. The middle management had 61% that were aware of the vision and 39% were not aware of it. Of the 70 % did not know the vision and the rest knew it. Of the 44% that knew the vision 24 % were in Senior management, 11% were in Middle Management and 9 % were junior staff. Overallly the knowledge of the vision increased with the organisational hierarchy. This is the expected result as the management are the vision bearers (Darbi, 2012), however as the results indicate, ignorance of the vision by the junior staff might be attributed to the failure of management to communicate it downstream. Management as pointed out by Wong and Davey (2007) might be concentrating on getting results without focusing on the people themselves. According to Maxwell (2007), when a leader is results oriented he fails to communicate hence fails also to inspire, inspiration produces action and action results. April (2005) also reveals that most entrepreneurial companies fail because the direction in which the company will be taking is only a reserve of the few or rather of those who join the company at its

formation. The inherent dangers of such an approach are that when these people leave or die the vision also dies (Audretsch & Thurik, 2003).

4.1.8 Knowledge of vision by department and position

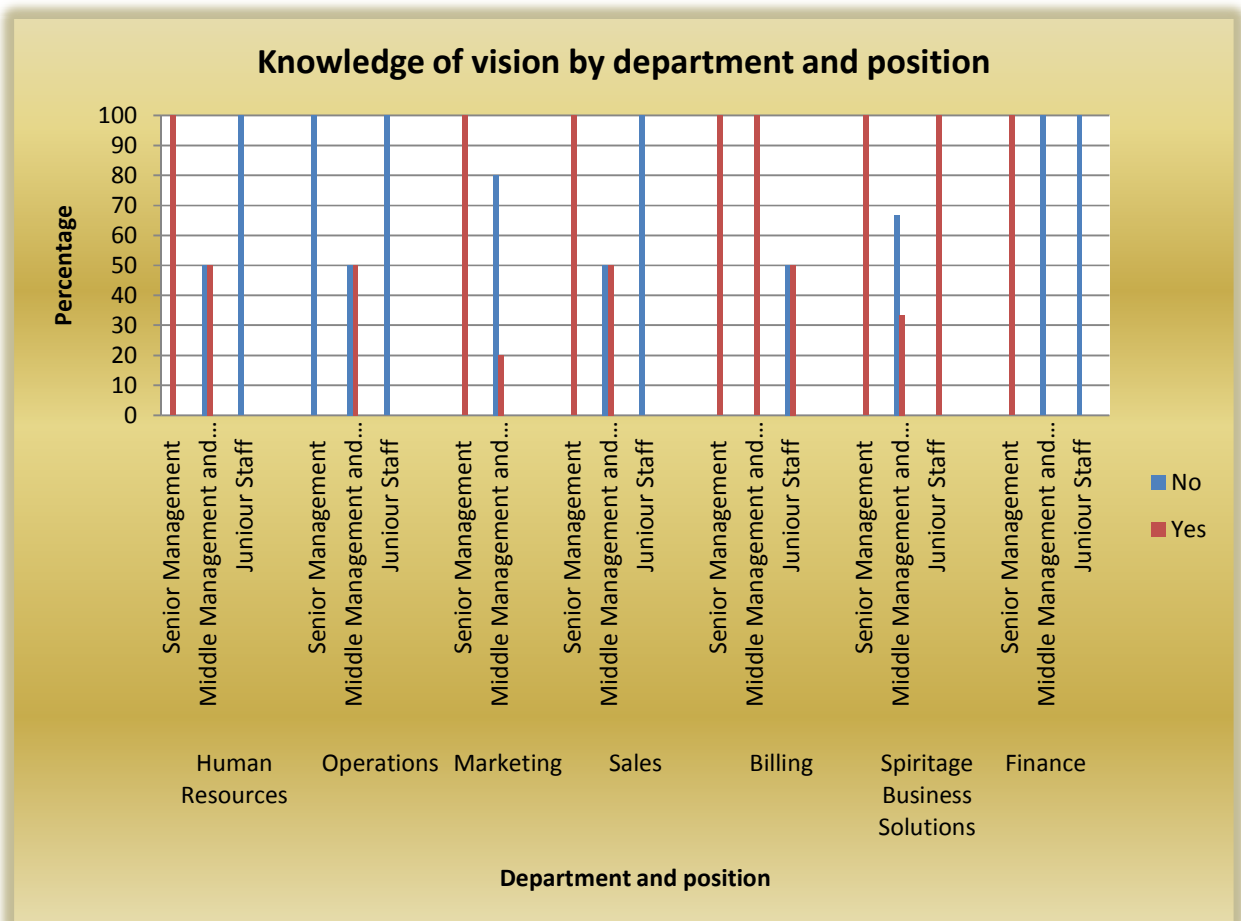


Fig 4.8 Knowledge of vision by department and position

Only one senior manager from the operations department did not know the vision. According to the response rate only one senior executive per department responded in the research therefore a response rate of 100% reflects one individual. The ignorance of the vision at such a senior level might be attributed to the fact that the manager might be a new recruit who has not properly acquainted

himself with the organisation. The implication is that the department might fail to execute its duties as argued earlier on. Furthermore junior staff for all the departments did not know the vision save for two departments- Spiritage Business Solutions which was on 50% and Billing department on 100%. This further confirms that the top management are not communicating the vision..

