



An Assessment of the Impact of Entrepreneurial Capacity on Entrepreneurial Success of Cdf Funded Businesses in Kapiri District, Zambia

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Abstract – Entrepreneurship plays a crucial role in stimulating economic expansion, especially in develop-ing nations like Zambia. Given the circumstances, small and medium-sized enterprises (SMEs) that receive assistance from the Constituency Development Fund (CDF) constitute a substan-tial portion of the entrepreneurial environment. It is imperative to comprehend the entrepre-neurial capabilities of these businesses funded by the CDF in order to clarify their contribu-tion to the advancement of the local economy and to guide specific interventions that aim to improve their long-term viability and prosperity. The entrepreneurial capacity of small and medium-sized enterprises (SMEs) supported by the Constituency Development Fund (CDF) in Petauke, Zambia is the subject of this study. The research was conducted with the follow-ing objectives in mind: to determine the impact of risk-taking, networking, innovation, and leadership competencies of entrepreneurs on the success of their enterprises. The literature re-view provided an explanation for the study's examination of previous activities. The literature review assessed the correlation between the different entrepreneurial capacities and their im-pact on the global success of entrepreneurial enterprises. By utilising a descriptive research design, information was gathered from 10,010 entrepreneurial businesses funded by the CDF, which constituted the target population. The researchers employed a stratified random sam-pling method in order to determine the sample size of 601 participants. The data was gathered via structured questionnaires and subsequently assessed utilising descriptive and inferential statistical techniques. For statistical reference, the data were analysed using descriptive statis-tics (frequency and percentage), tables and graphical representations, and a multiple linear re-gression model in which survival was regressed against the four entrepreneurial capacity vari-ables. Entrepreneurial capacities (innovation capacity, leadership capacity, networking capaci-ty, and risk-taking capacity) possessed by owner or managers of CDF funded businesses in Petauke, Zambia have a positive and statistically significant impact on the success of entre-preneurial business except for Leadership capacity was statistically not significant. Thus, en-trepreneurial capacities indicated increasing their chances of success, according to the find-ings. Hence, the research suggests that CDF funded businesses or entrepreneurial businesses, via their management, should adopt calculated risk-taking strategies in their operations, im-prove leadership capacity, a critical factor in the survival and performance of the organisation, and ensure that they embrace networking competency to gain a competitive edge and expand their clientele.

Keywords – Entrepreneurial capacity, Constituency Development Fund (CDF), Entrepreneurial Success, Innovation Capacity, Risk-Taking Capacity, Leadership Capacity, Networking Capacity, Zambia.

I. INTRODUCTION

The Constituency Development Fund (CDF) is an indispensable instrument for tackling developmental obstacles in economies that are concurrently developing and underdeveloped. Its objectives are to address challenges such as inadequate infrastructure development, extreme poverty, and unemployment (Olinto and Uematsu, 2020). The CDF functions as an instrument for allocating government funds to constituencies in order to finance local development initiatives, with a particular emphasis on sectors including health and education (Tsubura, 2014). In order to provide financial support to micro-community-led initiatives throughout Zambia's constituencies, the fund was instituted in 1995 (Ministry of Local Government and Rural Development, 2022). The CDF has witnessed significant growth in both its funding and scope over time, placing a greater emphasis on community engagement and project prioritisation in accordance with local requirements (Ministry of Local Government and Rural Development, 2022). Notwithstanding this, obstacles endure, encompassing postponed initiatives and unfinished

infrastructure. Although the CDF predominantly provides assistance for smaller-scale community initiatives, such as the establishment of schools and the acquisition of educational resources, concerns persist regarding the successful execution and efficacy of such projects (PwC, 2023).

In light of these obstacles, it was necessary to examine the entrepreneurial capacities of the CDF beneficiaries and assess whether they lead to entrepreneurial success. The objective of this research is to conduct a thorough evaluation of entrepreneurial capacities, concentrating on particular district that will serve as the focal point of the investigation. Through comprehending the fundamental challenges that influence the achievement of projects, policymakers are able to execute tactics that bolster the efficacy of the CDF and guarantee sustainable development in Zambia.

Background To the Study

The Constituency Development Fund (CDF) functions as a method of governmental budget allocation whereby a specified proportion of the national budget is allocated to



ISSN:3048-7722

different constituencies. The purpose of this funding is to provide assistance for modest-scale local development initiatives, including the construction of water supply systems, clinics, and schools (Tsubura, 2014; International Budget Partnership, 2020). (Casey et al., 2021) Numerous nations, including India, Malaysia, Pakistan, and the Philippines, have initiated various policy reforms known

As Community-Driven Development (CDD), which is equivalent to the Constituency Development Fund (CDF) and aims to eradicate poverty and promote development by financing local development projects and delivering technical assistance to facilitate more inclusive, transparent, and democratic local decision-making. In light of the foregoing and with the intention of tackling the challenges associated with poverty and rural development, several African nations, including Kenya, Tanzania, Malawi, Ghana, Rwanda, and Zambia, have consistently underscored the significance of the Constituency Development Fund (CDF) as a social and economic development instrument. In order to achieve sustainable development, including infrastructure development, rural areas necessitate specialised institutions and resources to effectively address their specific local requirements (Commonwealth Parliamentary Association (CPA), 2016).

Established in 1995, the CDF provides assistance to micro-community initiatives in Zambia, aligning with the nation's overarching policy of decentralisation and local development.

The principal objective was to furnish resources that would serve as a means to bridge the financing deficit resulting from the insufficiency of funds accessible for micro community-led initiatives in every constituency throughout the nation. The initial funds were appropriated and disbursed by Parliament from this fund in 1995. The Fund was administered in accordance with Section 45 of the Local Government Act Cap 281 of the Laws of Zambia from 1995 to 2016. Notwithstanding this, the Constituency Development Fund was instituted by the Constitution in 2016. The Local Government Act was subsequently repealed, and the Constituency Development Fund Act was enacted in 2018. The aforementioned legislation pertains to the oversight, distribution, application, and responsibility of the Fund. The "CDF Guidelines to guide on the Management and Utilisation of the Fund" were initially established by the government in 2016. It is anticipated that all constituencies will adhere to the guidelines when it comes to project selection and procurement (Ministry of Local Government and Rural Development, 2022).

In order to emphasise community involvement in establishing local development aims or objectives, the Constituency Development Fund has expanded its budget allocation and scope. This highlights the significance of exercising heightened caution in the utilisation and management of the fund. Furthermore, it requires the selection of programmes and initiatives to be in accordance with the requirements of the community, thus promoting social welfare, infrastructure development, and job

creation. The CDF amount per constituency was raised by the government from K1.6 million in 2021 to K25.7 million in 2022, and from K25.7 million in 2023 to 28.3 million. Community Projects; Youth, Women, and Community Empowerment; and Secondary Boarding School and Skills Development Bursaries comprise the three (3) distinct areas of the CDF's expanded mandate. In the absence of careful consideration of effective management, constituencies in Zambia are prone to failing to implement or finalise the majority of CDF projects, despite an increase in CDF budget allocation.

According to Munns and Bjeirmi (1996), the achievement of project performance objectives is contingent upon the effective coordination, timing, and cost management of project operations. This enables the timely and cost-efficient completion of projects within their predetermined scope. This highlights the significance of project goals identification and achievement; a project serves as a vehicle to achieve these objectives. Regarding the importance of project management concepts and performance, project management is defined as the systematic application of a collection of tools and techniques to oversee the progress towards accomplishing the project objective.

A multitude of scholars exhaustively catalogue factors that exert significant influence on project or business failures, including but not limited to the following: an insufficient project foundation; the selection of an unsuitable individual for the role of project manager; an inadequately defined scope; a deficiency in technical project management; a lack of dedication to the project, time, cost, and customer satisfaction; entrepreneurial capacities; and the management model in particular (Thomasa and Fernandez, 2018). In actuality, business failure and success are reciprocal; therefore, Papke-Shields et al. (2020) identify a correlation between the implementation of business management strategies and the achievement of business objectives. Consequently, business management is considered to be measurably sustainable with respect to cost, time, and quality, placing significant importance on enduring and customer-centric outcomes. Conversely, Ika (2019) cautions against equating the accomplishment of a business with the objectives of project management (namely, time, cost, and quality).

It is generally accepted that the capacities possessed by the entrepreneur have a significant impact on the success, performance, sustainability, and expansion of a project of business (Mitchelmore and Rowley, 2023). However, Mitchelmore and Rowley (2020) note that there is general agreement regarding the notion that individuals who initiate and evolve a business possess particular entrepreneurial competencies. According to the authors, these entrepreneurial capacities constitute a specific set of skills that are crucial for the effective execution of entrepreneurial endeavours. The capacities of an entrepreneur are crucial to their success and survival. Entrepreneurial capacities, as defined by the studies, are higher-level attributes that symbolise the overall capability of an entrepreneur to



ISSN:3048-7722

execute a job function effectively. These capacities consist of knowledge, skills, and personality traits, and are influenced by the entrepreneurs' education, training, family history, experience, and other demographic factors. The final outcome of training is the formation of an entrepreneurial orientation or competency; thus, it contributes to the performance and survival of an enterprise (Mukulu, 2022).

Competence, as defined by Vijay and Ajay (2021), is an inherent quality of individuals that leads to proficient and/or effective job performance. Job competence refers to the fundamental attributes of an individual that enable them to perform a specific task. These attributes may include a set of skills, a collection of knowledge, or a motivational cluster consisting of traits and qualities that are suitable for the task at hand. Entrepreneurs, particularly those operating within the context of the business, encounter a multitude of circumstances that demand prompt decision-making. Consequently, the capacity to engage in intricate conceptual endeavours is critical for their enterprises' sustenance and prosperity. It is hypothesised that the competency model may provide insights into strategies that can enhance the probability of success and survival for businesses, particularly when operating in a developing nation.

