

Drivers of Competitive Entrepreneurial Families in the Eastern Cape, South Africa

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Abstract

There is global acceptance that the growth and sustainability of entrepreneurship initiatives is central to national development and hence the search for strategies to boost the growth of entrepreneurship across regions is crucial. Despite these initiatives in countries such as South Africa small enterprises remain fragile and have a high failure rate making the need for accelerated efforts to boost entrepreneurship a priority. In this regard, the purpose of this study was to explore the drivers or enablers of family entrepreneurship. Families were of interest in this study owing to their centrality in societal development. The study adopted the qualitative approach that was based on the use of focus group discussions with some family entrepreneurs in the eastern Cape in order to explore their perspectives on the drivers of competitive family entrepreneurial ventures. The study found that there are community based, government induced as well as socio cultural and context specific enablers for family enterprise competitiveness in the Eastern Cape. These enablers are facilitated by an appropriate vision for strengthening families, value for indigenous systems, adoption of context specific strategies for entrepreneurship development. It is recommended that government policy on family entrepreneurship should be strengthened given the potential of family entrepreneurship to improve entrepreneurial activity in South Africa.

Keywords: *Entrepreneurship, Family Entrepreneurship, Small Business, Family Business, Rural Economy.*

Introduction

Families are the foundations of an individual's socio-economic disposition across cultures. The family represents the origin of perspectives, capacities and essentials for further growth and development (Cardella, Hernández-Sánchez & Sánchez García, 2020). In this way, understanding various phenomena associated with human behaviour demands a consideration of the history and family background of individuals. This study takes these arguments to the case of entrepreneurial families and what drive their success. In making this enquiry, it should be appreciated that economic activities have historically emanated from family lines. In Europe and before the industrialization of Great Britain, economic activities were done as backyard systems that were done by families to produce commodities for exchange. In the same way, at the beginning of the iron ages, family specialisations on some economic activities were the basis of civilization with barter trade completing the societal value system (Porfirio, Felicio & Carrilho, 2020). Consequently, the concept of entrepreneurial families should be relevant and deserve analysis to enrich entrepreneurial system and foster economic growth and development.

Overview of the Entrepreneurship Concept

Entrepreneurship has grown to be recognized as a key economic driver in many countries (Lazar, Miron-Spektor, Agarwal, Erez, Goldfarb & Chen, 2020). In many countries, it accounts for economic development as well as social economic welfare of communities and individuals. It has been recognized that the present view of entrepreneurship as an overarching activity in many economies can lead to the 'age of entrepreneurship' which we are presently facing (Mehmood, Alzoubi, Alshurideh, Al-Gasaymeh & Ahmed, 2019). This study explores the drivers of successful family entrepreneurship which is considered as critical for many entrepreneurial start-ups. In this study, entrepreneurship is considered both as an act of creativity and innovation and as an activity of recognizing opportunities and exploiting them to provide commodities profitably. Prominent theorists such as Schumpeter, Smith, Ricardo, Marx and Malthus have provided dominant theories of economic development which have assisted in the appreciation of entrepreneurship

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over the years (Mehmood et al., 2019). In the scholarly work of Adam through and the book- *The Wealth of Nations* (1776), free market forces are considered to be the key to national economic development. However, David Ricardo (1772-1883), Thomas Robert Malthus (1766-1834) as well as Karl Marx (1861) have provided arguments for the nature of entrepreneurial work that continue to shape present day entrepreneurial behaviour. Schumpeter's work formed the entrepreneurship strategy in economic development and over the years entrepreneurship has become the mainstay of economic development (Mehmood et al., 2019; Lazar et al., 2020). Miller et al. (2016) explains that the majority of entrepreneurs that become successful have not simply emerged independently but were embedded in team and family business categories and later grew to become dominant. Families are key sources of resources, knowledge, funds and labour in the first instance. Additionally, with the high failure rate of small entities, family entrepreneurship is critical area of enquiry.