4.1.9 Company serving its mission

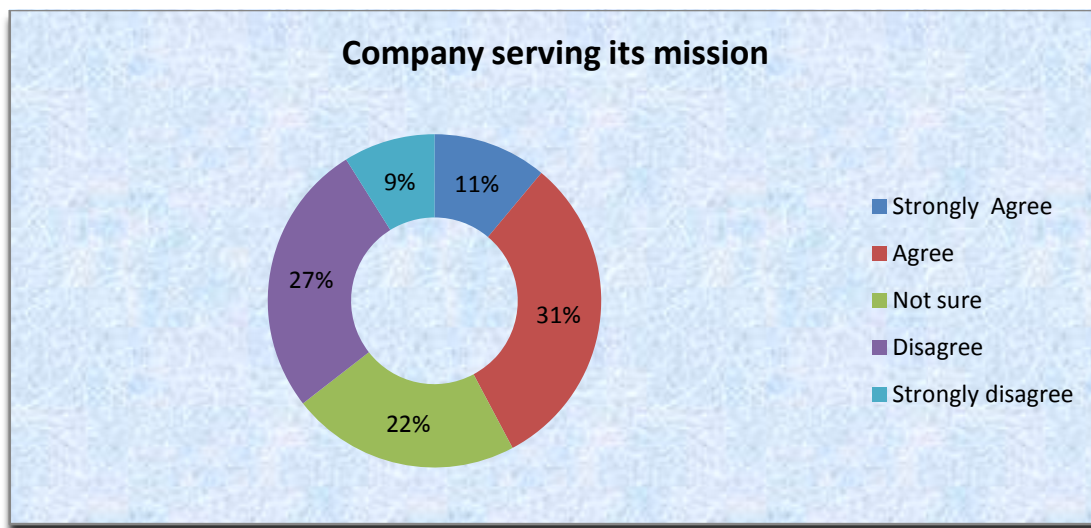


Fig 4.9 Company serving its mission

The research findings in Fig 4.9 indicate that 42% of the respondents agreed that the company is serving its purpose while 49% disagreed and 9 % were not sure. This implies that the organisation is not fully serving its purpose. The results are a confirmation of Fazio et al.'s (2011) argument that when the vision is not clearly articulated the organisation cannot ultimately fulfill its purpose of existence.

4.1.10 Management passion for success

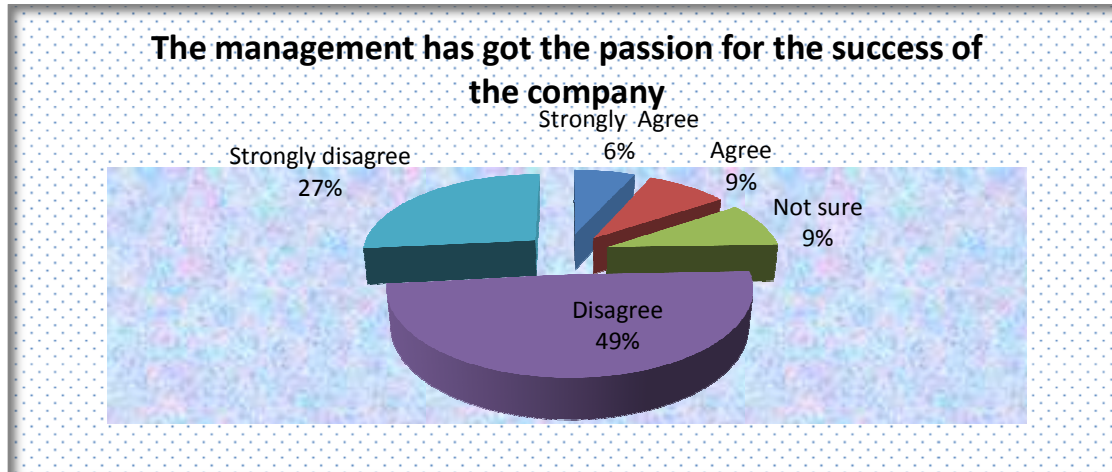


Fig 4.10: Management passion for success

As illustrated by Fig 4.10, 76% disagreed that the management has the passion for the success of the company, 15% agreed and 9% were neutral. It can therefore be concluded that most of the management do not have the passion for the success of the organisation. According to Venter et al. (2008) and Timmons and Spinellin (2009) one of the critical resource elements to an entrepreneur is his level of drive and the passion to succeed. In like manner he should be able to influence the same or better behaviour in the leadership and management as they are the ones who determine how the company operates. Furthermore Maxwell (2007) argues that the way that a company operates is determined by its leaders, the behaviour that the leadership portrays is likely to be copied by the subordinates and eventually the culture of the organisation is shaped from such behaviours. In addition Bygrave and Zacharias (2010) posit that management should be able to manage transition from start-up to growth failure to do this might lead to venture failure. Therefore as the results indicate, the management at Spiritage contradicts the above theories and the same attitude is likely for the rest of the employees, hence reducing effectiveness.

4.1.11 Entrepreneurship and Innovation

The heart of entrepreneurship is innovation; as such entrepreneurial organisations need to create environments that are conducive for innovation (Fazio et al., 2011). This section sought to assess whether such an environment is obtaining at Spiritage Communications. Such things as the reward system, leadership style, workspace design, and degree of openness to new ideas and employee empowerment were assessed as they are the major levers to building an entrepreneurial organisation.