Prompt corrective measures are necessary to address the intricacies of business operations in a perpetually evolving competitive business environment brought about by rapid technological advancements (Otieno et al., 2022). Entrepreneurs are anticipated to engage with environmental forces that necessitate a high level of proficiency across various domains, including intellectual, attitudinal, behavioural, technical, and managerial aspects (Penchev and Salopaju, 2021). As a result, entrepreneurs face the imperative of utilising a collection of skills and abilities in order to achieve success in their ventures (Kochadai, 2022). Indeed, capacity is a more comprehensive notion encompassing the knowledge, attitudes, behaviours, and skills that enable an individual to effectively implement their ideas within a specified context while maintaining an exceptional level of performance. It does not pertain to conduct that falls short of exhibiting exceptional performance. capacities, in contrast to work motives, consist of observable behaviours that are associated with said motives (Mitchelmore and Rowley, 2020).

Entrepreneurial competencies drive business performance, according to a study by Endi et al., (2023); the greater the level of competence exhibited by SME proprietors, the greater the probability of solid business performance. The majority of CDF funded businesses' failures can be attributed to the negligence, inadequacy, and inexperience of business owner or managers in administering their businesses and responding swiftly to crises. The presence of an entrepreneurial capacity's portfolio is associated with improved organisational success. This is because entrepreneurial success is positively correlated with a portfolio of entrepreneurial capacities. Specifically, satisfaction with financial performance is linked to high

levels of managerial and technical competencies, while satisfaction with non-financial performance is associated with high levels of managerial and technical capacities. The survival and success of entrepreneurial businesses can be predicted by entrepreneurial capacities (Ahmad et al., 2020; Gerli, Gubitta and Tognazo, 2021; Gryphon, 2022; Ropega, 2021).

Problem Statement

The Constituency Development Fund (CDF) was established in Zambia with the objective of promoting grassroots advancements in critical sectors such as health and education. Its primary goal is to facilitate the transition from urban to rural development by enhancing infrastructure and services. Nevertheless, according to a report published in 2021 by the Zambian Local Governance Monitoring Platform (ZLGMP), forty percent of the CDF's enterprises in these sectors were deemed unviable or of substandard quality within two years of their inception, having exceeded the allocated timeframe, budget, and scope. The aforementioned inconsistency not only indicates a lack of progress in developing critical infrastructure but also signifies overlooked prospects to improve the quality of healthcare and education in rural areas. Attributes have been made to bureaucratic inefficiencies and misallocation of resources; however, there is a dearth of comprehensive research that specifically examines the entrepreneurial capabilities of business proprietors or managers in Zambia.

Might inadequate entrepreneurial capabilities or their absence serve as the primary factor contributing to the low rate of survival among CDF funded businesses in Zambia? Prior studies conducted in different nations (Ahmad, 2017; Ahmad et al., 2020; Madatta, 2021; Kochadai, 2022; Ng and Kee, 2023; Sanchez, 2022) has established a positive correlation between the presence of capabilities and the success of entrepreneurial businesses. In Spain, for example, entrepreneurial competencies influence the performance of entrepreneurial businesses not only directly but also indirectly through the mediating effect of organisational capabilities (Sánchez, 2022). Madatta (2021) discovered in Tanzania that there exists a direct correlation between entrepreneurial competencies and business success. In light of the fact that each market and economy have unique attributes that create a specific environment conducive to the growth and operation of entrepreneurial businesses, a context-specific analysis of the Zambian situation is required.

The majority of growth-oriented studies in Kenya has examined the rate of failure among SMEs. As is the case in this instance, examining the probability of success and, more precisely, analysing the influence of entrepreneurial capabilities on the success of entrepreneurial businesses in Zambia has received scant consideration. As a result, the current study endeavours to address this gap in understanding.



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Research Objectives

• General Objective

The general objective of the study was to examine the effect of entrepreneurial capacities on the success of CDF funded entrepreneurial businesses in Zambia, a focus of Petauke District.

Specific Objectives

The following are the specific objectives of this investigation:

- i. To establish the effect of innovation capacity of CDF funded entrepreneurial business in Petauke district, Zambia,
- ii. To examine the effect of leadership capacity of CDF funded entrepreneurial business in Petauke district, Zambia.
- iii. To explore the effect of networking capacity of CDF funded entrepreneurial business in Petauke district, Zambia.
- iv. To determine the effect of risk-taking capacity of CDF funded entrepreneurial business in Petauke district, Zambia.

Research questions

- i. How does innovation capacity of CDF-funded entrepreneurial business affect businesses in Petauke District, Zambia?
- ii. What impact does the leadership capacity of CDF-funded entrepreneurial affect businesses in Petauke District, Zambia?
- iii. How does the networking capacity of CDF-funded entrepreneurial influence businesses in Petauke District, Zambia?
- iv. What is the relationship between risk-taking capacity of CDF-funded entrepreneurial businesses and their performance outcomes in Petauke District, Zambia?

Research Hypotheses

To test the following research hypothesis is the purpose of this study:

H0: there is no significant relationship between entrepreneurial capacities and entrepreneurial success of CDF funded business in Petauke district, Zambia

H1: there is a significant relationship between entrepreneurial capacities and entrepreneurial success of CDF funded business in Petauke district, Zambia

Significance Of Study

The study holds significance for start-ups as it enables them to assess their competencies, thereby improving their prospects of long-term viability and eventual expansion. As a self-evaluation tool, it will function as a personal decision-making resource, enabling aspiring entrepreneurs to gain a greater understanding of their strengths and limitations in relation to forthcoming business undertakings. By having an early and accurate understanding of which competencies are essential, an individual can concentrate more efficiently on cultivating them, thereby circumventing the unproductive process of contemplating where to invest their invaluable time and effort.

Therefore, these experts would have a greater understanding of the skills and knowledge that the

entrepreneurs must acquire through training in order to provide them with the appropriate direction and support. Regarding CDF funded businesses as well as SMEs, it is opportune to audit their competencies once more. Should they identify any shortcomings, they should devise strategies to improve them via education or training. By possessing an understanding of which of their personal competencies (both current and future) have the potential to positively impact their business, entrepreneurs can enhance their ability to achieve their objectives with greater precision and assurance. As policymakers increasingly recognise the substantial contribution that CDF funded businesses can make to an economy in terms of employment creation, acceleration of utilisation of factors of production, economic growth, social good, business linkages, and most significantly, as a major contributor to gross domestic product (GDP), the rate of new firm formation is of critical importance for economic development.

However, the fact that their survival rate is in jeopardy is quite concerning. Hence, this research would provide valuable insights for policy makers in devising strategies that promote the sustainability of CDF funded businesses by enhancing their entrepreneurial capabilities. The study is of significant value to academicians as it provides the opportunity to acquire practical and theoretical insights into the impact of entrepreneurial competencies on the success of CDF funded businesses in Zambia. Beyond offering empirical evidence, this study will establish a benchmark for future research in the realm of CDF funded businesses success, particularly in Zambia, and contribute to the extant body of knowledge on entrepreneurial competency and CDF funded businesses success.

Scope and Limitations of The Study

The study was centred on examining the impact of entrepreneurial capacities on the success of CDF funded businesses in Zambia. The study included CDF funded businesses proprietors in Petauke district, as a representative sample of the nation. One significant constraint of this study was that certain proprietors of CDF-funded enterprises regarded a portion of their data as confidential and were therefore hesitant to disclose it. In order to mitigate this constraint, the study was supported by an introduction letter from the university which guaranteed the participants that the data they supplied would be utilised exclusively for scholarly objectives, thus ensuring its confidentiality and anonymity to the greatest extent possible. Furthermore, the author assured the participants who expressed interest in reading the results that they would have access to. The data collection was conducted during an electioneering period characterised by elevated political tension.

By extending the data capture period beyond the election period, this obstacle was surmounted. The study was predicated on respondents receiving questionnaires via manual delivery in order to obtain immediate responses. However, due to their professional obligations and other



ISSN:3048-7722

commitments, a subset of the participants was unable to commence the study immediately. In this regard, the questionnaires were deferred until a mutually agreed upon time, date, or day, after which they were collected.

II. LITERATURE REVIEW

Introduction

This chapter evaluates the pertinent literature concerning the impact of entrepreneurial capacity on the success of entrepreneurial success of CDF funded businesses. The chapter establishes the conceptual framework, theoretical review, empirical review, and critical review that are applied to each variable in the research. The primary objective of the literature review is to facilitate the researcher in the identification of evident deficits in knowledge. Finally, a summary of the relevant literature and research gaps is provided.

Leadership Capacity

Edoka (2015) argues that effective leadership is a significant catalyst for managerial development and the maintenance of a competitive edge in order to enhance the performance of an organisation. An example of how transactional leadership can enhance the efficiency of an organization's pursuit of its present goals is through the establishment of a connection between employee job performance and desired rewards, as well as by ensuring that necessary resources are provided to employees (Obiwuru, Okwu, Akpa and Nwankwere, 2021). Visionary leaders formulate a strategic vision of a future state, convey that vision through the use of metaphor and framing, exemplify the vision through consistent behaviour, and inspire followership towards the vision (Karodia, Mandiya, and Machera, 2014). In the environments of new organisations, high levels of cohesion, commitment, trust, and motivation will result from visionary leadership.

