

Delineating Government Policies and Individual Entrepreneurial Orientation

Yemisi Adelakun¹ and Thea van der Westhuizen²

*Block M1-203, College of Law and Management Studies, School of Management,
IT and Governance, University of KwaZulu-Natal, South Africa*

E-mail: ¹<218084007@stu.ukzn.ac.za>, ²<vanderwesthuizen@ukzn.ac.za>

²Orcid: <https://orcid.org/0000-0001-8795-4023>

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ABSTRACT The South African government, like other countries, has put in place a variety of support measures to aid potential entrepreneurs and existing entrepreneurs to expand their operations. It is unclear, to what extent understanding of these support measures impacts individual entrepreneurial orientation propensities (IEO). The study objective was to investigate the impact of government policy on IEO propensities of risk-taking, innovativeness and proactiveness to engage in entrepreneurial activity, from a systems analysis perspective. The research was carried out using mixed methods (quantitative and qualitative data). The Partial Least Squares Structural Equation Modelling (PLS-SEM) from Smart PLS 3.0 software was employed to analyse the data. The study was limited to 235 entrepreneurs from various towns, cities, and settlements in KwaZulu-Natal, South Africa who were present at Minara Chamber of Commerce Women's Conference. The findings showed that government policy impact IEO propensities to engage in entrepreneurial activities.

INTRODUCTION

Entrepreneurship is regarded as a fundamental approach to economic development (Audretsch 2018). Entrepreneurship is a driving force of economic success that contribute to the employment rate and promote global economic development (Chege and Wang 2020). Entrepreneurs, according to the researchers, are job creators who have a positive impact on their individual settings (Dvoulety 2018; Hamdan 2019) and are often owner-managers of their business (Van der Westhuizen and Saayman 2007). The government have launched several initiatives, such as entrepreneurship education, skills and training development programmes, to encourage individuals to participate in entrepreneurial activities around the country. Similarly, few African countries have a formal policy framework within which to place their entrepreneurial initiatives (Herrington and Coduras 2019). The government has introduced various supportive measures, such as loans, entrepreneurial education, training, and skills development programs, to promote entrepreneurship after recognizing and acknowledging the benefits of entrepreneurship as one of the fundamental approaches to managing unemployment and for economic growth in South Africa (Zin and Ibrahim 2020). Despite these initiatives to support entrepreneurship promulgated by the government,

studies show that the expected effect is not being achieved, as the South African population continues to engage in low levels of entrepreneurial activity, leaving the unemployment problem unaddressed (Herrington and Kew 2017; Nieuwenhuizen 2019). It is necessary to have a basic knowledge of the factors that encourage entrepreneurship. According to Koe (2016) and Malebana (2014), entrepreneurship involves an individual's willingness to engage in entrepreneurial activity.

From a systems analysis perspective, individual entrepreneurial orientation (IEO) propensities are regarded as the foundation for understanding the entrepreneurial activity process, as they are the internal factors that precede entrepreneurial action (Van der Westhuizen 2016, 2021). Briscoe (2016) believed that the best approach in solving complex problems is to take a holistic view of the elements that make up the whole. The interplay of components within a system is defined by systems theory to form a unified whole (Senge 1996). For the purpose of this study, the impact of government policy as an external factor will translate the internal propensities of IEO propensities of risk-taking, innovativeness and proactiveness into action, according to systems theory. This showed that favorable government support/initiative will boost the individual willingness for business risk-taking, enhance the level of

innovativeness and proactiveness. In this context, individuals will embrace entrepreneurial activity if their personal level of entrepreneurial orientation are motivated (Obaji and Olugu 2014).

Individual Entrepreneurial Orientation (IEO)

The concept of entrepreneurial orientation (EO), which consists of the three dimensions of risk-taking, innovativeness and proactiveness was introduced by Miller (1983), and later popularised by Covin and Slevin (1989). Subsequently, Lumpkin and Dess (1996) extended EO into a five-dimension model comprising risk-taking, innovativeness, proactiveness, autonomy and competitive aggressiveness with regard to firm performance. Researchers have recommended EO at the firm-level in terms of its impact on firm performance (Gupta and Gupta 2015). Other researchers argued that individual traits influence firm performance and that EO should be viewed as a multi-dimensional construct (Wach 2015). Similarly, Robinson and Stubberud (2014) recognised the need to view EO at an individual level as the success of a firm depends on individual attributes (Ruba et al. 2021; Awotunde and van der Westhuizen 2021).