Table 4.2: Support for innovation and leadership

Q15		Agree	Not sure	Disagree	Mean
1	Workers given the space to be self-directed	20%	9%	71%	3.96
2	The company is open to new ideas	36%	4%	61%	3.64
3	Workers are penalized if their ideas fail	61%	8%	21%	1.64
4	The workplace is designed in a way that encourages idea sharing	26%	13%	61%	3.64
5	The roles and responsibilities are satisfactory	21%	13%	66%	3.70
6	The team spirit high	21%	19%	60%	3.60
7	The supervisors are inspirational	20%	10%	70%	3.60
8	Employees are rewarded for their efforts	13%	2%	85%	4.11

1. Workers are given the space to be self-directed

The research findings in Table 4.2 indicate that 71% of the employees were in disagreement that they were given space to be self-directed, 9% were not sure and 20% were in agreement. The results imply that employee morale is low and therefore they are not performing to their level best as is pointed out by Fazio et al. (2011) that when employees are left to direct themselves the level of trust and responsibility that is bestowed on them increases their morale and their performance

2. The company is open to new ideas

On the issue of whether the company is open to new ideas or not, most employees, given by a rating of 61%, were in disagreement that the company is open to new ideas, 36% agreed and 3% were neutral. A further analysis showed that workers are penalized when their ideas fail. This is indicated by the results which had 61% agreeing that the company penalizes for failure, 8% being neutral and 21% disagreeing. Those that agreed, indicated that penalization is in form of demotion and being moved to other departments. Those who disagreed argued that it is because they have never suggested any new ideas. The research findings implies that the organization has inhibited innovation by the way that it treats failure. It can therefore be concluded that room to be self-directed at Spiritage is limited and the situation is exacerbated by the fact that workers are penalized if their ideas fail. The research findings are against the views of Stevenson (1985) who is of the view that failure is a learning process and if workers are penalised for failure it prevents creativity.

3. The roles and responsibilities are satisfactory

As indicated in Table 4.2 56% of the employees were not satisfied with their roles and responsibilities, 26% were satisfied and the rest were neutral. This finding are against the findings of Dess and Lumpkin (2003) who contend that

someone is encouraged to work because the work exciting, interesting, satisfying and challenging.

4. Workspace design

Of the respondents 61% of the participants suggested that the workspace was not designed in a manner that encourages innovation, 13% were neutral and 26% agreed that the workspace was designed in a way that encourages innovation. The results indicate that the majority think the workspace is not designed in a manner that encourage innovation implying that productivity is being decreased by 5-10% which according to Brill (1992) is the increase in productivity level if the workspace is designed in a manner that encourages idea sharing.

The participants on further questioning gave reasons why they thought the workspace design was bad for innovation. Most of the reasons were that the offices of the different departments are not located together as such the departments operated as different entities. Furthermore the structure of the organisation is cumbersome which slows decision making

5. The team spirit is high

The research findings show that 60% of the employees are of the opinion that the organization lacks team spirit, 19% were not sure and 21% reflected that the organization has a high team spirit. This shows that the organization might not be engaging in team projects or different departments are not working towards one goals. This might be attributed to the fact that the vision is not clearly articulated such that employees are not motivated to cooperate with other employees.

6. The supervisors are inspirational

Of the respondents 20% agreed that the supervisors are inspirational, 70% disagreed, 10% were neutral. The results show that most of the supervisors are not inspirational. This is against Wong and Davey's (2007) findings that leaders or supervisors should be careful to create an atmosphere that is conducive for employees to feel needed and accepted in the organisation. It could be that supervisors' are not open to new ideas as indicated in earlier findings or they do not listen to the concerns of the employees as also was indicated that the team spirit is low.

7. Employees are rewarded for their efforts

The research findings show that 85% of the respondents pointed out that the company does not give any rewards while 13% said the company does give rewards, 2 % were neutral. On further questioning it was discovered that those who are rewarded are rewarded in form of promotion which eventually results in salary increase and extra allowances such as a company vehicle. According to Slaughter (2000) employees are motivated if they are rewarded. From the results it can be concluded that the company is in the habit of not rewarding its employees. While some employees have the opportunity to be rewarded- they are rewarded extrinsically which as cited by (Fazio et al., 2011) is somehow inefficient. Motivation which is of benefit to the company should call for the right behaviour, for example increase in productivity, innovation and the desire to achieve (Slaughter, 2000).

8. Leadership

The major driver of innovation is leadership; the other four elements on building an entrepreneurial environment are dependent on it (Fazio et al., 2011). As the mean of the results is in the disagree range, it is a clear indication that the organization lacks the proper leadership that is needed for innovation and hence its performance suffers as pointed out by Nahavandi (2002). The leader is the

one who sets the tone of the organisational culture and creates an environment that is conducive for innovation (ibid). In other words he is the one that encourages subordinates to be self-directed and to bring in new ideas, and he is also the one who determines whether the subordinates will continue to bring these ideas by his behaviour when their ideas fail. In addition he also determines the reward system and how the workspace is designed.