Dola (2015) argues that a time-honored strategy for organisations seeking to outperform competitors is to concentrate on the impacts of leadership. It is widely believed that entrepreneurial leaders have a significant impact on coordinating collective action, assisting teams in adapting to their surroundings, and shaping collective norms. The correlation between leadership style and team performance has been elucidated in great detail by this leader-centred perspective (Jing and Avery, 2021). Several scholarly investigations have examined the strategic function of leadership in order to determine how to implement leadership paradigms and leverage leadership behaviour in order to enhance the performance of organisations (Obiwuru et al., 2021; Shrestha, 2022). This is due to the growing recognition that intangible assets, including leadership styles, organisational culture, skill and competence, and motivation, are critical sources of competitive advantage for businesses that can integrate people, processes, and performance.

The significance of leadership in instigating and cultivating corporate social responsibility (CSR) programmes and

initiatives both within and across organisations has been substantiated by research (Packard, 2019). Complex and expansive, the leader's responsibility in steering an organisation towards sustainable social responsibility has been characterised as necessitating a distinct set of leadership competencies and abilities. The literature presents an analysis of the leadership styles, capabilities, and competencies that are most commonly observed among leaders whose organisations have effectively implemented shifts in organisational strategy and focus, transitioned to more socially responsible behaviours, and attained those outcomes (D'Amato, Henderson and Florence, 2019). Chief executive officers hold the belief that the calibre of their leadership talent is the sole determinant of their future. An understanding of the significance of a precisely delineated business strategy is universal among leaders. However, limited attention is paid to the leadership that will be necessary to execute strategies that necessitate adjustments to the organization's trajectory or capabilities. Insufficient leadership renders even the most effective and audacious strategies futile, failing to actualize their full potential (Pasmore, Lafferty, Spencer, 2019).

Courage, business acumen, passion, life experience (i.e., "you can't think outside the box if you're always in the box"), compassion, a sense of humour, and a vision for legacy (rather than "vision for activity") are leadership competencies that align with "responsible" leaders, according to D'Amato et al (2019). Contemporary leaders encounter the formidable task of operating efficiently amidst an atmosphere rife with ambiguity and unpredictability, all the while harmonising the varied concerns, requirements, and expectations of numerous stakeholders. According to Kehinde et al. (2014), leadership is critical to the efficacy and sustainability of an organization's operations. As organisations expand, there is a corresponding rise in performance expectations and a greater demand for effective leadership. Those who possess the valuable skill of leadership are rewarded handsomely. They argue that, based on all available evidence, a robust correlation exists between leadership strategies and the long-term viability of the organisation. However, it is commonly observed that leaders gain more knowledge from failure rather than success, despite the fact that both success and failure are aspects of the same coin (Roomi and Harrison, 2021).

Networking Capacity

Small businesses can engage in relationship marketing through networking, which can also be considered a component of social capital by providing access to contacts in a variety of industries and enhancing the intimacy of relationships (Taneja and Toombs, 2014). Networking within the business community is crucial for enhancing the competitiveness of SMBs. SME owners and managers can benefit from networking by expanding their marketing expertise and enhancing their performance. Consequently, as a competitive instrument, networking in the form of clusters, strategic alliances, and business collaborations has gained popularity among SMEs (Turyakira and Mbidde,



ISSN:3048-7722

2015). Watson (2017) posits that networking appears to be substantially and positively correlated with the survival of businesses. Moreover, while growth is linked to both formal and informal networks, their association with the survival of small and medium-sized enterprises (SMEs) is exclusively formal.

Two categories of networks can be distinguished according to the nature of their connections. Networks characterised by embedded relations are cohesive and enable recurring social and business interactions, as opposed to networks comprised primarily of arm's-length relations, which are diverse and lack social cohesion (Martinez and Aldrich, 2021). Furthermore, a cohesive network is composed of participants who are intricately and almost exclusively linked to each other. Kalm (2022) argued that entrepreneurs who are willing to take risks may find emotional support in their network relationships; this, in turn, may increase their motivation to continue operating their businesses. Additionally, entrepreneurs may utilise networks to acquire knowledge, concepts, or guidance. Furthermore, small business proprietors have the ability to procure research and development (RandD) services that are otherwise outsourced to large corporations. They can also form joint ventures for RandD and establish additional connections, including those in manufacturing or marketing (Maina, Marwa and Waiguchu, 2016).

Firms engage in transactions with other economic actors whose assets complement their own, outsource specific segments of the value chain, and have limited resources at their disposal. Economic actions are embedded within larger inter-organizational networks (Vissa and Chacar, 2019). As a result, external contacts play a critical role in the acquisition of those assets and the recognition of viable business opportunities. Networks are indispensable for identifying opportunities, evaluating concepts, and amassing resources in preparation for the establishment of a new organisation (Klyver and Schott, 2021). Often, prospective partners exhibit significant hesitancy in investing their capital, reputation, or other valuable assets in a start-up venture that lacks certainty regarding its financial outlook, let alone its sustainability. The commitment of resources by partners with embedded ties, which are defined as "ties strengthened by reciprocity, trust, and shared emotions," can increase support for a start-up (Burt, 2019). Owing to the informational advantages offered by networks, a focal firm possessing greater social capital is more advantageous in its pursuit of entrepreneurial opportunities (Ebbbers, 2014).

Additional businesses that maintain connections with the central firm disseminate information pertaining to emerging market and technological prospects and invite collaboration in order to capitalise on new entrepreneurial opportunities. Additionally, these firms facilitate referrals to third parties seeking strategic alliances to capitalise on or investigate novel entrepreneurial prospects on behalf of the focal firm (Sytch, Tatarynowicz and Gulati, 2022). Additionally, contacts facilitate the mobilisation of external resources

from third parties because they indicate that the start-up's future prospects are positively evaluated (Partanen, Moller, Westerlund, Rajala, and Rajala, 2018). There is substantial evidence, according to Schallenkamp and Smith (2019), that prosperous entrepreneurs engaged in networking with industry professionals and regulators. Similar to what Kozan and Akdeniz (2014) discovered, entrepreneurial networks contribute positively to the expansion of organisations. The three components that comprise a business network are the performer, the activity, and the source within each sub network. Consequently, the business network will encompass the source network, performance network, and individual network (Ismail, 2022).

Risk Taking Capacity

As stated in the World Economic Forum Global Risks report (2018), although the financial circumstances of the previous decade facilitated an unprecedented phase of global economic expansion and stability, the interdependent nature of the international business community introduces novel factors that contribute to heightened instability. These factors consist of systematic financial risk, escalating food costs, swiftly expanding supply chains, and an imminent energy crisis. This necessitates the undertaking of analytical risks. Early on, risk-taking was recognised as the preeminent characteristic of entrepreneurs. An essential element of the entrepreneurial mindset is the inclination to take risks, which is recognised as critical for the prosperity and expansion of an enterprise in terms of how entrepreneurs assess and handle risks in their surroundings (Ahmad and Seymour, 2018). Despite the culturally contingent nature of risk management, some authors contend that small business owners, managers, and entrepreneurs around the world view their respective responsibilities in making risky decisions as remarkably similar. Entrepreneurs have the disposition of investing risk only after conducting a thorough analysis of the circumstances at hand. Risk-taking with experience necessitates prudent decision-making (Bezzina, 2020).

Entrepreneurship is undeniably linked to a multitude of risks; therefore, the researchers imply that entrepreneurs do, in fact, assume certain risks, albeit those that they perceive as manageable and comprehensible (Penchev and Salopaju, 2021). Entrepreneurs, according to Penchev and Salopaju (2021), favour moderate risk-taking when they have some degree of control and expertise in generating profits. Entrepreneurs, they continue, are not proactive or risk-takers merely because it is expected of them; rather, they employ these skills when the situation calls for them. Individuals also rely on their own discernment to determine whether or not they are capable of undertaking risks; this is accomplished by examining their own capabilities. It is generally accepted that success in risk-taking is due more to deliberate effort than to chance (Bezzina, 2020). What are the motivations behind risk-averse entities and individuals deliberately subjecting themselves to risk and progressively increasing that exposure? One rationale is their conviction that these risks can be leveraged to their



ISSN:3048-7722

benefit and produce value. Other than that, it is difficult to comprehend why businesses invest in technologies where the norms constantly change or in emerging markets where political and economic risk is substantial.

Equally as significant, the most prosperous organisations across all industries and generations, exhibit a shared attribute. They accomplished success by actively pursuing risk rather than evading it (Peng, 2015). While some may ascribe the success of these companies and similar ones to mere chance, that would be sufficient to explain businesses that experience one-time miracles (once-in-a-lifetime extraordinary accomplishments) that result in a single successful product or service that is neither ongoing nor repeated. Prosperous organisations possess the capacity to repeatedly replicate their achievements on novel products and in untapped markets. In order to accomplish this, they require a risk management framework that provides them with a competitive edge (Cameron and Shah, 2015).

Related Studies

Ahmad (2017) viewed entrepreneurial competencies as a mechanism through which the probability of attaining business success can be increased in a cross-cultural study of entrepreneurial competencies and entrepreneurial success in small and medium-sized enterprises (SMEs) in Australia and Malaysia. In accordance with his mixed methods strategy, two investigations were conducted consecutively. In one of the studies, qualitative methodology was employed to conduct in-depth interviews with thirty entrepreneurs operating small and medium-sized enterprises (SMEs) in the manufacturing and service sectors: twenty from Australia and ten from Malaysia. The objective was to elicit behaviours that delineate competencies, thereby facilitating the identification of context-specific and pertinent entrepreneurial competencies in the current business environment. Part one of the second study was devoted to validating the entrepreneurial competency model. Using a sample of 391 SME entrepreneurs (179 Australians and 212 Malaysians), this entailed establishing the psychometric properties of all dependent variables (which serve as success indicators) and covariates (which comprise the business environment and the cultural orientations of entrepreneurs).

