

## Prospects of Competitive Team Entrepreneurship in the Eastern Cape

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### Abstract

*The study is oriented to the need to strengthen economic activities in rural areas through team entrepreneurship. This is against the need to address structural inequalities and poverty levels in rural communities within the Eastern Cape Province. The perspective that team and collective entrepreneurial effort may be a relevant strategy to accelerate entrepreneurial activity in rural areas given the general position that the philosophy of collectivism is firmly entrenched in the South African rural society and team ventures may be more resilient and relevant as it allows the sharing use of material, intellectual and financial resources. The study adoption a qualitative research approach where data was collected through focus group discussions with some entrepreneurs in the Eastern Cape Province and data was analysed to establish central themes that inform prospects for team entrepreneurship. The results of the study showed that the prospects for the adoption of team entrepreneurship are weak due to institutional and structural entrepreneurial policies and strategies that are aligned to the sole entrepreneur perspective. Improving team entrepreneurship calls for context specific and community driven policies in entrepreneurship development. This would imply significant transformation of the South Africa entrepreneurial policy strategy. It is recommended that the South African entrepreneurial strategy should be reformed towards context focus and the promotion of localised values and culture systems such as ubuntu and collectivism in support of team entrepreneurship.*

**Keywords:** *Entrepreneurship, Teams, Eastern Cape, Team Competitiveness, Rural Economy, Collectivism.*

### Introduction

Human socio-economic life has existed collectively across the globe. In African societies, collective existence has even been much pronounced from the traditional pastoral and nomadic communities to more stable and established permanent settlements of civilisation to the growth of cities. This background illustrates the criticality of groups and teams in human existence. The establishment of economic entities through partnerships, cooperatives and companies also signify the centrality of collective effort to realise various economic, social as well as political goals (Xing, Liu, Boojihawon & Tarba, 2020). In view of these arguments essential activities such as entrepreneurship can be perceived from the individualistic perspective only. Entrepreneurship has become a concept of interest in driving the economic objectives of a nation and its holistic appreciation is vital (Frese & Gielnik, 2014; Fiseha & Oyelana, 2019). Significant focus has been placed on individual entrepreneurial behaviours as opposed to team entrepreneurship. This can be considered to be a gap in entrepreneurial knowledge and the poor conceptualization of team entrepreneurship is a missed opportunity (Xing et al., 2020).

### Literature Review

#### *Entrepreneurship*

Present economic practice places significant value on entrepreneurship (Lazar, Miron-Spektor, Agarwal, Erez, Goldfarb & Chen, 2020). Some scholars describes the present inclination to entrepreneurship as the 'age of entrepreneurship' (Mehmood, Alzoubi, Alshurideh, Al-Gasaymeh & Ahmed, 2019). In exploring the drivers of successful team. entrepreneurship in this study the theory of entrepreneurship as proposed by Joseph Alois Schumpeter is used as a lens and an anchor for the study. The work of Schumpeter is suggesting a theory of creative entrepreneurship replaced earlier works such as that of Smith, Ricardo, Marx as well as Malthus (Mehmood et al., 2019). In the work of Adam through the book - *The Wealth of Nations* (1776) recognised free market forces as the key to national economic development. David Ricardo (1772-1883), Thomas Robert Malthus (1766-1834) as well as Karl Marx (1861) who proposed the overthrow of

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capitalism in favour of socialism. Schumpeter's work formed the entrepreneurial strategic in economic development and over the years entrepreneurship has become the mainstay of economic development (Mehmood et al., 2019; Lazar et al., 2020).

### *Team Entrepreneurship*

The concept of team entrepreneurship as distinct from individual level entrepreneurship is based on the acceptance that several people who form a team can synchronise and coordinate their efforts and capacities to create, innovate or profitably exploit a business opportunity (Santos, Morris, Caetano, Costa & Neumeyer, 2019). Lazar et al. (2020) informs that research on entrepreneurial teams emerged in the late 1970s when the notion of a lone entrepreneur started being challenged. Lazar et al. (2020) observes that entrepreneurial teams as opposed to solo founders are at the back of many successful new ventures. Entrepreneurial teams are defined as the individuals who pool up their resources to pursue a business idea and proceed to manage it and share its ownership (Lazar et al., 2020). Previous research on entrepreneurial teams has focused on the effect of team compositions (especially biographical characteristics such as age, gender, experience and qualifications) on the success of entrepreneurial teams. The present study focuses on the drivers of successful team entrepreneurship in the context of a rural and under-developed community in the Eastern Cape in South Africa. The theory of economic development as provided by Schumpeter views entrepreneurship as the innovative and creative use of resources.