4.1.12 Social Capital and Networks

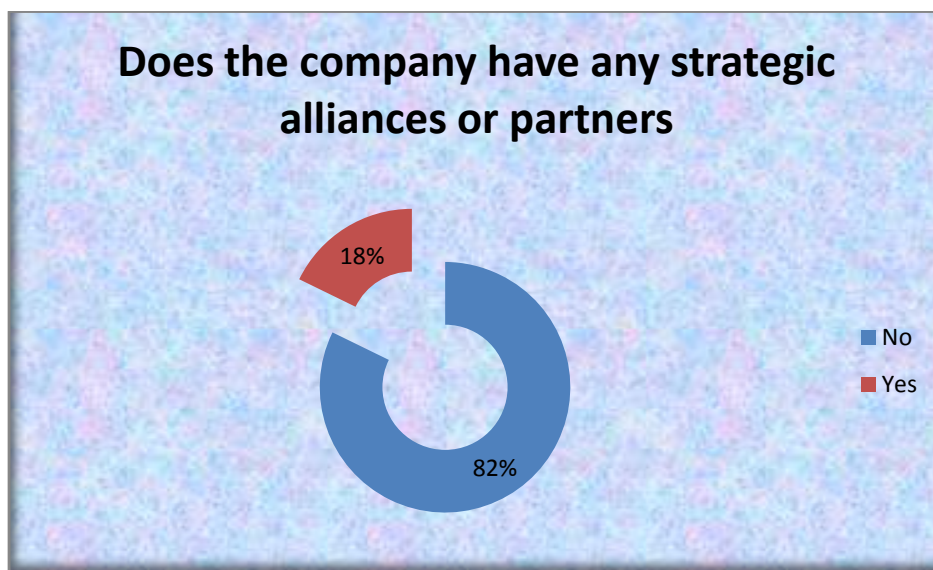


Fig 4.11: Strategic alliances

As depicted by Fig 4.11, 82% of the respondents suggested that the company does not have any strategic alliances while 18% suggested that the company has strategic alliances. Those that said there are strategic alliances argued that such alliances are there for financial synergies.

As reflected by the findings it can be concluded that the company depends greatly on its in house capabilities and competencies which according to Hitt et al. (2001) cripples the growth of the company. Alliances and networks are sources of resources such as finances, human capital and production synergies which can help the company to attain high levels of growth (ibid).

4.1.13 Are finances enough to meet the objectives

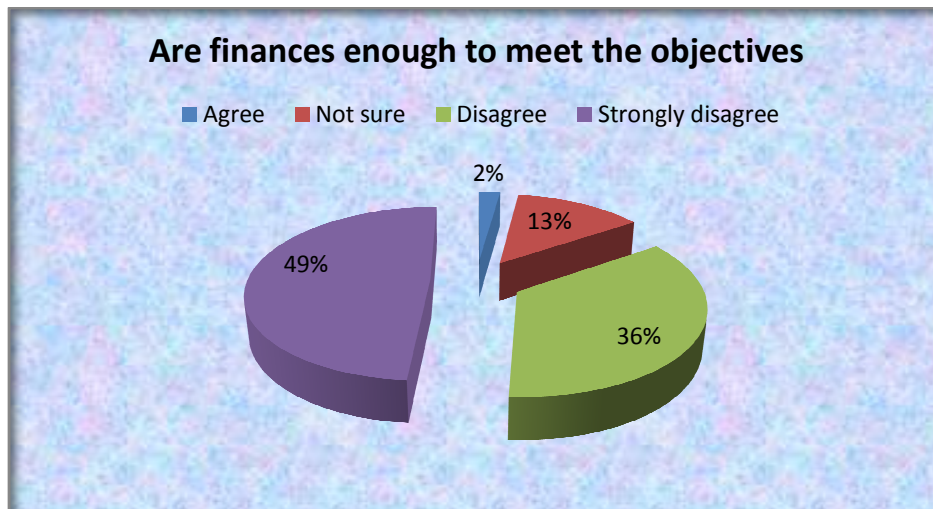


Fig 4.12: Finances

As depicted by Fig 4.12, 85% of the employees said that the finances are not enough to meet the company's objectives, 13% said they were not sure and 2% said the finances were enough. The results imply that generally Spiritage does not have enough finances to meet its objectives.

The growth of a company is measured mainly by its financial status (Nieman, 2009) and with such a status the growth of Spiritage is threatened. The lack of finances could be attributed to the sources of funding that the organisation is using as shown in Fig 4.13.