The present study employed both the comprehensive and parsimonious models of entrepreneurial competencies to investigate the perceived impact of said competencies on the success of businesses in Malaysia and Australia. Entrepreneurial competencies were robust predictors of business success in both nations, according to the study's findings. An investigation titled *Is Entrepreneurial Competence the Silver Bullet for SME Success in Developing Nations?* was conducted by Ahmad, Halim, and Zainal (2020). The research posited a correlation between entrepreneurial competency and business success in small and medium-sized enterprises (SMEs) by analysing the diverse responsibilities entrepreneurs assume in the management of their own enterprises. Entrepreneurs, according to the study's argument, occupy crucial positions

within the organisations they establish. Entrepreneurs pursue their business agendas, which guarantee their industry survival and success, by means of their decisions and actions. It is also believed that their personal and commercial objectives influence the manner in which they manage their organisations. Being in an entrepreneurial role necessitates an awareness of the encircling environment so that one can identify and seize high-quality opportunities that are optimal for their enterprise (Ahmad et al. 2020).

Furthermore, in order to effectively convert these prospects into favourable results, entrepreneurs must prudently oversee both their internal and external resources. It is evident that proprietors in small and medium-sized enterprises (SMEs) undertake intricate responsibilities in order to run prosperous businesses (Ahmad et al 2020). Furthermore, due to the intricate nature of the endeavours pursued by entrepreneurs, it is imperative that they equip themselves with pertinent proficiencies that can be applied in the establishment of a prosperous enterprise. Put simply, it is critical for entrepreneurs to acquire pertinent skills and abilities that will ultimately improve the longevity and effectiveness of their businesses (Ahmad et al 2020). In 2021, Vijay and Ajay investigated the entrepreneurial competence of Indian SME's. This decision was prompted by the recognition that small and medium-sized enterprises (SMEs), particularly those in emergent economies, are encountering significant challenges in navigating the current turbulent economic climate. They argued that academics, practitioners, and policymakers are engaged in discussions to determine a framework that will aid SMEs in navigating the series of obstacles. The study proposed that the competency model might provide insights into strategies for enhancing the probability of business success and survival, particularly in the context of a developing nation.

A theoretical framework was constructed to establish a connection between entrepreneurial competencies and business success. This framework accounted for the diverse roles that entrepreneurs assume in the management of their own enterprises, but was predicated on the argument that researchers should concentrate on the capacity and contribution of business owners in generating prosperous ventures. As a result of the complexity of the duties entrepreneurs perform, the study's findings indicate that they require a business agenda to ensure their success and survival in the industry. It is also believed that their personal and commercial objectives influence the manner in which they manage the organisation. Assuming an entrepreneurial role necessitates a comprehensive understanding of the business environment and equipping oneself with pertinent competencies that can be leveraged to establish a prosperous organisation. Put simply, it is critical for entrepreneurs to acquire pertinent skills and abilities that will ultimately bolster the longevity and effectiveness of their enterprises.

Tehseen and Ramayah (2015) investigated the relationship between entrepreneurial competencies and the success of



ISSN:3048-7722

Malaysian SME's. The paper posits that external integration moderates the impact of entrepreneurial competencies on the performance of small and medium-sized enterprises (SMEs). Therefore, in order to attain a competitive edge, entrepreneurs must possess the necessary expertise to effectively oversee their supplier and customer relationships. The study implemented the resource-based view (RBV) of competencies, which posits that entrepreneurial competencies are intangible yet valuable assets that contribute to the achievement of business objectives. However, they contended that entrepreneurial competencies in isolation are insufficient to guarantee the longevity and prosperity of enterprises. Since SMEs have limited financial, human, technological, and technological resources, their long-term business viability is also contingent on a multitude of other variables, including the capabilities of their suppliers and the level of integration with their customers.

In their study, Adeyinka-Ojo, Sajilan, and Tehseen (2016) examined a conceptual framework that explored the influence of entrepreneurial competencies on the performance of small and medium-sized enterprises (SMEs) operating in the hospitality and tourism industry (HTI) of Malaysia. The present investigation was designed to accomplish two specific aims. The initial objective is to determine the extent to which entrepreneurial competencies influence the business performance or success of medium and small enterprises (SMEs) operating in the hospitality and tourism industry (HTI) of Malaysia. The second objective was to establish a framework for business performance indicators and entrepreneurial competencies of SMEs in the HTI. In order to accomplish the objective of this paper, qualitative content analysis (QCA) was utilised to examine the existing literature that was reviewed. The eight stages specified in the QCA were implemented. The tasks encompassed in this list were as follows: (1) formulating the research inquiries; (2) choosing the research materials; (3) constructing a coding framework; (4) partitioning the research materials into coding units; (5) testing the coding framework; (6) assessing and revising the coding frame; (7) conducting the primary analysis; and (8) interpreting and presenting the results.

According to the findings, the business performance of SMEs is significantly influenced by both internal and external factors, encompassing both financial and non-financial metrics. An equivalent correlation can be observed between entrepreneurial competencies and the performance of small and medium-sized enterprises (SMEs) in the HTI, contingent upon a confluence of influential factors including (a) the attributes of the entrepreneurs, (b) the characteristics of the small firms, and (c) the development strategies of the firms. In Malta, Baldaachino (2019) investigated entrepreneurial innovation and creativity. The purpose of the research was to determine how the establishment of innovative and creative practices by start-up entrepreneurs has contributed to their continued existence in their respective industries. A combination of in-depth interviews and telephone questionnaires were used

to collect data from entrepreneurs who established a business in Malta between January 2022 and June 2017. There were two distinct phases of data collection and analysis: Phase One employed a qualitative approach to gather data, whereas Phase Two utilised a quantitative methodology to validate the conclusions drawn in the first phase of research. Phase Two of the study involved a comprehensive analysis of the data collected in Phase One. This was achieved by incorporating the preliminary findings from the qualitative research into the quantitative portion of the study, which facilitated further investigation.

The findings revealed that initial survival and sustained growth and success were associated with the significance placed on creativity and innovation. This was supported by the regular mention of innovative business concepts, subsequent streams of fresh ideas for products or services, creative problem-solving approaches, and innovative business procedures. Zhang and Mohnen (2023) examined whether there is a correlation between a company's longevity and its innovation output (the proportion of innovative sales) or research and development (RandD) expenditures, utilising a large dataset of more than 101,010 Chinese firms founded between 2020 and 2016. The National Bureau of Statistics of China compiled primary data that is ideally suited for the analysis of new firm survival due to its longitudinal nature (individual firms are identified by an identification code (ID) that enables them to be tracked over time) and its status as an annual census of both state-owned and non-state-owned firms with sales exceeding 5 million RMB (Yuan). With a new identifier, a company is recognised as a new company. A firm is similarly considered to be deceased when its identifier vanishes. By estimating a complementary log-log model that incorporates time-varying explanatory variables and controls for individual heterogeneity, they discovered that the longevity of innovative firms is predominantly attributed to their research and development efforts rather than the introduction of new products. The majority of their studies were predicated on established companies whose pre-sample histories were heterogeneous and thus could have an impact on their likelihood of survival.

Theoretical Framework

In addition to attempting to explain, predict, and comprehend phenomena, theories frequently challenge and expand upon existing knowledge within the constraints of critical bounding assumptions (Swanson, 2017). The theoretical framework serves as the structural support for a research study's theory. The theoretical framework provides an introduction and description of the underlying theory that elucidates the existence of the research problem being investigated. Formal theories are syntactic in nature and acquire meaning through the application of a semantic component to some content, such as facts and relationships pertaining to the unfolding historical world (Zima, 2017). A theoretical framework comprises concepts, their corresponding definitions, and citations to pertinent scholarly literature. It also comprises an established theory that is employed in a specific investigation. The theoretical



ISSN:3048-7722

framework ought to exhibit comprehension of pertinent theories and concepts that pertain to the subject matter of the research paper and are connected to the wider domains of knowledge under consideration.

In their 2014 article, Grant and Osanloo emphasised the importance of establishing a theoretical framework. They further contended that the selection of a framework by a study is not capricious, but rather indicative of significant personal convictions and understandings regarding the metaphysical existence of knowledge and its relationship to the observer, as well as the potential roles and tools that the researcher may employ in the course of their investigation. The absence of a theoretical framework renders a study's design and purpose ambiguous. It functions as a foundational document that furnishes guidance and support for an investigation, while also establishing the framework by which one will approach the dissertation in its entirety from a philosophical, epistemological, methodological, and analytical standpoint. Therefore, the theoretical framework comprises the chosen theory (or theories) that serve as the foundation for the study's reasoning and comprehension of the subject matter, along with the pertinent concepts and definitions derived from that theory.

Theory Of Innovation- Schumpeter's Theory

Although the adage plenty of ideas around is frequently applied, it is difficult to locate innovative ones (Faltin, 1999). Generating them requires a comprehensive examination of the specific business domain and unwavering determination to develop a novel resolution. Obviously, ideas must be implemented, and doing so is more than a simple undertaking. However, given the challenges involved, it would be regrettable to construct the entire structure upon a precarious foundation (Faltin, 2021). It is critical that the entrepreneurial concept be of the highest quality (Kavanagh and Hisrich, 2020). The ability to attain market dominance or struggle for survival is heavily contingent on the calibre of the concept that an organisation cultivates and enhances (Wolf and Schoorlemmer, 2017). As stated by Ngugi (2023), Schumpeter's theory of innovation from 1934 is the most extensively recognised. By differentiating invention or discovery from innovation, commercialisation, and entrepreneurship, his initial theory of innovative profits emphasised the role of entrepreneurship (his term was entrepreneurial profits) and the pursuit of opportunities for novel value-generating activities that would expand (and transform) the circular flow of income.

