

The Impact of Entrepreneurial Orientation on Access to Debt Finance and Performance of Small and Medium Enterprises in South Africa

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ABSTRACT This study investigates the impact of entrepreneurial orientation (EO) on access to debt finance and performance of small and medium enterprises (SMEs). Inaccessibility to debt finance is one of the primary causes of failure and weak performance of SMEs in South Africa. The survey area was King William's Town and East London in the Eastern Cape of South Africa. Data was collected through the use of self-administered questionnaires in a survey. Data was analysed through the use of descriptive statistics, correlation and regression. The Cronbach's alpha was used to measure reliability. The results indicate that there is a significant positive relationship between EO and access to debt finance and the performance of SMEs. The results also indicate that access to debt finance partially mediates the relationship between EO and the performance of SMEs. Recommendations on how SMEs can improve EO such as training and incorporating EO in the reward system are suggested.