### *Prospects for a team Entrepreneurship Strategy in South Africa*

The National Integrated Small Enterprises Development (NISED) masterplan is the key entrepreneurship strategy document that shapes the direction of entrepreneurship in South Africa (United Nations Conference of Trade and Development South Africa [UNCTAD], 2023). The UNCTAD (2023) report of entrepreneurship in South Africa provided that enablers for successful entrepreneurship in South Africa include optimisation of the regulatory environment and strengthening entrepreneurship friendly policies, improving access to financial resources and facilitating the provision of entrepreneurship education and skills enhancement. These enablers may also be viewed as critical with regard to the promotion of team entrepreneurship in rural circumstances as in the Eastern Cape Province. These general enablers are important to inform successful entrepreneurial activities, the essence of context specific and focused analysis is important. In this way, the present study was meant to inquire on the context specific enablers of team entrepreneurship in underprivileged communities. The specific aims of the study is explained in the next section.

The concept of competitive team entrepreneurship as explored in this study is based on enhancing team entrepreneurship to succeed by making their commodities stronger and more preferable given the pooling of resources (financial, material and intellectual) that exist in teams. It is logical that there are enablers that are likely to influence customer perspectives towards an entity. Competitive advantage, then, is the phenomenon that explains why one company is preferable than another. Of particular interest to this study are the enablers for team entrepreneurship. Traditionally, the analysis of strengths, weaknesses and opportunities (SWOT) would be the main tool for exploring competitiveness of team entrepreneurs. Barney's (1995) work on the concept of resources and capabilities narrates how the analysis of strengths, weaknesses and opportunities (SWOT) had traditionally dominated the analysis for competitive advantage and the need to base competitive enablers from the basis of key resources and capabilities. Barney (1991) noted that researchers such as Michael Porter have focused more on the 'opportunities and threats' components of SWOT analysis however, the Resource Based View [RBV] (Barney, 1991) was offered as a call for a focus on the internal resources and capabilities of the firm as the key determinants of competitive advantage.

### *Aim of the Study*

The purpose of this study was to explore the question: (1) What are the prospects for competitive team entrepreneurship in the Eastern Cape context? (2) What are the factors affecting competitive team entrepreneurship in the Eastern Cape Province? This will involve whether there are strong enablers that

strengthen team entrepreneurship in the eastern Cape. These enablers will be analysed from the perspective of Barney's (1991) work on resources and capabilities.

## Methodology

The study was conducted in the eastern Cape province of South Africa which was established in 1994 and was composed of the traditional homelands of Transkei and Ciskei (Fiseha & Oyelana, 2019). It is one of the most popular Provinces in South Africa but faces such challenges as poverty, food insecurity and unemployment. It has been estimated that more than half of the population is unemployed (Fiseha & Oyelana, 2019). Given these circumstances it was important to explore context specific prospects for team entrepreneurship to improve entrepreneurial activities in the area. There was need to make a people-based inquiry of the situation and this suggested the adoption of the qualitative approach rooted in the interpretivist paradigm to collect data. This study will seek a context-based analysis of the views and perspectives of people who are most familiar with entrepreneurship in the Eastern Cape. Data was collected through a focus group discussion which was conducted online on the Microsoft Teams platform with 10 entrepreneurs across the Eastern Cape provinces. The discussion question were: (1) What are the enablers for the growth of team entrepreneurship in the eastern Cape Province? and (2) What are the prospects for competitive team entrepreneurship in the Eastern Cape context? The participants in the focus group were selected based on a snowball technique whereby a first participant was randomly found and provided another possible participant who also suggested another. 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 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 that highest areas of mutual consent as well as areas of conflict identified and an overall remark made by the chairperson before the second discussion question. 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 follows:

**Table 1: Demographical Details of Participants**

	Gender	Racial group	Category
Respondent 1	Male	African	Entrepreneur
Respondent 2	Male	African	Entrepreneur
Respondent 3	Male	Indian	Entrepreneur
Respondent 4	Male	African	Entrepreneur
Respondent 5	Female	African	Entrepreneur
Respondent 6	Male	Coloured	Entrepreneur
Respondent 7	Female	African	Entrepreneur
Respondent 8	Female	African	Entrepreneur
Respondent 9	Male	African	Entrepreneur
Respondent 10	Female	African	Entrepreneur

Table 1 shows that there were more males than females and many of them were Africans showing that there most entrepreneurs within the area are African males. The results of the data focus group discussions are shown in the next section.

### *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 immersion before breaking up the data into categories and emerging themes. Short memos, phrases, ideas and thematic concepts were then identified.