Bolton and Lane (2012) modified Lumpkin and Dess's (1996) concept of EO by focusing on the three-dimensions of risk-taking, innovativeness and proactiveness at individual level. Similarly, Van der Westhuizen (2016, 2021) concurred that IEO positively influences entrepreneurial action as IEO propensities of risk-taking, innovativeness and proactiveness are personal traits that contributes to an individual's likelihood of engaging in entrepreneurial activities. It describes the individual decision-making process that demonstrates a willingness to take business risks, be innovative, and be proactive. Extant literature elucidated that IEO of risk-taking, innovativeness and proactiveness are among the fundamental elements that determine the performance of entrepreneurial activities, both at start-up and throughout the ongoing management of the business (Kollmann et al. 2017). Risk-taking is the individual willingness to engage with that which is unsure and unfamiliar in seeking to improve prospects. Innovativeness is defined as a tendency for generating new things or inventing new ideas that would better standard of living or address a specific problem that

the human being is confronted with, resulting in the creation of a new wealth, while proactiveness is essential to an entrepreneurial orientation since it suggests a forward-looking perspective that supports new venture activity, as well as the ability to continuously improve skills and knowledge to assure professional advancement (Lumpkin and Dess 1996).

Empirically, government policy has been found to positively affect entrepreneurial activities, failure in government policy to establish an environment that sustains the propensities of risk-taking, innovativeness and proactiveness in individual entrepreneurial orientation, can be a burden to individual engagement in entrepreneurial activities (Botha et al. 2020; Nieuwenhuizen 2019; Obaji and Olugu 2014).

Role of Government Policy on IEO Propensities

The low participation of individuals in entrepreneurial activities may be driving the need for government intervention on the propensity of risk-taking, innovativeness, and proactiveness. The government should assist potential entrepreneurs in strengthening their entrepreneurial propensities and removing hurdles to starting a business through the accessibility of financial assistance, entrepreneurial education, training and skills development programmes (Obaji and Olugu 2014). Ahmed et al. (2020) opined that entrepreneurial support should stimulate an individual propensity and provide potential entrepreneurs with the necessary resources needed for business ventures. The role of government policy in influencing IEO propensities provides a framework for understanding how policies can enhance entrepreneurial activities (Herrington and Coduras 2019). According to Paver et al. (2019), the government provision of a variety of assistance can influence IEO propensities of risk-taking, innovativeness, and proactiveness to engage in business. Bryan (2013) note that stable and supportive government policy encourages entrepreneurial activity in both United States and European countries, whereas policy uncertainty increases the lack of business formation. The government assistance for aspiring entrepreneurs results in an increase in the number of persons starting their own businesses (Asongu and Odhiambo 2019).

Government Initiatives on Entrepreneurship

Several studies have emphasised the position of creating conducive environments and enabling policy initiatives to support entrepreneurship in South Africa (Obaji and Olugu 2014; Paver et al. 2019). Evidence from the Global Entrepreneurship Monitor (GEM) report revealed that South Africa's entrepreneurial activity is low at 13 percent due to a lack of assistance, implying that only 13 percent of people are likely to start a business compared to other countries (Herrington and Coduras 2019). Similarly, Belitski and Heron (2017) stated that lack of financial resources, entrepreneurial education, training and skills acquisition programmes hinders potential entrepreneurs from pursuing their entrepreneurial dreams. Entrepreneurial activities largely depend on government support policies that encourage individual propensities.

The White Paper on National Strategy for the Development and Promotion of Small Business was issued by the South African government in 1995. This specified efforts to create an enabling environment for small enterprises which resulted in the establishment of a number of support organisations and the implementation of a number of a number of entrepreneurship-friendly regulations (DTI 2019; Okeke-Uzodike 2019). The National Small Business Council, Ntiska, Khula, and the Accelerated and Shared Growth Initiative for South Africa are among these support organizations (ASGISA). These organisations were created primarily to provide funding for individual start-up enterprises and to encourage entrepreneurial activity. As the major organisation that provides the national framework for small, medium and micro enterprises (SMMEs) in South Africa, the National Small Business Act of 1996 was revised and promulgated in 2004 to establish an enabling environment for entrepreneurship (DTI 2019). The Department of Trade and Industry (DTI) is responsible to strengthening compliance framework state business and financial expansion for small businesses, through an institution-based delivery network that spans the entire country, through its economic clusters (DTI 2019). The Small Enterprise Development Agency (SEDA), Small Enterprise Finance Agency (SEFA), the Industrial Development Corporation (IDC), National Empowerment Fund (NEF), the National Youth Development Agency (NYDA) and Companies and Intellectual Property Commission (CIPC)