In accordance with the division between two domains of economic analysis that Schumpeter (1943) established, there are two distinct methods of generating profits. Traditional economic theory, which is based on the circular flow of income and concerns itself with the determination of prices and quantities in the markets that connect the fluxes of inputs and products, governs the first domain. Within this domain, the economy is most readily characterised as either stationary or steadily expanding through the straightforward replication of at least a subset

of its extant components on a larger scale. Profits obtained through market power positions (or, alternatively, market imperfections), given that under conditions of ideal competition, profits would be nullified. In the conventional framework of regulating quantity and price in the domain of commerce or markets, a rise in profits beyond what is considered normal must be ascribed to an escalation in market power. At this time, when firms with market power utilise market-based adjustments of prices and quantities to generate profits, it is suitable to employ traditional tools for analysing the optimisation and maximisation of profits by rational economic agents (Heertje, 2016).

The second domain pertains to economic activity that introduces novelty and generates fresh sources of value-adding productive endeavours, thereby disrupting the cyclical flow of income. Within this domain, it is imperative to recognise that development is inherently disruptive and not a seamless progression, as Schumpeter (1943) later deemed "creative destruction." Creative destruction necessitates that business owners abandon established paradigms and devise novel approaches. Profits are generated through the establishment of novel domains of productive endeavour, predicated on the wage inertia of the responsible firms, which means that their wage expenses will only increase with a delay (Etro, 2017). Organisations may pursue internal innovation for the following reasons: to introduce new products or services, to enter new markets; to rejuvenate themselves through the modification and improvement of internal processes, structures, or capabilities; to identify and adopt novel competitive strategies within existing markets; or to proactively establish product markets that have not been exploited by other firms (Claude gaudillat and Quélin, 2016). Frequently, defining an innovation in technical terms is necessary for innovation; therefore, a significant level of specialised knowledge is required; the precise characteristics of such knowledge are contingent upon the specific business and industry (Sledzik, 2023).

Given that entrepreneurial profits are emphasised and survival is contingent on profitability, this theory is pertinent to this investigation. Schumpeter's theory of profits through innovation centres on the quasi-monopoly positions that entrepreneurial firms, which benefit from first mover advantages, establish in markets. The aforementioned approach to Schumpeter's theory facilitates comprehension within the traditional framework of market-based analysis, which restricts discussions of institutions to their function in economic exchange, predominantly via markets (or a hypothetical alternative market in the case of transactions occurring within firms). As a result of establishing a transient monopoly in certain input (process) or output (product) markets, prominent innovators generate super profits, which are typically accompanied by increased output prices and decreased input costs or prices. This also applies to product diversification through the introduction of new products, market diversification through the invasion of new markets, and corporate diversification



ISSN:3048-7722

through the complementarity of interrelated activities with the primary activity.

Theory of leadership – Path Goal Theory

In the context of an organisation, leadership is defined by Yukl (2021) as the capacity of one person to persuade others to comprehend, concur with, and comply with the requisite actions and methods, as well as the process of enabling both individual and collective endeavours to achieve common goals that benefit the organisation as a whole. Leadership is the process by which an individual influences a group of individuals to accomplish a common objective, according to Northouse (2020). Several of the elements alluded to in these definitions are fundamental to the concept of leadership. Some of them include the following:

- (a) Leadership is a dynamic process;
- (b) It entails exerting influence over others;
- (c) It takes place within the boundaries of a group;
- (d) It entails the achievement of objectives; and
- (e) Leaders and their followers collectively share these objectives.

The definition of leadership as a process implies that it is not a fixed quality or attribute possessed exclusively by a select few individuals from birth. When leadership is defined as a process, it becomes a transactional exchange between leaders and their adherents. By conceptualising leadership as a process, one can observe that leaders exert both positive and negative influences on their adherents. It emphasises that leadership is not a unidirectional, linear process in which the leader influences the followers and not the other way around, but rather a dynamic, two-way exchange between leaders and followers. By conceptualising leadership as a process, it becomes accessible to a wider audience, transcending the notion that it is innate to a select few. Furthermore, this implies that leadership is not limited to a single individual who holds a formal position of authority within a group (Yukl, 2021).

Northouse (2020) posits that the Path-Goal model is a theoretical framework that delineates the leadership style and behaviour that employees are most likely to replicate in the workplace, thereby facilitating the achievement of specific organisational milestones. The leader unambiguously delineates the objective, delineates the trajectory towards its attainment, eliminates any potential impediments, and furnishes the necessary assistance, be it monetary, moral, or otherwise. The objective is to enhance the motivation, empowerment, and contentment of the workforce in order to facilitate their productive engagement as members of the organisation. This theory can be conceptualised as a procedure by which leaders discern and choose particular behaviours that align with the requirements of the employees and the work environment, thereby offering the employees an ideal roadmap to accomplish their daily work objectives.

The path-goal theory, which House (1971) subsequently modified after Evans (1970) initially proposed it, aimed to determine which leadership style an individual leader

employs most frequently to inspire subordinates to achieve objectives. The path-goal theory provides support for the notion that motivation significantly influences the dynamics between a supervisor and a subordinate, and consequently, the subordinate's overall performance. The path-goal theory posits two fundamental propositions, as stated by House (1971). To begin with, it has been stated that among the strategic roles of the leader is to elevate the psychological states of subordinates in order to inspire them to perform or increase their job satisfaction (House 1971). That is to say, leaders must be aware of the steps that are required to elucidate objectives and routes, as well as increase subordinates' satisfaction through extrinsic rewards; doing so will subsequently boost their intrinsic motivation.

Furthermore, according to House (1971), specific situational leader behaviour is sufficient to achieve the intended motivational outcome. The path-goal theory identifies four leadership behaviours that heighten the motivation of subordinates. The four leadership styles identified by House and Mitchell (1974) were predicated on three subordinate attitudes: (a) satisfaction with subordinates; (b) expectations of effective performance; and (c) expectations of subordinates regarding their leaders. Johnson and Klee (2017) identify four path-goal leadership styles, directive, supportive, participative, and achievement-oriented, which serve to establish structure for subordinates. A directive leader provides explicit instructions and clarifications regarding the attainment of desired outcomes in accordance with organisational regulations and performance standards. A supportive leader exhibits responsive behaviour, which fosters a congenial environment, and verbally acknowledges the accomplishments of subordinates through some form of recompense.

The participative leader engages in consultative behaviours, including seeking input from subordinates before reaching a conclusive decision, while maintaining the authority to finalise the decision. The achievement-oriented leader establishes ambitious objectives, demands exceptional performance from subordinates, seeks continuous performance development, and demonstrates a strong belief in the subordinates' ability to take on responsibility, exert effort, and achieve difficult objectives. This theory holds significance for the present study as each business strives to endure and transition into the development stage. The leader's conduct is congruent with the motivation of the staff in order to enhance their level of productivity. The behaviour and demeanour of a leader possess the capacity to impact subordinates, serve as an exemplar, issue explicit directives and instructions, and establish a course of action, all with the ultimate objective of ensuring survival (Dhladhla, 2021). In order to comprehend the path-goal theory of leadership, one must consider the trajectory that subordinates ought to traverse in order to accomplish designated objectives. The motivation of subordinates to attain predetermined objectives is enhanced when leaders provide explicit goal definitions, delineate the trajectory



ISSN:3048-7722

towards goal completion, eliminate barriers to goal attainment, and offer support to facilitate the attainment of allotted goals.

Theory Of Networking – Social Network Theory

A business network can be defined as an association of individuals, preferably possessing a wide range of expertise and experience, with whom an individual maintains regular communication (Rathwell and Peterson, 2022). A member of this network should ideally respond to a request for assistance via email within twenty-four hours. Aim to achieve such a degree of promptness when constructing a robust business network. The ability to network is a critical skill for entrepreneurs. Social networks are integral components of their business operations and have a significant impact on their overall operations (Muzychenko, Zalan and Wells, 2018). Extensive scholarly attention has been devoted to entrepreneurial social networks in the literature. Moreover, while it is widely acknowledged that entrepreneurs operate their own autonomous enterprises, it is crucial that they establish and maintain a network of individuals to whom they can turn for assistance, guidance, revenue growth, novel concepts, and the application of external expertise (Tjosvold, 2018).

The primary findings, as summarised by Ko and Butler (2017), suggest that a considerable proportion of entrepreneurs possess extensive and well-established social networks. These networks serve as a valuable source of business ideas, with weak ties being especially significant due to their higher probability of supplying novel information. In general, establishing connections and relationships is regarded as a crucial element in advancing one's career or achieving success in business. Entrepreneurs must proactively establish their own communication channels in order to proactively anticipate emergent issues, receive timely updates on breaking information, seek guidance on critical decision-making, and solicit assistance in accomplishing tasks. Assembling, cultivating, and utilising connections to advance one's professional or personal objectives are components of "business networks" (Dimitrijevic and Engel, 2014).

The networking of entrepreneurs is inextricably linked to their social capital. Social capital was defined by Ellison, Steinfield, and Lampe (2021) as the tangible and intangible assets that people acquire through their interpersonal connections (e.g., favourable reputation, elevated social standing, and personal recommendations). The likelihood and rate at which entrepreneurs establish new enterprises, as well as their overall success, are directly influenced by social capital (Muzychenko et al., 2018). Social capital, intellectual capital, and psychological capital are all utilised in their research to ascertain the acquisition and continued development of the competencies required for the successful operation of various types of entrepreneurs. Furthermore, social capital frequently arises from the social aptitude of the entrepreneur (Praszkie, et al., 2019). Social skills are defined by the authors as specific competencies that aid entrepreneurs in interacting with others effectively

and may contribute to their overall success. Machirori and Faloki (2023) assert that Moreno (1937) introduced the social network theory, which posits that members of every society are interconnected through a multitude of social relationships. In a society or group characterised by significant social disintegration, the level of trustworthiness among its members is diminished, and the benefits obtained from such relationships are not substantial.