Competitive Family Entrepreneurial Ventures

Family ventures are recognised as a way of solving numerous family needs as they are a source of employment (Wahnyono & Aryatun, 2023). In an early and well cited study of Carr and Sequeira (2007) it was acknowledged that family experiences were a strong source of values, attitudes as well as behaviours that will be adopted by people through out their lives. In this was family entrepreneurship can be considered a strong way of grooming entrepreneurs who can be competitive at the macro level. Since the emergence of the concept of competitive advantage, there have been significant interest on what determines competitive advantage. Hence this study sought to explore the development of competitive family entrepreneurship in the eastern cape province of South Africa. Previous research has focused on factors of competitive advantage in general and specific focus on family entrepreneurship remains necessary. Cockburn, Henderson and Stern (2000:5) noted that the earliest studies on sources of competitive advantage focused on what business leaders and general managers should do to outperform other companies. A new paradigm emerged with Porter (1980) whose view that competitive advantage rest with an analysis of the micro environment using the five forces framework. Later on, a group of researchers in support of the Resource Based View paradigm of competitive advantage gained prominence in advancing competitive advantage emerges from the resources of a firm. Such resources can be unique so as to make it difficult other ventures to have them. These arguments were made in the earlier work of Miller, Steier and Breton-Miller (2016). Over the years, families have been considered to be a key source of resources for an start-up. Family entrepreneurs support themselves and also becomes sources of financial, infrastructural and intellectual capital resources for further entrepreneurial activities.

This study was conducted in the Eastern Cape province. In South Africa, a significant population (especially in rural areas such as the Eastern Cape) live in poverty and family entrepreneurship is important. This create a need to strengthen family entrepreneurship activities. The interaction of business and family research has resulted the study of concepts such as transgenerational entrepreneurial families, entrepreneurial households, entrepreneurial families as well as business families. Of interest to this study are the enablers of successful family entities given the essential role of family entrepreneurship in rural areas in developing countries such as the Eastern Cape in South Africa. Essentially, family entrepreneurship often translates to intergenerational entrepreneurship which results in the cultivation and transmission of entrepreneurial mindsets, resources and appropriate social values (Randerson, Frank, Dibrell & Memili, 2021). In a country with high unemployment as South Africa, family entrepreneurship can be considered as a strategy that can be adopted to promote employment. This makes research on entrepreneurial families important

Enablers For Competitive Family Entrepreneurship

Reinert (1995:1) argues that the term 'competitiveness' is one example of 'corporate or management graffiti' before opining that the concept has a 'micro and a macro' meaning. Whereas the macro implication of the concept relates to a national perspective, the micro perspective considers competitiveness at the marketplace. This distinction, however, ought to be seen simply as a dissection of the concept but the position that the two perspectives are intertwined should stand. Cellini and Soci (2002:73) considered both the dictionary definition of the term competitiveness and its etymological meaning. The dictionary interpretation of 'competitiveness' hinges on it being a 'derivate' of the word 'compete.' This implies

opposing elements trying to outdo and out-manuever each other (Cellini & Soci, 2002:73). In contrast the etymological roots of the concept is from the latin word ‘cum petere.’ When split, ‘cum’ means ‘with’ and ‘petere’ means ‘to aim at.’ The transformation of meaning from its etymological roots to the current dictionary definition is not well understood. The connotation of opposing forces with an intention to surpass each other currently prevails whenever a definition of ‘competitiveness’ is sought.

Aim of the Study

The purpose of this study was to investigate the question: (1) What are the enablers of competitive entrepreneurial families in the Eastern Cape context? (2) How can family enterprise competitiveness be enhanced in the Eastern Cape Province? This study involved exploring whether there are strong enablers that strengthen family entrepreneurship in the Eastern Cape. These enablers will be considered in terms of resources and capabilities.