are all part of the DTI agencies (DTI 2019). Extant literature revealed that government support measures to promote entrepreneurial activities are not effective (Ojeifo 2013). From a systems analysis perspective, government policies impact the link between IEO propensities of risk-taking, innovativeness and proactiveness.

Due to a low level of South African participation in entrepreneurial activities, the government assistance measures should stimulate the development of entrepreneurial orientation propensities so that quality and growth-oriented businesses can be established. This is necessary because conventional start-ups are less inventive, create fewer jobs also contribute little to the economy (Shane 2009). Details relating sorts of assistance should be made available, along with explicit access criteria (Phillips et al. 2014). Individuals' aptitude to respond to business chances is determined by their opinions about own potential to capitalise on such opportunities (Shepherd and Patzelt 2018; Nyamunda and van der Westhuizen 2020, 2018). As these entrepreneurial skills can be enhanced through entrepreneurial education (Saebi et al. 2017), it is critical to build relationships between higher education institutions and government entities in order to provide resources for individuals to experiment with their ideas. To encourage entrepreneurial activities, the governments of the United States and the United Kingdom have created tax incentives, regulations and funding through early-stage venture capital (Akinyemi and Adejumo 2018). The views relating to the government assistance have a positive relationship with IEO propensities and entrepreneurial activities (Obaji and Olugu 2014; Saebi et al. 2017).

Objective of the Study

The objective of this study is to investigate the impact of government policy on individual entrepreneurial orientation (IEO) propensities risk-taking, innovativeness and proactiveness to engage in entrepreneurial activities, from a systems analysis perspective.

RESEARCH METHODOLOGY

The Partial Least Squares Structural Equation Modelling (PLS-SEM) method from the Smart PLS 3.0 software to analyse the data. The PLS-SEM method is a causal modelling methodology that

aims to maximise the variance of the dependent variables explained by the independent variables. Prior research by Hair et al. (2014) and Bamgbade et al. (2015) has demonstrated that the PLS is the best approach in handling both complicated and simple models.

The Sample Size

A survey was utilised for this study, which comprised 235 entrepreneurs from various towns, cities, settlements in KwaZulu-Natal who were present at the Minara Chamber of Commerce Women’s Conference, South Africa, using Krejcie and Morgan’s (1970) sample size table in Sekaran and Bougie (2019). Selected entrepreneurs were considered for the study because they are experienced business owners who are knowledgeable in the field of entrepreneurship.

Data Collection

Data were collected using mixed methods (both qualitative and quantitative) through an in-depth interview and a structured questionnaire which was distributed among the group of entrepreneurs from various towns, cities, and settlements in KwaZulu-Natal who were present at the Minara Chamber of Commerce Women’s Conference in Durban. Five (5) entrepreneurs were selected for the qualitative data. The questionnaire consisted of questions that were based on a 6-point Likert scale (1=strongly disagree, 2=disagree, 3=slightly disagree, 4=slightly agree, 5=agree, 6=strongly agree) to ensure respondents’ sincere and free expression of opinion. The adopting of the Likert scale was justified by the ease with which it could be constructed and interpreted (Hartley 2014; Hartmann et al. 2016; Taherdoost 2016).

The constructs’ reliability was measured using Cronbach alpha (CA) and Composite reliability (CR) as illustrated in Table 1. Convergent validity was assessed using the Average variance extracted (AVE). The convergent validity essentially reveals the extent to which an indicator correlates positively with another indicator of the same variable. In research, Cronbach’s alpha coefficients of 0.7 and above are considered acceptable (Leedy and Ormrod 2014; Sekaran and Bougie 2019; Wilson 2014). In this study, the data collection instrument was deemed credible for use since its Cronbach’s alpha values were more than 0.7. Fornell and Larker (1981) criterion was employed to establish the discriminant validity of the constructs.