**Table 2: Prospects for Competitive Team Entrepreneurship in the Eastern Cape Context**

High consensus thematic statements (observed through verbal and non-verbal cues – nodding of head, supportive contributions, facial indications and so on)	theme	Consensus rating (1=high, 2=very high, 3=extremely high)
“...Teams are really an African way which need to be promoted but unfortunately our country lack the ability to use indigenous systems to inform the economy...”	Weak adoption of indigenous strategies	3
“...The government need to be community sensitive and to be committed to addressing community challenges in order to effectively realise community programmes that assist the community...”	Commitment to community welfare	3
“... Ubuntu is based on the essence of doing things collectively as teams rather than as individuals. Our country lacks such a perspective.”	Ubuntu	3
“...The policy framework has weak support for teams especially in our rural environment.”	Weak team friendly policy	2
“...There are several institutions’ structures and systems that must be transformed for better team entrepreneurship	Institutional transformations	2
“...I do not see our country quickly turning to the team perspective of entrepreneurship in rural areas...”	Weak prospects	3
“... While it is true that team entrepreneurship is a promising dimension of entrepreneurship in the Eastern Cape province its success is low.”	Weak prospects	3
“... Our education system perceive entrepreneurship from the sole entrepreneur perspective same as institutions of government. I don’t see these changing easily making the prospects of competitive team entrepreneurship weak.”	Weak prospects	3
“... There is significant need to ensure that team 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 of team entrepreneurship are very low and weak thereby dampening the prospects of team entrepreneurship in the country...”	Structural and institutional failures	3
“...The form of entrepreneurial support that we need should focus on our situation rather than having a general approach where we are all expected to fit.”	Rural focus context focus	2
“...If team entrepreneurship is to be effectively and competitively practiced in the rural areas, then members of communities should take the initiative to initiate them.”	Community driven	3
“... We are not like our colleagues in town. The prospects of having a vibrant team entrepreneurship system is based on the government adopting an African approach to entrepreneurship where collectivism should lead and the indigenous value system takes precedence.”	Indigenous approach	3

“...One may wonder why non-governmental organisations have succeeded in helping communities with various collective and team support programmes.”	Commitment to community welfare	1
“...Look our environment is poor and doing things collectively or in groups allows the sharing of resources and intelligence thereby allowing the formation of strong entrepreneurial ventures...”	Rural focus context focus	3
“...I would suggest that the government should tape from community based initiatives for team approaches to entrepreneurship as well as collective actions for community sustainability	Community driven	2
“...I would suggest that the government should tape from community based initiatives for team approaches to entrepreneurship as well as collective actions for community sustainability...”	Community driven	2
“... Additionally, local government representatives in government should be sensitive to community approaches and systems to promote team entrepreneurship. Where they observe such initiatives, government should be there to support.”	Indigenous approach	3
“...A number of team entrepreneurship initiatives have failed making it less interesting to the majority. Team entrepreneurship can only have better prospects if well supported right from the national levels...”	Central government support	3

The data collected in this study found that teams are really an African way of socio-economic life which need to be promoted as a strategy of doing this in Africa especially in underprivileged communities. Unfortunately, South Africa is presently not utilising indigenous systems to inform its economic policies. The value for the ubuntu philosophy is based on the essence of doing things collectively as teams rather than as individuals. South African entrepreneurship a need a policy re-look to put good focus on its traditions as these remain vital especially in rural circumstances. The policy framework has weak support for teams especially in our rural environment. The Eastern Cape environment is poor and the promotion of things collectivism or team economic activities allows for the sharing of resources and intelligence thereby allowing the formation of strong entrepreneurial ventures. However, the country has low prospects for the adoption. There was also recognition in the study that the rural context must be seen as uniquely different with its own challenges and there its own context specific policy framework should be considered as distinct from the urban environment. The form of entrepreneurial support that is needed should focus on the unique situation rather than the adoption of a general approach. The prospects of having a vibrant team entrepreneurship system is based on the government adopting an African approach to entrepreneurship where collectivism should lead and the indigenous value system takes precedence. The present study found that team entrepreneurship has weak prospects and this tend to support the popular theory of entrepreneurship as a solitary undertaking (Leubasch, Erikson & Bjornali, 2020). It was found that there is the general view that central government must take a position that support team entrepreneurship through transformation of entrepreneurship theories and related institutions and structures. The team perspective of entrepreneurship was found to be rooted African socio-economic systems making it necessary to value indigenous systems to inform the economy.