Methodology

The study was conducted in the Eastern Cape province of South Africa. This province emerged from the 1994 merger of the traditional communities of Transkei and Ciskei (Fiseha & Oyelana, 2019). At present, it remains one of the most popular Provinces in South Africa. The province suffers such challenges as poverty, food insecurity and unemployment. It has been estimated that more than half of the population is unemployed (Fiseha & Oyelana, 2019). Within these circumstances, it is essential to assess the context specific enablers for family entrepreneurship to promote a viable family entrepreneurial system in the area. The study considered this as a key inquiry into the perspectives of family business entrepreneurs in the region and this suggested the need to adopt a qualitative approach that is associated with the interpretivist paradigm to acquire data to address the study aim. A context based analysis of the views and perspectives of family entrepreneurs was necessary. The participation of family business entrepreneurs can be considered to be most familiar with family entrepreneurship in the Eastern Cape and could provide valid and reliable data. Data was collected through a focus group discussions which were conducted online on the Microsoft teams platform with 10 family entrepreneurs from various locations in the Eastern Cape provinces. The discussion question were: (1) What are the drivers for the growth of family entrepreneurship in the Eastern Cape Province? and (2) How can family enterprise competitiveness be enhanced in the Eastern Cape Province? The participants in the focus group were selected based on a snowball technique whereby a first family entrepreneur was randomly identified and suggested another possible participant who also suggested another. After identifying the participants, discussions on the feasibility of the discussion across various dates was deliberated. After identifying an appropriate date and time the focus group discussion was arranged. At the beginning of the focus group discussion, introductions were made during which demographical details collected before establishing a structure for the discussion. A focus group discussion leader was selected and a secretary was also appointed as well as a focus group moderator. Rules were also set before the discussion commenced. It was provided that each of the discussion question will be discussed openly from various discussion perspectives and a conclusion was made by identifying areas of mutual consent as well as areas of conflict identified and an overall remark was made by the chairperson. The focus group discussion was conducted at a time and day that was convenient to all after telephone calls. Refreshments were provided during 15 a 20 minutes break that was taken from the 1 hour 15 minutes time period set for the discussion. The demographical details of the respondents were as provided in Tale 1

Table 1: Demographical Details of Study Participants

	Gender	Racial group	Position in family entrepreneurial venture
Respondent 1	Male	African	Leader
Respondent 2	Male	African	Leader
Respondent 3	Male	Indian	Member
Respondent 4	Male	African	Member
Respondent 5	Female	African	Leader

Respondent 6	Male	African	Member
Respondent 7	Female	Coloured	Leader
Respondent 8	Female	African	Member
Respondent 9	Male	African	Member
Respondent 10	Female	Indian	member

As provided in Table 1, there were more males than females which was probably due to the dominant perspective in Africa that males should be the key economic players as they seek to provide for their families. Most of the participants were Africans. This could have been due to the existence of more Africans than other races in the Eastern Cape Province. The participants were either leaders of the family entities or were members.

Results of the Focus Group Discussion

The data analysis process followed Rabiee's (2004) publication that informs that the analysis of focus group begins from the data collection process through facilitation of the focus group discussions to ensure that adequately rich data is collected. In this study, interrogative questions that sought more clarification and details were frequently explored and rich as well as detailed data was collected. Observation notes were regularly taken to enrich the data collection process. After the data collection process audio tapes were then listened to and focus group notes as well as observations were analysed. The aim was to ensure adequate data emersion before breaking up the data into categories and emerging themes. Short memos, phrase, ideas and thematic concepts were then identified.

Table 2: Enablers of competitive entrepreneurial families and how family enterprise competitiveness can be enhanced in the Eastern Cape Province?

High consensus themes (identified through non-verbal cues – nodding of head, supportive contributions, facial indications and so on)	theme	Consensus rating (1= high, 2=very high, 3=extremely high)
“...Families are really the beginning for everything in the African culture and having strong and united family units is critical...”	Well integrated family units	3
“...The government need to promote strong families and provide assistance to ensure the family unit is strong and health. It is important to find ways of promoting family cohesion through societal family friendly programs...”	Government programs for family welfare	3
“....traditional ways of enhancing family integration are critical ...”	Value indigenous family ties	3
“...promote family entrepreneurship activities through various forms of support mechanisms...”	Policy support for family entrepreneurship	2
“...Create institutions, structures and systems that promote family entrepreneurship	Institutional transformations	2
“...I do not see our country quickly turning managing in supporting family entrepreneurship many families are now broken and mending them up may not be easy to attain...”	Broken families	3
“....While it is true that family entrepreneurship is a promising dimension of entrepreneurship in the Eastern Cape province its success is low.”	Weak appreciation of its impact	3
“..... Our education system perceive entrepreneurship from the private entrepreneur perspective same as institutions of government. I don't see these changing	Transform education system	3