OBSERVATIONS AND DISCUSSION

The employed the Partial Least Squares Structural Equation Modelling (PLS-SEM) method from the Smart PLS 3.0 software for data analysis. Smart PLS 3.0 software is suitable for capturing and elicit a range of diversity, which is statistically analysed from a systems analysis perspective. For the qualitative analysis, the data was organised using NVivo 12 software and the content analysis was utilised to interpret the text content.

Sample Characteristics

Of the 235 respondents, 224 (95.3%) were female, and 11 (4.7%) were male. This indicated that the demographic profile of the respondents was female-dominated. The population size for this study were entrepreneurs from various towns, cities, and settlements in KwaZulu-Natal, South Africa who were present at Minara Chamber of

Table 1: Construct reliability, convergent and discriminant validity

<i>Latent variables</i>	<i>CA</i>	<i>CR</i>	<i>AVE</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>
1. Discovery	0.955	0.964	0.817	0.904						
2. Growth	0.975	0.979	0.853	0.447	0.923					
3. Idea	0.950	0.962	0.834	0.741	0.409	0.913				
4. Innovativeness	0.956	0.964	0.793	0.817	0.385	0.626	0.891			
5. Proactiveness	0.948	0.955	0.639	0.756	0.306	0.586	0.759	0.799		
6. Risk taking	0.955	0.963	0.788	0.720	0.457	0.623	0.695	0.711	0.888	
7. Start-up	0.959	0.964	0.691	0.583	0.846	0.579	0.479	0.443	0.527	0.831

Source: Author’s compilation (2020) from Smart PLS 3.0 software

Note: Off-diagonals are correlations, while the diagonals (bolded) are the square roots of the AVE

Commerce Women’s Conference. The conference was open to all categories of entrepreneurs irrespective of gender. The study was not a gender-oriented research. In terms of age 41 (17.4%) were between 18 and 25 years, 63 (26.8%) between 26 and 35 years, 58 (24.7%) between 36 and 45 years, while 73 (31.1%) were above 45 years. This indicated that those in their forties and fifties had more entrepreneurial experienced.

In term of race, 97 (41.1%) of the respondents were predominantly black, followed by 76 (32.3%) who were Indians, 33 (14%) of respondents were Colored, while 29 (12.1%) of respondents were White. This revealed that the current administration is gradually rectifying the injustices of previous anti-Black South African entrepreneurial legislation (Mahadea and Simson, 2010). In term

of job description, 91 (38.7%) of the total respondents were self-employed, with 68 (28.9%) working part-time while running their businesses, 57 (24.3%) were unemployed and attempting to start a business, and also 19 (8.1%) were employed full-time while simultaneously owing a business. A high number of 96 (40.9%) of the respondents have been successfully operating their businesses for more than 10years. 72 (30.6%) of the total had less than 3 years’ business experience. 37 (15.7%) of the respondents had below 3 to < 6years of experience. While 30 (12.8%) of respondents had below 6 to < 10 business experience. This denotes that the objectives of the study could be achieved as the majority of the respondents were members of a group of entrepreneurs who were knowledgeable in business. In terms of the