4.1.14 Sources of financing for the business

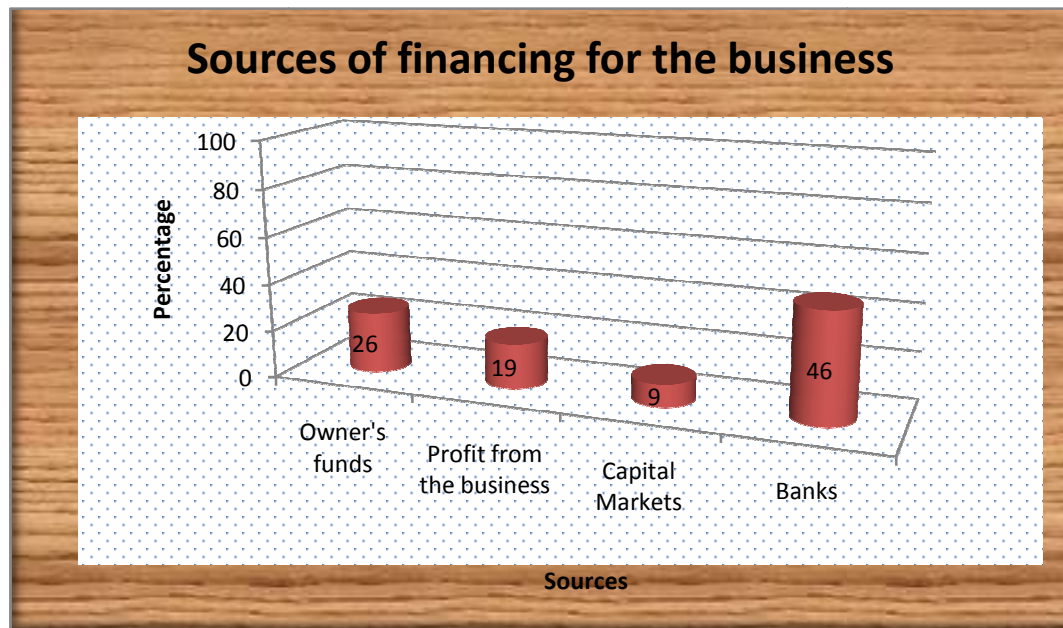


Fig 4.13: Sources of finances

The company is getting 46% of its funding from the banks and 9% from the capital markets which as viewed by Akintoye et al. (2001) is a disadvantage as the company has to service its debt monthly instead of concentrating on growing the business. Entrepreneurial principles are of the view that a new venture should grow its business from the owner's funds and internally generated funds (Harper, 2005) and Spiritage Communication has to some extent violated this principle.

4.1.15 Human capital

Table 4.3: Factors considered on hiring

	Not important	Noncommittal/Not sure	Important	Mean
<i>Factor</i>				
Education	13%	20%	67%	3.78
Work experience	16%	22%	62%	3.62
Knowledge	15%	22%	63%	3.76

As illustrated in Table 4.3, 67% of the respondents said that the organisation considers education as important while 13% think that it is not considered as important, 20% are neutral. On the issue of work experience 63% of the employees show that the experience of the candidate is taken into consideration while 16% think the opposite, 22% are neutral. Pertaining to knowledge 63% of the employees are of the opinion that knowledge of the individual is counted as important, 22% are neutral and 15% thinks knowledge is not important.

The mean for the three factors is in the same range of 3,62-3,78 which shows that the company gives the same priority to these factors when hiring. This is line with Pfeffer (1998) and Erikson's (2002) who contends that instead of focusing on one factor, a combination of all the factors brings the best out of an employee. Furthermore such skill is a resource that has high levels of imitability as pointed out by (Grant,2005) therefore leads to a competitive advantage.

Furthermore the results are also a reflection of Slaughter's opinion who is of the view that an entrepreneur should surround himself with people who are skilled and who are even more intelligent than himself (Slaughter, 2000). As is also pointed out by Timmons and Spinellin, (2009) the entrepreneur should be able to

gather the resources such as the team which is able to build the organisation so as to achieve the dream. They further argued that that an organisation which has the right people who are self-motivated can do much even if the resources are not enough. In line with this it can further be argued that Spiritage has employed such given their lack of resources, furthermore the visionary has included to this cause a clause in the vision statement that says '...seeing the invisible and doing the impossible'.

4.1.16 Identification and exploitation of opportunities

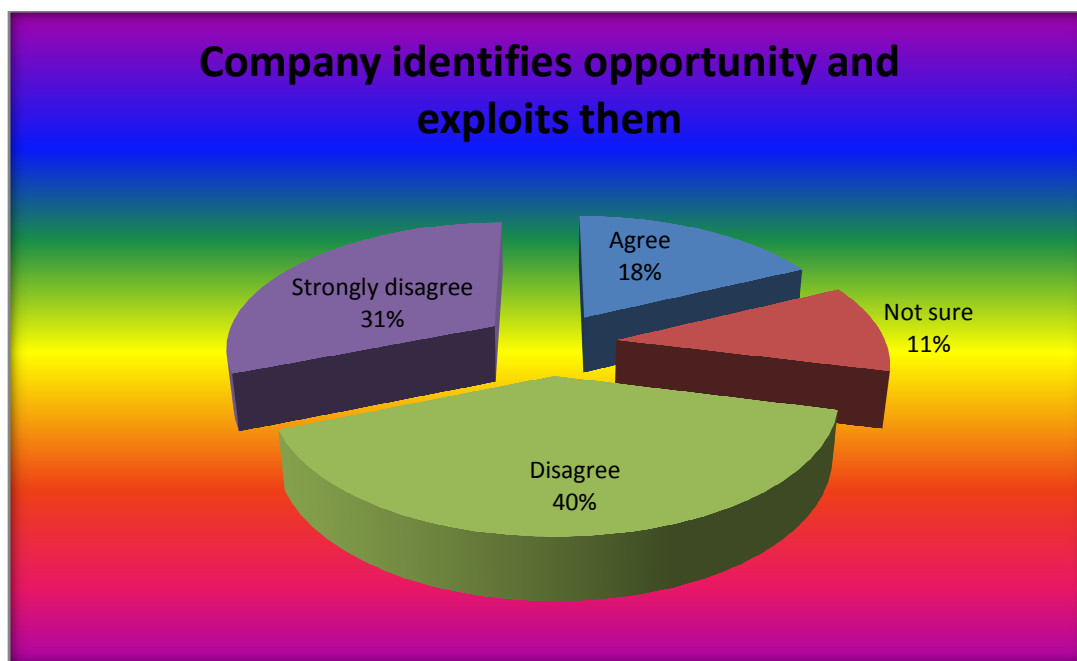


Fig 4.14: Identification and Exploitation of opportunities

As depicted by Fig 4.14, 71% of the employees said that the company does not exploit identified opportunities, 18% said the company does exploit them and 11% are not sure. This implies that the organisation does not frequently exploit identified opportunities and according to Kotler (2006) such organisations are likely to lag behind in the market, Fig 4.15 in the next page confirms to this.