easily making the prospects of competitive family entrepreneurship weak.”		
“... There is significant need to ensure that family entrepreneurship become a subject of discussion in important for a such as the parliament, educational debates and government policy determination. However, these fundamentals for strengthening family entrepreneurship are very low and weak thereby dampening the prospects of family entrepreneurship in the country...”	Empowerment through Structural and institutional ecosystems	3
“...The form of entrepreneurial support that is needed should focus on the Eastern Cape situation rather than having a general approach which does not considers rural hardships	Context specific focus	2
“...If family entrepreneurship is to be effectively and competitively practiced in the Eastern cape, then families and members of communities should take the initiative to initiate them.”	Community and family driven	3
“... Rural families are not like those in town. The prospects of having a vibrant family entrepreneurship system is based on the government adopting an African family approach to entrepreneurship where family ties should lead and the indigenous value system takes precedence.”	Indigenous approach	3
“...Government should commit to our communities just as NGOs that have succeeded in helping communities and families with various collective and team support programs.”	Commitment to family welfare	1
“...Look, our environment is underprivileged and family level ventures that allow the sharing of resources and intelligence should be valued as they allow the formation of strong entrepreneurial family ventures...”	Rural focus context focus	3
“...I would suggest that the government should tape from community based initiatives for family approaches to entrepreneurship as well as collective actions for community sustainability. This means family entrepreneurship need to be community driven	Community driven	2
“.... Additionally, local government representatives in government should be sensitive to family approaches and systems to that promote entrepreneurship. Where they observe such initiatives, government should be there to support.”	Indigenous approach	3
“...A number of family entrepreneurship initiatives have failed making it less interesting to the majority. Family entrepreneurship can only have better prospects if well supported right from the national levels...”	Central government support	3

As provided in Table 2, the data collected in this study indicated that the family is a central component of the society and its involvement in economic activity is important. In the literature review it was found that the family is a core component of the society which is the foundation for the future life of generations. Despite these observations, South African a strong family support system to allow for the development of family-based entrepreneurship so as to promote the foundational entrepreneurial intentions and attributes that propel later entrepreneurial behaviours of citizens. The country may need to simply take advantage of the value for family life that is engrained in the African society. The entrepreneurial policy framework is also weak in strengthening family economic systems. The policy framework has week support for family economic systems especially in the rural environment. Rural environments are poor and government

support may be critical for the formation of strong entrepreneurial ventures in such context as that of rural Eastern Cape communities. In this study, participants recognised the need for the adoption of entrepreneurship policies that begins at family level as opposed to placing more family to sole independent entrepreneurs as detached from their families.

For the realisation of family entrepreneurship, the welfare of the families is the central driver of family entrepreneurship. The Ubuntu philosophy places value to families and entrepreneurship policies can take advantage of this cultural disposition to foster family entrepreneurship. This perspective is weak lacks such a perspective. These results support earlier findings in Wahnyono, and Aryatun (2023) as well as Randerson at al. (2021). Participants in the study pointed that the entrepreneurship policy framework has weak support for family ventures in the rural environment. This calls for a policy shift that seek to capacitate and enhance equipping families with the right training and financial resources to advance family engagement in entrepreneurship. Key enablers of family entrepreneurship that were established in this study include having strong policy support for entrepreneurship, central government entrepreneurship strategy shift, the enhancement of family welfare systems as well as value for indigenous and cultural systems that emphasise on family welfare and viability. In this way, the family becomes the basic unit of entrepreneurship. There are many institutional structures and systems that may need to be transformed for better family entrepreneurship. Additionally, the education system may have to shift from viewing entrepreneurial education from the sole entrepreneur perspective to the family perspective. This calls for new dimensions in entrepreneurial education. Figure 3 provides the results of the drivers of family entrepreneurship formation and competitiveness as established in this study.