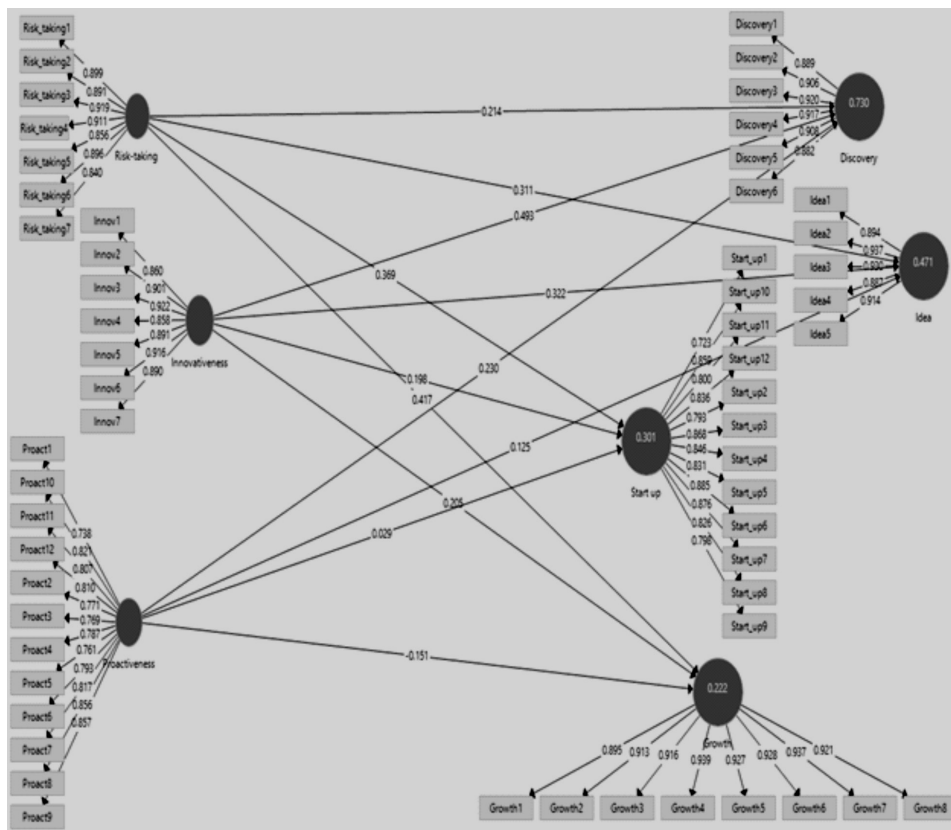


Fig. 1. Measurement model and the structural model’s path coefficients
 Source: Author’s computation (2020)
 Smart PLS 3.0 software output

Table 2: Analysis of government initiatives

S. No.	Items	Mean	Stdev	t	df	P value	Decision
1	I am aware of government intervention funds without collateral for business start-up	3.27	1.66	26.156	235	0.00	Disagreed
2	I received funds without collateral assistance from the government to start a business	3.21	1.75	27.211	235	0.00	Disagreed
3	Sourced enough money to cover the demands in setting up a business	3.37	1.76	29.396	235	0.00	Disagreed
4	I am aware of government agencies like SEFA, Khula NYDA etc. that offers entrepreneurial support	3.56	1.74	32.054	235	0.00	Agreed
5	Have received assistance from the government agencies	3.21	1.80	26.192	235	0.00	Disagreed
6	Begun connecting to venture sources such as government grants	3.54	1.81	29.875	235	0.00	Agreed
7	My business meets both external and internal compliance requirements such as, business registration, paying taxes	3.25	1.92	26.182	235	0.00	Disagreed
8	I have obtained federal/state/local licenses and permits to operate my business	3.20	1.92	25.527	235	0.00	Disagreed
9	Drawn up all necessary contracts	3.20	1.93	25.422	235	0.00	Disagreed
	Grand mean	3.31	1.79				Disagreed

Source: Author’s compilation

highest qualification, 51 (21.7%) had matric, 44 (18.7%) had Diploma certificates, 37 (15.7%) obtained B. tech certificate, also 25 (10.6%) of the respondents were B.Sc. holders, 31 (13.2%) had an Honours degree, 23 (9.8%) obtained Post-graduate diploma certificate, while 14 (6%) are Masters’ degree holders, and the remaining 10 (4.3%) respondents were Ph.D. candidates. This implies that approximately 80 percent of the participants were graduates. This means that an individual’s level of educational attainment motivates them to pursue a career in business. The entrepreneurs’ educational achievements explain why most of the questionnaires returned were correctly filled.

Descriptive Statistics

Structural Equation Model of IEO Propensities

The model of coefficient path illustrated in Figure 1 depicts IEO propensities to engage in entrepreneurial activities of business discovery, idea, start-up and growth. IEO propensity of innovativeness had the most substantial effect on business discovery (0.493), followed by the IEO propensity of proactiveness (0.230), and a risk-taking propensity (0.214). IEO propensity of innovativeness demonstrated a strongest relationship on business idea (0.322), while on EM of start-

up, IEO propensity of risk-taking had the most substantial effect (0.369). Similarly, for EM of business growth, IEO propensity of risk-taking had the strongest effect (0.417).

In terms of the predictive power of the structural model path, the latent EM of business discovery explained 73 percent of the model variation ($R^2 = 0.730$), also 47.1 percent was explained by business idea ($R^2 = 0.471$), EM of business start-up explained 30.1 percent ($R^2 = 0.301$), while 22.2 percent was explained by EM of business growth ($R^2 = 0.222$). The R^2 values, except for EM of business growth, are higher than the 0.26 value that Cohen (1988) suggests would indicate a substantial model. The EM of business growth model, based on its R^2 , is considered to be moderate.