As a result, members will endeavour to establish connections and networks. This phenomenon will foster reciprocal connections among participants, establishing a sense of reliability that facilitates the exchange of valuable information and resources (Al-Tabbaa and Ankras, 2016). Analysts of social networks have directed their focus towards the conceptual boundaries of a social environment that consists of tangible connections between entities. Although physical space has been largely disregarded in the social network tradition, the notion that it is crucial to comprehend innovation is widely accepted. Furthermore, there is accumulating evidence that proximity influences the formation of network ties. Social networks can dictate access to information and resources, thereby enhancing performance, whether due to openings in a web of relationships, indirect connections connecting partners, or central locations in an industry structure (Whittington, Owen-Smith and Powel, 2019).

The significance of this theory in relation to this research arises from the reality that entrepreneurs heavily depend on referrals to secure business transactions or agreements in the current competitive business environment. Christakis and Fowler (2019) posit that the notion of a network centres on the individual who maintains a connection with the ego. Consequently, social network research exploits the connection between the ego and their alter ego, whether it be through direct or indirect means. Alternates consist of acquaintances, family members, colleagues, and business contacts. Given the current precarious state of the business environment, small and medium-sized enterprises (SME) perceive social networks as a strategic tool to safeguard critical resources. The larger the social network circle, the greater the likelihood of securing a greater number of profitable business transactions and, consequently, the prospects for survival.

Theory of risk taking- Prospect theory

Kim and Vonortas (2014) referenced Liles's (1974) conjecture regarding the potential risks associated with a novel enterprise. He proposed that embarking on an entrepreneurial endeavour entails potential sacrifices of one's financial security, professional prospects, familial connections, and psychological welfare. The entrepreneur's personal financial obligations to an unsuccessful enterprise may expose him to significant losses and potentially compromise his future standard of living. Acknowledging the potentially catastrophic financial and emotional ramifications of failure, Liles recommended that the aspiring entrepreneur conduct a thorough risk assessment of the particular business proposal in question before deciding



ISSN:3048-7722

whether or not to pursue it. Liles reached the conclusion that the determination is predominantly contingent upon the prospective entrepreneur's assessment of the risk entailed.

According to Barberis (2023), the Prospect Theory of Kahnema and Tversky (1979) is one of the most influential descriptive theories of decision making under uncertainty. In 1992, they revised it to cumulative prospect theory (Tversky and Kahneman, 1992), which includes reference dependence, probability weighting functions, loss aversion, diminishing sensitivity, and diminishing sensitivity as four elements. To commence, according to prospect theory, individuals obtain utility through gains and losses, which are assessed in relation to a reference point, as opposed to relying on absolute wealth levels. Referred to as reference dependence, this assumption is additionally supported by the work of Kahneman and Tversky and is supported not only by explicit experimental evidence but also by the observation that our perceptual system functions in a manner that is essentially identical: we are more sensitive to variations in attributes such as brightness, loudness, and temperature rather than contemplating their absolute magnitudes (Barberis, 2023).

The second is loss aversion, which refers to the notion that individuals are considerably more sensitive to losses (even minor ones) than to gains of equal magnitude. Loss aversion is generated informally when the value function is inverted to produce a steeper slope in the region of losses relative to gains.

However, individuals who aversion to loss find the wager repulsive: the negative consequences of losing ZMW 1,010 significantly surpass the potential benefits of gaining the same or a marginally greater sum (Verendel, 2018). Furthermore, according to this theory, the value function is concave when losses occur, but convex when gains occur. This component of prospect theory is referred to as diminishing sensitivity due to the fact that it suggests that substituting a gain (or loss) also foretells a substantial utility impact. The concept of concavity over gains encapsulates the observation that individuals are generally risk-averse with regard to gains of moderate probability. Specifically, they would rather have a fixed gain of ZMW 501 than a 50% chance of winning ZMW 1,010. In losses, however, the opposite holds true; they would rather have a 50 percent possibility of losing ZMW 1,010 than lose ZMW 501 certainty. The convexity is driven by this concern for losses (Barberis, 2023).

Prospect theory concludes with probability weighting. In prospect theory, individuals' ultimate decision regarding whether or not to take a risk is influenced by transformed probabilities or decision weights rather than outcomes' objective probabilities. The computation of the decision weights is performed by a weighting function that accepts an objective probability as input. Cumulative probabilities are subject to the weighting function in cumulative prospect theory (Al-Nowaihi and Dhama, 2020). Cumulative prospect theory posits that the individual assigns an excessive amount of weight to the improbable state of

affairs in which they earn or lose Kshs. 1,010/=, thus providing an explanation for their decision-making. In a broader sense, the weighting function represents the level of certainty that individuals attribute to wagers, such as those offering Kshs. 501/= with probability. In summary, cumulative prospect theory posits that individuals obtain utility through "gains" and "losses" evaluated in relation to a reference point.

In addition, this theory reduces sensitivity in the gains and loss segments, causing those who succeed to be risk-averse and those who fail to be risk-averse. It is observed that individuals on the periphery are more prone to quitting in close proximity to the reference point; furthermore, they exhibit a lower propensity to cease when falling behind as opposed to when ahead (Barberis, 2023).

Entrepreneurship requires a risk-averse approach; therefore, this theory is pertinent to this investigation. Risk aversion is essential for the success and survival of business ventures. Lower returns accompanied by known risks are preferred by risk-averse entrepreneurs over higher returns accompanied by uncertain risks. Prospect theory is a framework for understanding decision making in high-risk situations, in which such decisions are predicated on evaluations or assessments of the external environment. As a result, this theory addresses explicitly the framing and evaluation of these options during the decision-making procedure.

Conceptual framework

A conceptual framework is a succinct description of the phenomenon being investigated, accompanied by a graphical or visual representation of the study's primary variables, according to Mugenda (2018). A conceptual framework, as defined by Walliman (2021), is a visual or diagrammatic depiction that illustrates the interconnection between independent and dependent variables. The dependent variable in this study is the entrepreneurial success of CDF funded businesses. The independent variables consist of the components of entrepreneurial capacities that were examined. These components are shown in Figure 2.1.

Theoretical Framework

In addition to attempting to explain, predict, and comprehend phenomena, theories frequently challenge and expand upon existing knowledge within the constraints of critical bounding assumptions (Swanson, 2017). The theoretical framework serves as the structural support for a research study's theory. The theoretical framework provides an introduction and description of the underlying theory that elucidates the existence of the research problem being investigated. Formal theories are syntactic in nature and acquire meaning through the application of a semantic component to some content, such as facts and relationships pertaining to the unfolding historical world (Zima, 2017). A theoretical framework comprises concepts, their corresponding definitions, and citations to pertinent scholarly literature. It also comprises an established theory



ISSN:3048-7722

that is employed in a specific investigation. The theoretical framework ought to exhibit comprehension of pertinent theories and concepts that pertain to the subject matter of the research paper and are connected to the wider domains of knowledge under consideration.

In their 2014 article, Grant and Osanloo emphasised the importance of establishing a theoretical framework. They further contended that the selection of a framework by a study is not capricious, but rather indicative of significant personal convictions and understandings regarding the metaphysical existence of knowledge and its relationship to the observer, as well as the potential roles and tools that the researcher may employ in the course of their investigation. The absence of a theoretical framework renders a study's design and purpose ambiguous. It functions as a foundational document that furnishes guidance and support for an investigation, while also establishing the framework by which one will approach the dissertation in its entirety from a philosophical, epistemological, methodological, and analytical standpoint. Therefore, the theoretical framework comprises the chosen theory (or theories) that serve as the foundation for the study's reasoning and comprehension of the subject matter, along with the pertinent concepts and definitions derived from that theory.

Theory Of Innovation- Schumpeter's Theory

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In accordance with the division between two domains of economic analysis that Schumpeter (1943) established, there are two distinct methods of generating profits. Traditional economic theory, which is based on the circular flow of income and concerns itself with the determination of prices and quantities in the markets that connect the fluxes of inputs and products, governs the first domain. Within this domain, the economy is most readily characterised as either stationary or steadily expanding

through the straightforward replication of at least a subset of its extant components on a larger scale. Profits obtained through market power positions (or, alternatively, market imperfections), given that under conditions of ideal competition, profits would be nullified. In the conventional framework of regulating quantity and price in the domain of commerce or markets, a rise in profits beyond what is considered normal must be ascribed to an escalation in market power. At this time, when firms with market power utilise market-based adjustments of prices and quantities to generate profits, it is suitable to employ traditional tools for analysing the optimisation and maximisation of profits by rational economic agents (Heertje, 2016).

The second domain pertains to economic activity that introduces novelty and generates fresh sources of value-adding productive endeavours, thereby disrupting the cyclical flow of income. Within this domain, it is imperative to recognise that development is inherently disruptive and not a seamless progression, as Schumpeter (1943) later deemed "creative destruction." Creative destruction necessitates that business owners abandon established paradigms and devise novel approaches. Profits are generated through the establishment of novel domains of productive endeavour, predicated on the wage inertia of the responsible firms, which means that their wage expenses will only increase with a delay (Etro, 2017). Organisations may pursue internal innovation for the following reasons: to introduce new products or services, to enter new markets; to rejuvenate themselves through the modification and improvement of internal processes, structures, or capabilities; to identify and adopt novel competitive strategies within existing markets; or to proactively establish product markets that have not been exploited by other firms (Claude gaudillat and Quélin, 2016). Frequently, defining an innovation in technical terms is necessary for innovation; therefore, a significant level of specialised knowledge is required; the precise characteristics of such knowledge are contingent upon the specific business and industry (Sledzik, 2023).