Team is really an African way which need to be promoted hut unfortunately our country lack the ability to use indigenous systems to inform the economy. Ubuntu is based on the essence if doing things collectively as teams rather than as individuals. Our country lacks such a perspective. The policy framework has weak support for teams especially in our rural environment. Look our environment is poor and doing things collectively or in groups allows the sharing of resources and intelligence thereby allowing the formation of strong entrepreneurial ventures. I do not see our country quickly turning to the team perspective of entrepreneurship in rural areas. We are not like our colleagues in town. The form of entrepreneurial support that we need should focus on our situation rather than having a general approach where we are all expected to fit. The prospects of having a vibrant team entrepreneurship system is based on the government adopting an African approach to entrepreneurship where collectivism should lead and the indigenous value system takes precedence

While it is true that team entrepreneurship is a promising dimension of entrepreneurship in the Eastern Cape province its success is low. Additionally, a number of team entrepreneurship initiatives have failed making it less interesting to the majority. Team entrepreneurship can only have better prospects if they are well supported right from the national levels.

There are several institutions and structures or systems that must be transformed for better team entrepreneurship. These may include policies from the Department of Small Business Administration, higher education and learning training as well, small business finance systems as well as small business incubation. The education system perceive entrepreneurship from the sole entrepreneur perspective in the same way as institutions of government. Radical changes may be essential to increase the prospects of competitive team entrepreneurship. These interrelationships are provided as Figure 3.

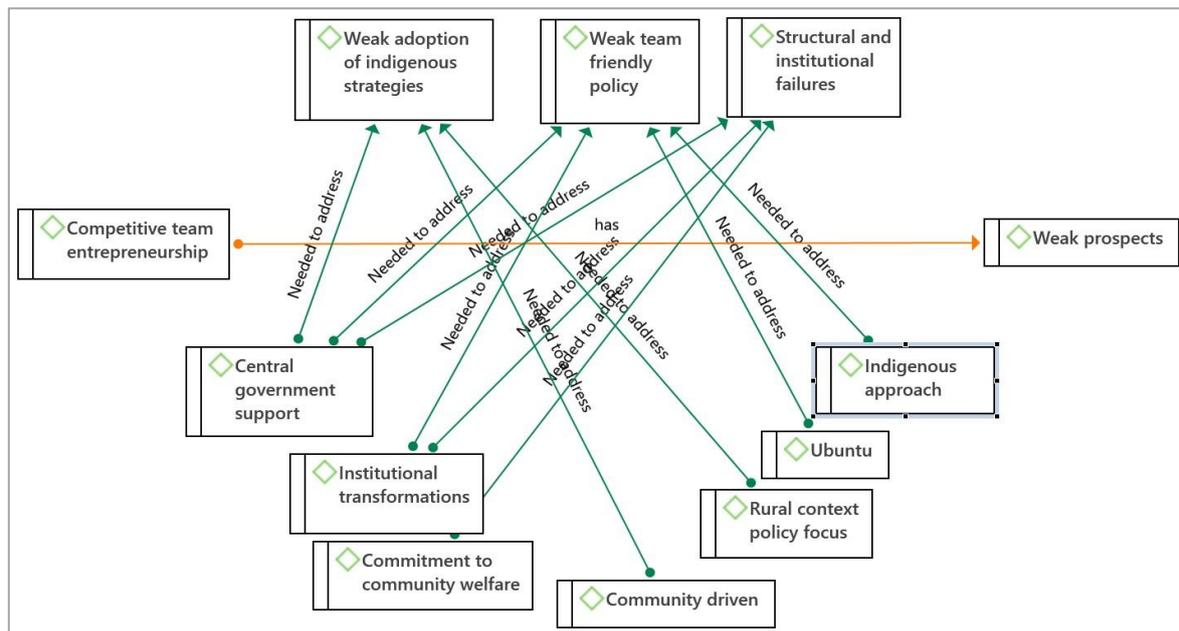


Figure 3: The Prospects of Competitive Team Entrepreneurship in South Africa

In addition to showing weak prospects for team entrepreneurship, Figure 3 also suggest some possible interventions for improving team entrepreneurship. These interventions include the use of rural context policy focus, adoption of indigenous approaches, the transformation of entrepreneurial policies as well as institutions and community driven commitment to community welfare.

## Conclusion

This study was stemmed from the continued problem of entrepreneurial family and the persistence of challenges such as poverty and high socio-economic inequalities in South Africa especially among rural contexts such as the Eastern Cape. It draws from the cultural and traditional practices of respect for collectivism for development. In this way, the perception that collective and team effort in entrepreneurship can be central in improving small business formation, viability and sustainability in rural context. The study was an exploration of the prospects of adoption of the team strategy in boosting entrepreneurial practices in the Eastern Cape Province. The study observed that the prospects for team entrepreneurship were low. Evidence from the study showed that to improve prospects of team entrepreneurship there was need to re-strategy rural entrepreneurship and promote collectivism as well as community driven perspectives of entrepreneurship development. The study recommends the adoption of context specific policies in the

promotion of entrepreneurial policies. More research remains necessary to explore how entrepreneurship activities can be enhanced in the rural context.

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