Quantitative Analysis of the Impact of Government Policy on IEO Propensities

According to the result in Table 2, most of the respondents disagreed of having been aware of the government intervention funds without collateral for business start-up ($M=3.27 < 3.50$, $t=26.16$, $p < 0.05$), neither have they received funds without collateral assistance from the government to start a business ($M=3.21 < 3.50$, $t=27.21$, $p < 0.05$), also to have sourced enough money to cover the demands in setting up a business ($M=3.37 < 3.50$, $t=29.40$,

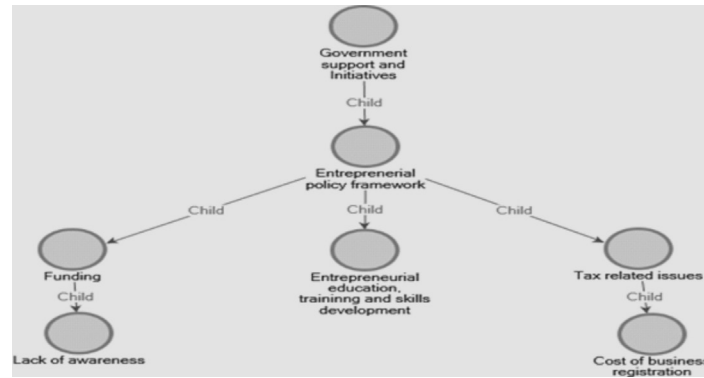


Fig. 2. Responses on the influence of government policy on IEO propensities

Source: Author's compilation from NVivo 12

$p < 0.05$). Similarly, most of the respondents have not received assistance from the government agencies ($M = 3.21 < 3.50$, $t = 26.19$, $p < 0.05$), neither has their businesses meets both external and internal compliance requirements such as, registrations, paying taxes with local/state or federal governments ($M = 3.25 < 3.50$, $t = 26.18$, $p < 0.05$), nor have obtained federal/state/local licenses and permits to operate business ($M = 3.20 < 3.50$, $t = 25.53$, $p < 0.05$), also having drawn up all necessary contracts ($M = 3.20 < 3.50$, $t = 25.53$, $p < 0.05$). However, few respondents agreed they are aware of government agencies like SEFA, Khula NYDA etc. that offers entrepreneurial support ($M = 3.56 > 3.50$, $t = 32.05$, $p < 0.05$), as well as begun connecting to venture funding sources such as government grants ($M = 3.54 > 3.50$, $t = 29.88$, $p < 0.05$).

The results showed that responses to the items produced a mean rating and standard deviation of 3.31 and 1.79, respectively. This is below the 3.50 benchmark according to Hair et al. (2014) and Kock (2015) for the acceptance of the items in a 6-point Likert scale. This meant that government regulations that were unfavorable in terms of finance, taxation, the high cost of business registration and lack of awareness/information of available resources discouraged an individual from taking risks, being inventive and being proactive to engage in entrepreneurial activity. This result is consistent with Herrington and Coduras (2019) and Nieuwenhuizen (2019) findings that excessive policy regulatory restrictions on business formation and bureaucratic burden are barriers to business start-up. To push this further, this study has successfully contributed to the

research in offering a holistic approach to understand the moderating effect of government policy on IEO propensities and business outcomes, which were not visible in extant IEO literature in South Africa.

Qualitative Analysis of the Impact of Government Policy on IEO Propensities

Qualitatively, the participants' responses verify the impact of government policy on IEO propensities as illustrated in Figure 2.

For instance, the respondents emphasised in their responses that:

Respondent 1

"I believe an access to finance intensify and motivate individual entrepreneurial orientation propensities to embark on entrepreneurial activities, majorly among the enthusiastic youths. Access to finance has often been believed to be a major barrier to business start-ups. A lot of people lack access to a business loan offered by the government due to lack of awareness, the majority do not know where and how to access funding. Lack of funding to establish a business will demoralise individual entrepreneurial orientation. Similarly, access to finance will drive individuals to participate in entrepreneurial activities"

Respondent 1's response indicated that government policy has an impact on IEO propensities to engage in business, and that the critical factor for entrepreneurial success is the access to capital for start-up. Despite government initiatives, respondent 1's statement revealed that individual expectations are

delayed due to a lack of awareness of such financial services, as well as where and how to locate such agencies. This could be because funding may not be rightfully disbursed to the beneficiaries (Obaji and Olugu 2014). For this study, from a systems analysis perspective, lack of fund accessibility, in terms of lack of information/awareness to either source from government funding, or lack of collateral to obtain a loan IEO propensities of engaging in entrepreneurial activities.