Given that entrepreneurial profits are emphasised and survival is contingent on profitability, this theory is pertinent to this investigation. Schumpeter's theory of profits through innovation centres on the quasi-monopoly positions that entrepreneurial firms, which benefit from first mover advantages, establish in markets. The aforementioned approach to Schumpeter's theory facilitates comprehension within the traditional framework of market-based analysis, which restricts discussions of institutions to their function in economic exchange, predominantly via markets (or a hypothetical alternative market in the case of transactions occurring within firms). As a result of establishing a transient monopoly in certain input (process) or output (product) markets, prominent innovators generate super profits, which are typically accompanied by increased output prices and decreased input costs or prices. This also applies to product diversification through the introduction of new products, market diversification through the invasion of new markets, and corporate diversification



ISSN:3048-7722

through the complementarity of interrelated activities with the primary activity.

Theory of leadership – Path Goal Theory

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- (f) Leadership is a dynamic process;
- (g) It entails exerting influence over others;
- (h) It takes place within the boundaries of a group;
- (i) It entails the achievement of objectives; and
- (j) Leaders and their followers collectively share these objectives.

The definition of leadership as a process implies that it is not a fixed quality or attribute possessed exclusively by a select few individuals from birth. When leadership is defined as a process, it becomes a transactional exchange between leaders and their adherents. By conceptualising leadership as a process, one can observe that leaders exert both positive and negative influences on their adherents. It emphasises that leadership is not a unidirectional, linear process in which the leader influences the followers and not the other way around, but rather a dynamic, two-way exchange between leaders and followers. By conceptualising leadership as a process, it becomes accessible to a wider audience, transcending the notion that it is innate to a select few. Furthermore, this implies that leadership is not limited to a single individual who holds a formal position of authority within a group (Yukl, 2021).

Northouse (2020) posits that the Path-Goal model is a theoretical framework that delineates the leadership style and behaviour that employees are most likely to replicate in the workplace, thereby facilitating the achievement of specific organisational milestones. The leader unambiguously delineates the objective, delineates the trajectory towards its attainment, eliminates any potential impediments, and furnishes the necessary assistance, be it monetary, moral, or otherwise. The objective is to enhance the motivation, empowerment, and contentment of the workforce in order to facilitate their productive engagement as members of the organisation. This theory can be conceptualised as a procedure by which leaders discern and choose particular behaviours that align with the requirements of the employees and the work environment, thereby offering the employees an ideal roadmap to accomplish their daily work objectives.

The path-goal theory, which House (1971) subsequently modified after Evans (1970) initially proposed it, aimed to determine which leadership style an individual leader employs most frequently to inspire subordinates to achieve objectives. The path-goal theory provides support for the notion that motivation significantly influences the dynamics between a supervisor and a subordinate, and consequently, the subordinate's overall performance. The path-goal theory posits two fundamental propositions, as stated by House (1971). To begin with, it has been stated that among the strategic roles of the leader is to elevate the psychological states of subordinates in order to inspire them to perform or increase their job satisfaction (House 1971). That is to say, leaders must be aware of the steps that are required to elucidate objectives and routes, as well as increase subordinates' satisfaction through extrinsic rewards; doing so will subsequently boost their intrinsic motivation.

Furthermore, according to House (1971), specific situational leader behaviour is sufficient to achieve the intended motivational outcome. The path-goal theory identifies four leadership behaviours that heighten the motivation of subordinates. The four leadership styles identified by House and Mitchell (1974) were predicated on three subordinate attitudes: (a) satisfaction with subordinates; (b) expectations of effective performance; and (c) expectations of subordinates regarding their leaders. Johnson and Klee (2017) identify four path-goal leadership styles, directive, supportive, participative, and achievement-oriented, which serve to establish structure for subordinates. A directive leader provides explicit instructions and clarifications regarding the attainment of desired outcomes in accordance with organisational regulations and performance standards. A supportive leader exhibits responsive behaviour, which fosters a congenial environment, and verbally acknowledges the accomplishments of subordinates through some form of recompense.

The participative leader engages in consultative behaviours, including seeking input from subordinates before reaching a conclusive decision, while maintaining the authority to finalise the decision. The achievement-oriented leader establishes ambitious objectives, demands exceptional performance from subordinates, seeks continuous performance development, and demonstrates a strong belief in the subordinates' ability to take on responsibility, exert effort, and achieve difficult objectives. This theory holds significance for the present study as each business strives to endure and transition into the development stage. The leader's conduct is congruent with the motivation of the staff in order to enhance their level of productivity. The behaviour and demeanour of a leader possess the capacity to impact subordinates, serve as an exemplar, issue explicit directives and instructions, and establish a course of action, all with the ultimate objective of ensuring survival (Dhladhla, 2021). In order to comprehend the path-goal theory of leadership, one must consider the trajectory that subordinates ought to traverse in order to accomplish



ISSN:3048-7722

designated objectives. The motivation of subordinates to attain predetermined objectives is enhanced when leaders provide explicit goal definitions, delineate the trajectory towards goal completion, eliminate barriers to goal attainment, and offer support to facilitate the attainment of allotted goals.

Theory Of Networking – Social Network Theory

A business network can be defined as an association of individuals, preferably possessing a wide range of expertise and experience, with whom an individual maintains regular communication (Rathwell and Peterson, 2022). A member of this network should ideally respond to a request for assistance via email within twenty-four hours. Aim to achieve such a degree of promptness when constructing a robust business network. The ability to network is a critical skill for entrepreneurs. Social networks are integral components of their business operations and have a significant impact on their overall operations (Muzychenko, Zalan and Wells, 2018). Extensive scholarly attention has been devoted to entrepreneurial social networks in the literature. Moreover, while it is widely acknowledged that entrepreneurs operate their own autonomous enterprises, it is crucial that they establish and maintain a network of individuals to whom they can turn for assistance, guidance, revenue growth, novel concepts, and the application of external expertise (Tjosvold, 2018).

The primary findings, as summarised by Ko and Butler (2017), suggest that a considerable proportion of entrepreneurs possess extensive and well-established social networks. These networks serve as a valuable source of business ideas, with weak ties being especially significant due to their higher probability of supplying novel information. In general, establishing connections and relationships is regarded as a crucial element in advancing one's career or achieving success in business. Entrepreneurs must proactively establish their own communication channels in order to proactively anticipate emergent issues, receive timely updates on breaking information, seek guidance on critical decision-making, and solicit assistance in accomplishing tasks. Assembling, cultivating, and utilising connections to advance one's professional or personal objectives are components of "business networks" (Dimitrijevic and Engel, 2014).

The networking of entrepreneurs is inextricably linked to their social capital. Social capital was defined by Ellison, Steinfield, and Lampe (2021) as the tangible and intangible assets that people acquire through their interpersonal connections (e.g., favourable reputation, elevated social standing, and personal recommendations). The likelihood and rate at which entrepreneurs establish new enterprises, as well as their overall success, are directly influenced by social capital (Muzychenko et al., 2018). Social capital, intellectual capital, and psychological capital are all utilised in their research to ascertain the acquisition and continued development of the competencies required for the successful operation of various types of entrepreneurs.

Furthermore, social capital frequently arises from the social aptitude of the entrepreneur (Praszkiel, et al., 2019). Social skills are defined by the authors as specific competencies that aid entrepreneurs in interacting with others effectively and may contribute to their overall success. Machirori and Faloki (2023) assert that Moreno (1937) introduced the social network theory, which posits that members of every society are interconnected through a multitude of social relationships. In a society or group characterised by significant social disintegration, the level of trustworthiness among its members is diminished, and the benefits obtained from such relationships are not substantial. As a result, members will endeavour to establish connections and networks. This phenomenon will foster reciprocal connections among participants, establishing a sense of reliability that facilitates the exchange of valuable information and resources (Al-Tabbaa and Ankrah, 2016). Analysts of social networks have directed their focus towards the conceptual boundaries of a social environment that consists of tangible connections between entities. Although physical space has been largely disregarded in the social network tradition, the notion that it is crucial to comprehend innovation is widely accepted. Furthermore, there is accumulating evidence that proximity influences the formation of network ties. Social networks can dictate access to information and resources, thereby enhancing performance, whether due to openings in a web of relationships, indirect connections connecting partners, or central locations in an industry structure (Whittington, Owen-Smith and Powel, 2019).

The significance of this theory in relation to this research arises from the reality that entrepreneurs heavily depend on referrals to secure business transactions or agreements in the current competitive business environment. Christakis and Fowler (2019) posit that the notion of a network centres on the individual who maintains a connection with the ego. Consequently, social network research exploits the connection between the ego and their alter ego, whether it be through direct or indirect means. Alternates consist of acquaintances, family members, colleagues, and business contacts. Given the current precarious state of the business environment, small and medium-sized enterprises (SME) perceive social networks as a strategic tool to safeguard critical resources. The larger the social network circle, the greater the likelihood of securing a greater number of profitable business transactions and, consequently, the prospects for survival.

Theory of risk taking- Prospect theory

Kim and Vonortas (2014) referenced Liles's (1974) conjecture regarding the potential risks associated with a novel enterprise. He proposed that embarking on an entrepreneurial endeavour entails potential sacrifices of one's financial security, professional prospects, familial connections, and psychological welfare. The entrepreneur's personal financial obligations to an unsuccessful enterprise may expose him to significant losses and potentially compromise his future standard of living. Acknowledging the potentially catastrophic financial and emotional



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ramifications of failure, Liles recommended that the aspiring entrepreneur conduct a thorough risk assessment of the particular business proposal in question before deciding whether or not to pursue it. Liles reached the conclusion that the determination is predominantly contingent upon the prospective entrepreneur's assessment of the risk entailed.