4.1.17 Position in terms of technology

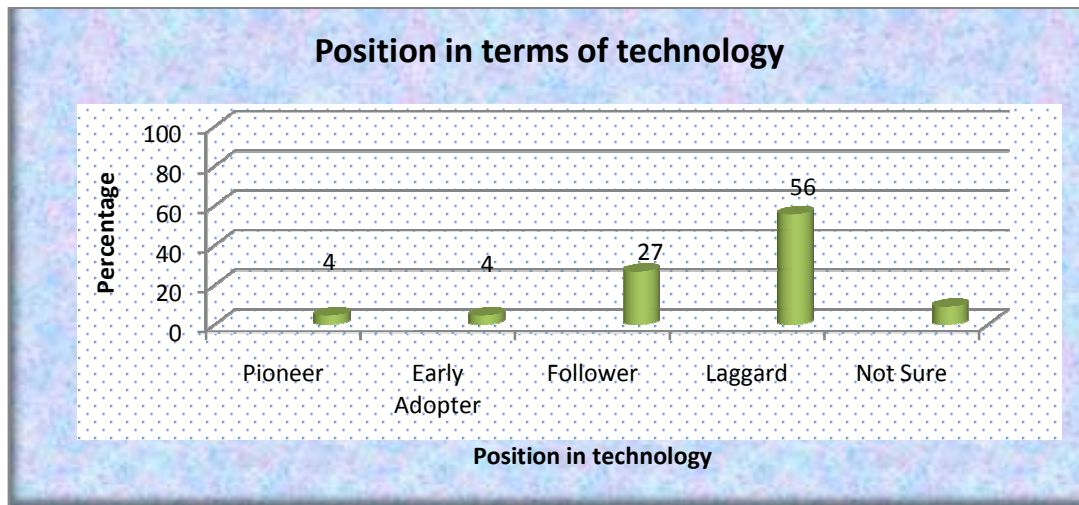


Fig 4.15: Position in terms of technology

Of the respondents 73% admitted that Spiritage Communications lags behind in technology compared to other companies in the same industry and 27% disagreed. Furthermore the quality of service that the company is offering is low as shown in Fig 4.16.

4.1.18 Ranking of quality of service

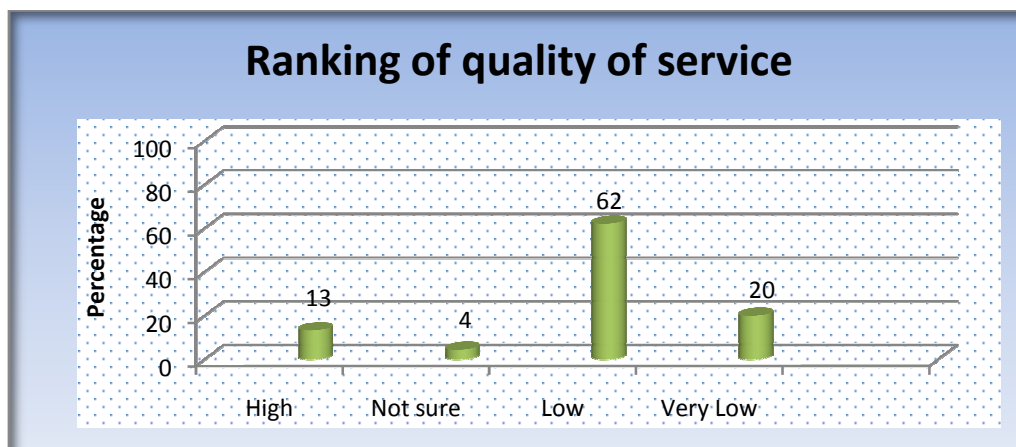


Fig 4.16: Ranking of quality of service

Of the respondents 86% rated the service quality as low while the rest rated is high. This is in line with Koivisto's (2004) view that the quality of service of a technological company is dependent on the technology used.

Basing on earlier findings Spiritage might not be able to exploit identified opportunity due to the following reasons:

- Lack of finances
- Lack of drive or passion by management.
- Lack of understanding of the vision.
- Lack of proper strategy.
- Lack of strategic alliances.

4.2 Summary

This chapter highlighted, interpreted and discussed the main findings of the research with respect to the research objectives. The chapter also provided a platform for identifying potential problems, which will need practical solutions and recommendations which will be covered in great detail in Chapter Five: Recommendations and Conclusions. The results revealed that the Spiritage Communications does not have the right management to drive the organisation to its success, the proper entrepreneurial environment is not obtaining at the organisation, the company lacks resources and opportunities are not exploited as they are discovered. The next chapter draws out the main conclusions and highlights the major recommendations coming out of this research.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

The most important features of the research are briefly summarised in this chapter with conclusions being drawn from the analysed results. The chapter also gives recommendations based on the results.