Respondent 3

“Information on awareness of entrepreneurial support initiatives has been one of the factors affecting individual interest to participate in entrepreneurial activity. Majority are still unaware of devoting considerable resources to support small businesses by the South African government since 1994, especially among the youths in rural areas, where most of them ended up jobless. I believe illiteracy contributes to it as most of them dropped out of school before completing their grades.”

In line with respondent 1, respondent 3 confirms that the government has put in place initiatives to support small businesses since 1994, yet the government has failed to reach prospective individuals as a result of government agencies' failure to meet the needs of small businesses and their inability to raise awareness about their existence. Similarly, the statement showed that lack of fundamental and entrepreneurial education especially among the youths, is another impediment to entrepreneurial risk-taking, innovativeness and proactiveness. This aligns with Bushe (2019) that most entrepreneurs are unable to grow their business operations to sustainability as a result of government agencies failure to address the demands of small businesses. According to Vodă and Florea (2019), entrepreneurial education develops entrepreneurial skills and informs youngster about the possibility of a career in entrepreneurship.

Respondent 2

“Policymakers should strengthen and promote programmes that can help acquire entrepreneurship skills as well as setting out clear and appropriate policy objectives.”

Respondent 2 observed entrepreneurial skills as an individual level of performance that could be improved with training. Government

interventions to improve entrepreneurship skills, also stating clear goals and objectives support initiatives will boost individual propensities of risk-taking, innovativeness, and proactiveness towards entrepreneurial activities. According to Barba-Sánchez and Atienza-Sahuquillo (2017), businesses are launched not just by individuals who have the aptitude and talent, but also by entrepreneurial supports and the desire to engage in entrepreneurship. Bhat and Singh (2018) stated the importance of entrepreneurial education, training and skills development programmes in shaping individuals' tendencies, and as a catalyst to engage in entrepreneurship.

Respondent 4

“Government support for entrepreneurial education and training in higher education, as well as vocational training and skills development programmes for out-of-school youths, where there will be an opportunity to generate entrepreneurial motivates, intentions and competences.”

Respondent 4's view confirmed that Entrepreneurial education is critical for developing individuals' entrepreneurial skills, encouraging entrepreneurial behaviour, and establishing an entrepreneurial perspective in youngsters, as well as nurturing entrepreneurially minded individuals to start new businesses. This meant that aspiring entrepreneurs would still require government assistance in terms of vocational training and skills development programs in order to be able to make bold decisions, be creative and plan for the future (Obaji and Olugu 2014).

Respondent 5

“To my best knowledge, faced with challenges of government policy over regulations on tax, minimum wages and unnecessary changes on business registration in term of requirements for permits or licenses eroded individual intent to engage in entrepreneurial activities.”

Respondent 5's response affirms that an obligatory payment to state revenue placed by the government on workers' wages and business profits or doubled the cost of some products/services and transactions, is like imposing fee on small businesses that drive up the cost of doing business. In other words, regulations on tax will

put increased burden on small businesses because they do not have much revenue to spread costs over. Similarly, regulations add complexity and uncertainty to small businesses; this keeps them from investing in capital purchases, services and hiring. Unnecessary bureaucratic procedures on business registration which can manifest in form of burdensome or unduly rigorous administrative procedures impede entrepreneurial activities (Botha et al. 2020).

Synthesis

The main objective of this study was to examine the impact of government policies on IEO propensities of risk-taking, innovativeness and proactiveness to engage in entrepreneurial activities. The data collected through the quantitative analysis in Table 2 showed a mean rating and standard deviation of 3.31 and 1.79 below the 3.50 benchmark level of acceptance as explained by Hair et al. (2014) and Kock (2015). This confirms that a lack of a supportive environment is one of the reasons for low South African participation in entrepreneurial activity. This implied that government support will impact IEO propensities of entrepreneurial activities. The findings as obtained in this study also align with the literature (Akinyemi and Adejumo 2018; Botha et al. 2020) findings that government policies are positively correlated with entrepreneurial activities, without clarifying government policy impacts on the relationship between IEO propensities of risk-taking, innovativeness, and proactiveness, from a systems analysis perspective.