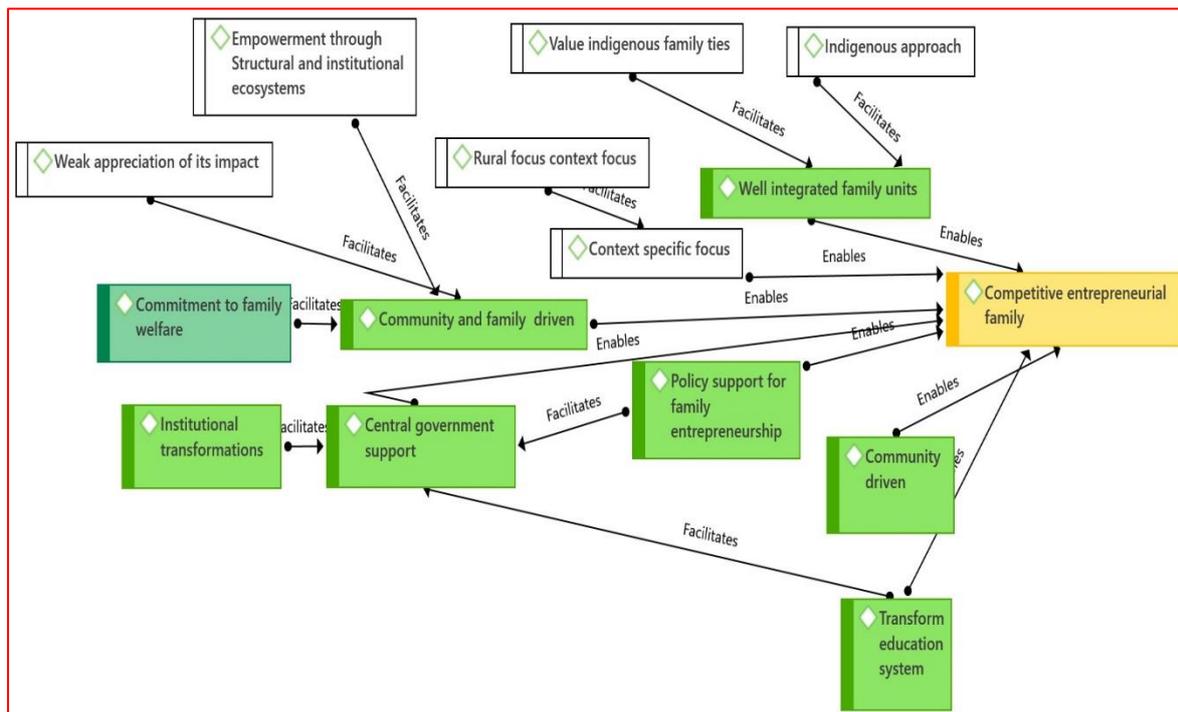


Figure 3: Results on the Drivers and Enablers of Family Entrepreneurship

Figure 3 summarises that competitive entrepreneurial family enablers are entrenched from the support of central government, the community and entrepreneurial policies and institutions. These enablers are facilitated by various socio-cultural conditions such as the empowerment of government institutions to support family entrepreneurship, value for families and indigenous institutions, adoption of community specific policies and the transformation of institution within the entrepreneurial ecosystem.

Conclusion

This study was interested in the possible role of competitive family entrepreneurship in the Eastern cape province. This was against the observation that the family is the foundational unit for all future behaviours of generations. As a result, the family forms a focal point in the attempts to grow entrepreneurship activities in the country and to promote sustainable entrepreneurial ventures. In this way trains for effective small business management can be deemed to be inherent in families resulting in the need to explore the enablers of competitive family entrepreneurship. Specific focus was placed on the eastern Cape province in view of the need to address poverty and underprivileged communities in post-apartheid South Africa. The study found that there are community based, government induced as well as socio cultural and context specific enablers for family enterprise competitiveness in the Eastern Cape. These enablers are facilitated by an appropriate vision for strengthening families, value for indigenous systems, adoption of context specific strategies for entrepreneurship development. More research remains necessary to advance family entrepreneurship in such rural communities as the Eastern Cape.

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