5.1 Summary of findings

As revealed in Chapter 4 the following was revealed about Spiritage;

- The knowledge of the vision is mainly by Senior Management
- The company is not serving its purpose.
- The management has very little drive for success.
- The company lacks financial resources
- The company does not have strategic alliances
- The company has hired the best employees which are educated and experienced.
- The environment that has been set at the company is not conducive for innovation, the workers are not given room to be self-directed, the workspaces is not designed in a manner that encourages innovation, incentives and rewards are only given to a little few, workers are penalised when their ideas fail thus reducing creativity and supervisors are not inspirational.
- Opportunities are not exploited in time.
- The company lags behind in technology.
- The service quality that is offered is poor.

5.2 Conclusions

In view of the above findings the following conclusions were arrived at:

1. The Management at Spiritage are not true entrepreneurs. The vision has not been clearly articulated to the whole organization as was shown by the lack of knowledge of it by the junior staff. Furthermore the degree to which the company is following on its core values is very low and the management lacks the passion for the success of the organization.
2. The organization lacks an environment that encourages innovation, this has been discovered because :
 - Employees are not given room to be self-directed and those that come up with new ideas are penalized if their ideas fail.
 - The workspace is designed in such a manner that does not allow innovation.
 - The leadership is not people focused and hence lacks inspiration.
 - The team spirit among employees is low
3. Spiritage Communications does not have enough financial resources to meet its objectives. It uses more of external sources of funding such as banks and capital markets compared to internal sources and therefore the company is using some of the funds in servicing the debt instead of growing the company.
4. Spiritage has attracted skilled labour but the strategic approach of the company has not maximized on this. The vision is mainly known by senior management and most of the middle management and junior staff are unaware of it which implies duties are not executed as expected.
5. Spiritage has not made much use of social capital, this is reflected from their lack of strategic alliances.

6. Spiritage does not exploit opportunities on time as is seen in them lagging in technology and in their quality of services.

5.3 Testing the Proposition

From the conclusions it can be seen that Spiritage has a management that lacks innovation, it does not exploit opportunities on time and it lacks resources. Therefore the proposition that Spiritage Communications is building a successful entrepreneurial organization by engaging in entrepreneurial activities does not hold.

5.4 Recommendations

The following are the are the recommendations for Spiritage Communications :

- **Holding Strategic meetings**

The company should have strategic meetings in which targets are set, control systems are put in place and the direction of the company is set,.Furthermore these meetings enables the management to be constantly reminded of their duty of explaining the strategic direction of the company in terms of the vision, mission, goals and objectives to the rest of the employees. By this the whole company will stand for one purpose.

- **Training of management and executives**

The company should engage in leadership seminars and development programs, in which they are taught to lead and to properly manage the organization. This will go to a greater extent in creating an environment that is conducive for innovation and creating the right culture as leadership is the major driver.

- **Giving the proper incentives and rewards**

The company should consider rewarding its employees both extrinsically and intrinsically for outstanding performance. Extrinsic rewards can be in the form of money such as bonuses and salary increments however these should be followed up with intrinsic rewards so that the employees can feel important. Intrinsic rewards can be in different categories namely: the best employee of the month, the most creative ideas of the year, delegation of authority, celebrating achievements and failures. Furthermore as senior management and executives are the drivers of innovation they should be rewarded first so that they can be motivated to motivate their subordinates.

- **Workspace design**

The company can consider designing its offices so that the space is open for idea sharing. This can be done by allowing people to share offices and also creating shared tea rooms in which workers are able to mingle.

The company can also consider locating all departments at the same place. This will go a long way in reducing time to make a decision and also in working towards one goal.

- **Funding**

The company should focus on growing the company by using internally generated funds instead of borrowing. To achieve this the company can engage in rigorous marketing of its products and services with the intent of increasing sales. The company can also become a one stop shop by engaging in customer end solutions such as Local area networking, web designing and web hosting.

Furthermore the company can look for strategic partners so that it can have some synergies. For example the company can partner with other telecommunications service providers such as Powertel from which it leases bandwidth so that it reduces costs on leasing. Instead of buying equipment from any manufacturer the company can also partner with reputable equipment manufacturers which will enable the company to exploit opportunities as they are identified. High quality service can also be guaranteed and utilize the first mover advantage and not lag in the market.

The company can also reduce on its structure by following the proper procedure. Instead of keeping the structure of the company huge the company can give packages which can be disbursed in terms instead of keeping the employees at work without paying them and continue to accrue more debt.

5.5 Areas of further study

From the research findings and conclusions , some areas of further research have been identified .The researcher proposes that a further investigation be undertaken on most feasible turnaround strategy for Spiritage.

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Appendix A

INTRODUCTORY LETTER

Dear Respondent,

My name is Pretty Mugwaze (the researcher).I am studying MBA with the University of Zimbabwe's Graduate School of Management. I am writing to invite you to participate in this research which is part of the dissertation I am doing as a partial fulfilment of the MBA requirements.

The dissertation is entitled "**Sustaining Entrepreneurship in the Telecommunications Industry**". The study seeks to assess whether new Telecommunication companies have adopted entrepreneurial practices such as innovation, good entrepreneurial management, strategic management, resource coordination, opportunity identification and exploitation.

Attached is the questionnaire that will assist the researcher to meet the objectives of the research topic. You are therefore kindly requested to complete the questionnaire to the best of your knowledge. The questionnaire should take you a few minutes to complete. Completion of the questionnaire is voluntary.

The information supplied by participants will be treated with the highest level of confidentiality and you are assured of anonymity. Please kindly return the questionnaire at your earliest convenience preferably before the 4th of July 2012.