The findings also revealed that obtaining sufficient funding to meet the demands of starting a business in terms of awareness of available resources, obtaining state or local licenses and permits to operate, also meeting both external and internal compliance requirements, such as cumbersome business registration procedures and paying taxes are barriers to individual entrepreneurial risk-taking, innovativeness and proactiveness. This finding is consistent correlates with Ajide (2020) result that the lack of minimum capital requirement for a potential entrepreneur to start a business is a major setback to entrepreneurship, and that policy regulations has a significant influence on business start-up. Nieuwenhuizen (2019) found that government policy is a restrictive regulatory environment, rigid business compliance, and legislation were major hindrances

to entrepreneurial activity.

Similarly, the findings of the qualitative study affirmed that lack of finance as a result of lack of information/awareness of available resources, lack of entrepreneurial education, training, and skills development programmes, as well as unnecessary government policies on business registration inhibits entrepreneurial activities. The findings aligned with Lebambo and Shambare (2017) that the pillars of entrepreneurial success in South Africa include start-up capital, the acquisition of entrepreneurial training/skills development and the status of regulatory environments. Fatima and Bilal (2020) further disclosed that access to finance mediates the propensities in individual entrepreneurial orientation to engage in business.

Evidence from both quantitative and qualitative findings for in this study revealed that favourable government policy impacts the propensities of risk-taking, innovativeness, and proactiveness in individuals to engage in business.

CONCLUSION

This paper contributes to original and novel insights on the impact of South Africa government policy on IEO propensities. The paper examined meticulously the impact of government policy on IEO propensities of risk-taking, innovativeness and proactiveness from a systems analysis perspective. It offered additional illumination to IEO propensities as source of entrepreneurial activity if properly motivated, in other words, the core values in South African entrepreneurial activities were better explained through IEO propensities.

RECOMMENDATIONS

The significance of government policies is highlighted in the study because inner propensities of the micro system (individuals) are key driver of socio-economic development. However, there is a tremendous and problematic disconnect between government policy and the inner disposition of an individual. The study revealed that IEO propensities at the microsystemic level of risk-taking, innovativeness and proactiveness are crucial agents to drive entrepreneurship policy. From a systems analysis perspective, this study proposed that individuals need motivation and support to take business risks, be innovative and proactive. This

study found that the core values in South African entrepreneurial activities were better explained by IEO propensities, which necessitates government intervention by providing a conducive business environment in terms of easy access to funding, entrepreneurial education, training and skills development programmes, as well as reducing start-up costs.

The government should tailor regulatory reforms in support of start-ups to facilitate access to finance for prospective entrepreneurs. Measures should also be taken within the public sector to raise awareness of entrepreneurship issues, as these will enhance and improve individual risk-taking, innovativeness and proactiveness tendencies.

Awareness of the existence of entrepreneurial programmes offered by sector of education and training authorities (SETAs), national youth development agency (NYDA), entrepreneurship development programme (EDP), youth leadership and entrepreneurship development (YLED) and small enterprise department agency (SEDA) that can play a prominent part in promoting and enhancing IEO propensities of risk-taking, innovativeness and proactiveness should be more pronounced and supported by the government.

The government should develop policies in favour of prospective entrepreneurs to start and develop their businesses by creating a legal framework that could strengthen their entrepreneurial propensities. Provision of business infrastructure and easy access to finance, exposure to government subsidies and guaranteed availability through agencies such as Khula Finance should be put in place. Tax-related issues in terms of the cost of business registrations should also be reviewed in favour of prospective entrepreneurs.

This study has several limitations. The findings were based on data collected from the group of expert entrepreneurs from various towns, cities and settlements in KwaZulu-Natal who were present at the Minara Chamber of Commerce Women's Conference in Durban, South Africa. Future researchers should include students and employees who are planning to become business owners. Other provinces could also be study for generalisation purpose, as this study cannot be generalised due to the study site. In addition, a three-dimensional IEO propensities of risk-taking, innovativeness and proactiveness was utilised. Further studies

can employ a five-dimension model by including autonomy and competitive aggressiveness.

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