If you have any questions or concerns about completing the questionnaire or about being in this study, feel free to contact the researcher.

Thank You!

Yours Sincerely,

Pretty Mugwaze.

MBA Research Student

pmugwaze@gmail.co.zw.0772800009/08622010129

QUESTIONNAIRE

SECTION A: Demographics

1. In which level of employment are you in:
☐ Senior Management ☐ Middle management and Professionals ☐ junior staff
2. What is the highest academic qualification that you hold?
☐ Phd and Doctorate ☐ Masters or MBA ☐ Degree ☐ Diploma
☐ Certificate ☐ Other (Please Specify).....
3. How long have you been working for Spiritage Communications?
☐ More than two years ☐ 1-2 years ☐ Less than 1 year
4. In which department are you in?
☐ Human Resources ☐ Spiritage Communications ☐ Marketing (Brodacom)
☐ Sales (Brodastore) ☐ Billing ☐ Spiritage Business Solutions
☐ Finance

Section B: To assess the entrepreneurial spirit in the management

5. Do you know the company's vision
☐ Yes ☐ No
6. If yes what is it?
.....
7. The vision has been clearly articulated to you. Indicate the extent to which you agree/disagree
☐ Strongly Agree ☐ Agree ☐ Not Sure ☐ Disagree ☐ Strongly Disagree
8. What is the purpose of existence of your company
.....
.....
9. The company is serving the purpose of its existence. Indicate the extent to which you agree/disagree

☐ Strongly Agree ☐ Agree ☐ Not Sure ☐ Disagree ☐ Strongly Disagree

10. Does your company have core values

☐ Yes ☐ No

11. If the answer to the above is yes what is the degree to which the company is following its core values.

☐ Very high ☐ High ☐ Not sure/Do not know ☐ Low ☐ Very low

12. Are the objectives evaluated and renewed to suit the changes in the environment

☐ Yes ☐ No

13. The management has the drive and passion for the success of the company. Indicate the extent to which you agree/disagree

☐ Strongly Agree ☐ Agree ☐ Not Sure ☐ Disagree ☐ Strongly Disagree

Section C: To evaluate to what extent the organization is innovative

15 Indicate in the table below the degree to which you agree or disagree. (1 strongly agree, 2 agree, 3 not sure, 4 disagrees, 5 strongly disagree)

		1	2	3	4	5
1	Workers given the space to be self-directed	☐	☐	☐	☐	☐
2	The company is open to new ideas	☐	☐	☐	☐	☐
2	Workers are penalized if their ideas fail	☐	☐	☐	☐	☐
3	The workplace is designed in a way that encourages idea sharing	☐	☐	☐	☐	☐

4	The roles and responsibilities are satisfactory	☐	☐	☐	☐	☐
5	The team spirit high	☐	☐	☐	☐	☐
6	The supervisors are inspirational	☐	☐	☐	☐	☐

14. Does the company reward its employees as a source of motivation?

☐Yes ☐No

15. If yes what kind of rewards is given?

.....

..

Are these rewards a source of motivation?

☐Yes ☐No

Explain your answer

.....

..

16. In your own words, how would you describe Spiritage's culture?

.....

.....

17. Does the culture motivate people to work harder?

☐Yes ☐No

Explain your answer

.....

.

Section D: Resources

18. What is the source of financing for your company?(Tick all that is applicable)

☐Owner's funds ☐Profit from the business ☐Capital Markets (i.e stock exchange)

☐ Banks

☐ Other (Specify)

.....

19. The finances enough to meet the objectives of the company. Indicate the extent to which you agree/disagree

☐ Strongly Agree ☐ Agree ☐ Not Sure ☐ Disagree ☐ Strongly Disagree

20. The finances are effectively distributed among different departments. Indicate the extent to which you agree/disagree

☐ Strongly agree ☐ Agree ☐ not sure ☐ Disagree ☐ Strongly Disagree

Please explain your answer

.....

.....

21. How important are the following factors in employee hiring at your organization. On a scale of 1 to 5, where 1 represents the least important and 5 represents the most important.

	1	2	3	4	5
<i>Factor</i>					
Education	☐	☐	☐	☐	☐
Work experience	☐	☐	☐	☐	☐
Knowledge	☐	☐	☐	☐	☐

23. Does the company have any strategic partners or alliances ?

☐ Yes ☐ No

If yes why is there such an alliance?

.....

.....

Section D: Exploitation of opportunities

22. Are strategic decisions made timely and effectively? Indicate the extent to which you agree/disagree

☐ Strongly Agree ☐ Agree ☐ Not Sure ☐ Disagree ☐ Strongly Disagree

23. The company identifies opportunities and exploits them. Indicate the extent to which you agree/disagree

☐ Strongly Agree ☐ Agree ☐ Not Sure ☐ Disagree ☐ Strongly Disagree

24. Are the right competences assigned to the right task?

☐ Yes ☐ No

Explain your answer

.....
.....

25. Adequate resources available for any given task. Indicate the extent to which you agree/disagree

☐ Strongly Agree ☐ Agree ☐ Not Sure ☐ Disagree ☐ Strongly Disagree

26. How do you rank your company in terms of the quality of services that it offers compared to competition?

☐ Very High, ☐ High, ☐ Not sure/Don't know, ☐ Low, ☐ Very low

27. What is the company's position in the industry relative to technology

☐ Pioneer ☐ early adopter ☐ Follower ☐ Laggard ☐ Not Sure