According to Barberis (2023), the Prospect Theory of Kahnema and Tversky (1979) is one of the most influential descriptive theories of decision making under uncertainty. In 1992, they revised it to cumulative prospect theory (Tversky and Kahneman, 1992), which includes reference dependence, probability weighting functions, loss aversion, diminishing sensitivity, and diminishing sensitivity as four elements. To commence, according to prospect theory, individuals obtain utility through gains and losses, which are assessed in relation to a reference point, as opposed to relying on absolute wealth levels. Referred to as reference dependence, this assumption is additionally supported by the work of Kahneman and Tversky and is supported not only by explicit experimental evidence but also by the observation that our perceptual system functions in a manner that is essentially identical: we are more sensitive to variations in attributes such as brightness, loudness, and temperature rather than contemplating their absolute magnitudes (Barberis, 2023).

The second is loss aversion, which refers to the notion that individuals are considerably more sensitive to losses (even minor ones) than to gains of equal magnitude. Loss aversion is generated informally when the value function is inverted to produce a steeper slope in the region of losses relative to gains. However, individuals who aversion to loss find the wager repulsive: the negative consequences of losing ZMW 1,010 significantly surpass the potential benefits of gaining the same or a marginally greater sum (Verendel, 2018). Furthermore, according to this theory, the value function is concave when losses occur, but convex when gains occur. This component of prospect theory is referred to as diminishing sensitivity due to the fact that it suggests that substituting a gain (or loss) also foretells a substantial utility impact. The concept of concavity over gains encapsulates the observation that individuals are generally risk-averse with regard to gains of moderate probability. Specifically, they would rather have a fixed gain of ZMW 501 than a 50% chance of winning ZMW 1,010. In losses, however, the opposite holds true; they would rather have a 50 percent possibility of losing ZMW 1,010 than lose ZMW 501 certainty. The convexity is driven by this concern for losses (Barberis, 2023).

Prospect theory concludes with probability weighting. In prospect theory, individuals' ultimate decision regarding whether or not to take a risk is influenced by transformed probabilities or decision weights rather than outcomes' objective probabilities. The computation of the decision weights is performed by a weighting function that accepts an objective probability as input. Cumulative probabilities are subject to the weighting function in cumulative prospect theory (Al-Nowaihi and Dhama, 2020). Cumulative

prospect theory posits that the individual assigns an excessive amount of weight to the improbable state of affairs in which they earn or lose Kshs. 1,010/=, thus providing an explanation for their decision-making. In a broader sense, the weighting function represents the level of certainty that individuals attribute to wagers, such as those offering Kshs. 501/= with probability. In summary, cumulative prospect theory posits that individuals obtain utility through "gains" and "losses" evaluated in relation to a reference point. In addition, this theory reduces sensitivity in the gains and loss segments, causing those who succeed to be risk-averse and those who fail to be risk-averse. It is observed that individuals on the periphery are more prone to quitting in close proximity to the reference point; furthermore, they exhibit a lower propensity to cease when falling behind as opposed to when ahead (Barberis, 2023).

Entrepreneurship requires a risk-averse approach; therefore, this theory is pertinent to this investigation. Risk aversion is essential for the success and survival of business ventures. Lower returns accompanied by known risks are preferred by risk-averse entrepreneurs over higher returns accompanied by uncertain risks. Prospect theory is a framework for understanding decision making in high-risk situations, in which such decisions are predicated on evaluations or assessments of the external environment. As a result, this theory addresses explicitly the framing and evaluation of these options during the decision-making procedure.

Conceptual framework

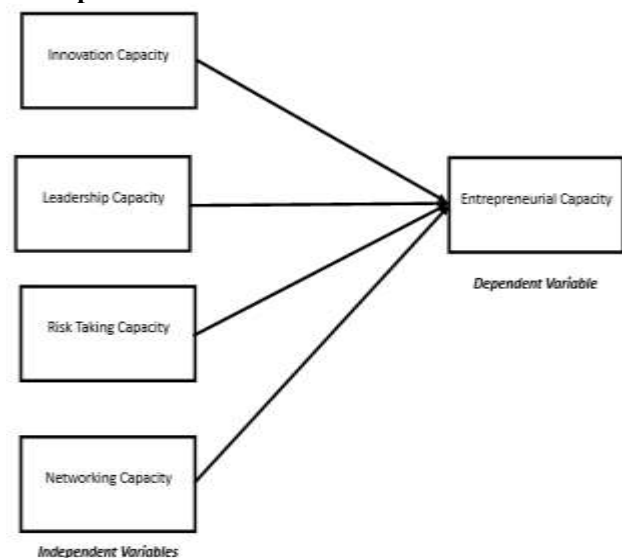


Figure 2. 1: Conceptual framework

A conceptual framework is a succinct description of the phenomenon being investigated, accompanied by a graphical or visual representation of the study's primary variables, according to Mugenda (2018). A conceptual framework, as defined by Walliman (2021), is a visual or diagrammatic depiction that illustrates the interconnection between independent and dependent variables. The dependent variable in this study is the entrepreneurial



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success of CDF funded businesses. The independent variables consist of the components of entrepreneurial capacities that were examined. These components are shown in Figure 2.1.

Entrepreneurial Capacity and Entrepreneurial Success

This section provides the theoretical literature on the aspects of entrepreneurial capacity and their relationship with entrepreneurial success.

Innovation Capacity

To remain competitive in the business world, small and medium-sized enterprises (SMEs) must continuously innovate in order to satisfy unfulfilled consumer demands for their products and services (RoK, 2016). Significant innovation reduces the likelihood of failure for businesses (Wagner and Cockburn, 2020). Organisations that embrace radical innovation have an increased probability of survival due to the greater returns derived from adoption, which are produced by expanding their market share (Langerak, Rijdsdijk and Dittrich, 2019). To ensure survival and success in an ever more fiercely competitive market, innovation is an absolute necessity, as it has been recognised as a significant catalyst for company expansion and productivity (Ganotakis, 2022). The empirical literature generally supports the notion that firms' ensuing survival is positively correlated with their innovativeness (Wagner and Cockburn, 2020).

Firms attain a sustainable competitive advantage through the development of unique assets through innovation (Esteve-Perez and Manez-Castillejo, 2018). The fundamental premise is that fostering innovation among businesses will result in improved economic performance, increased development, a greater number of employment opportunities, and higher compensation (Duran, Kammerlander, Van Essen and Zellweger, 2016). Achieving successful corporate entrepreneurship necessitates the concurrent management of exploitation and innovation, which consequently entails a diverse range of activities and procedures. Non-innovative businesses exhibit substantially lower profit margins and growth rates than their innovative counterparts. These advancements revitalise organisations, bolster their competitive edge, stimulate expansion, generate wealth, and establish fresh job prospects (Goksoy, Vayvay and Ergeneli, 2023).

According to Aghion and Jaravel (2015), innovations have a favourable effect on profits. Small and Medium Enterprises (SMEs) that adopt an innovation strategy stand to gain in numerous ways. Entrepreneurial firms perceive innovation as a means to acquire rents via a transient monopoly, and they regard ongoing innovation endeavours as the fundamental catalyst for enduring entrepreneurial prosperity. Due to their greater agility in comparison to larger enterprises, SMEs are capable of executing operations more rapidly, thereby securing these monopoly revenues for an extended duration. Small and medium-sized enterprises (SMEs) can gain a competitive edge by implementing novel business models, processes, products,

or services that cater to lucrative niches (Silva, 2022). By doing so, small and medium-sized enterprises (SMEs) can capitalise on increased consumer brand loyalty and decreased price sensitivity of demand due to customers recognising the innovation's distinctiveness. SMBs have a distinct advantage over large corporations when it comes to catering to desirable market segments with cutting-edge products, owing to their reduced scale and enhanced agility (Rosenbusch, Brinckmann and Bausch, 2021).

Colombelli, Krafft, and Vivarelli (2016) posit that there is a positive correlation between the longevity of innovative enterprises and that of their non-innovative counterparts. According to them, entrepreneurs have a greater chance of survival if they effectively implement both product innovation and process innovation, with a greater emphasis on the latter. They demonstrated that process innovation, as opposed to relying solely on hazardous product innovation, can potentially increase the likelihood of survival for enterprises. If the primary incentive for establishing a new company is associated with innovative endeavours, then improved post-entry performance and increased rates of survival can be anticipated. Nevertheless, there are scholarly works that contend innovation has no impact or can even be detrimental to the survival of a company (Christensen, 2023). According to these scholarly works, this effect is predominantly observed when an organisation undertakes the development and implementation of technological and economic innovations that demand substantial investments (Buddelmever, Jensen and Webster, 2020). In a similar vein, additional research indicates that while innovation can have a favourable impact on a company's survival, this advantage is only fleeting (Zhang and Mohnen, 2023).

Despite the abundance of research supporting a direct positive correlation between innovation and survival, a consensus on this relationship has yet to be reached in the literature. As a result, numerous studies emphasise the necessity for additional investigation into this subject matter (Boring, 2015). Consequently, further research is warranted to examine the relationship between the innovation activities of businesses and their continued existence (Colombelli et al., 2016; Ganotakis, 2022; Langerak et al., 2019). The advantages outlined above are all attributable to innovation and enable small and medium-sized enterprises (SMEs) to effectively contend with established industry leaders who have a significantly larger customer base (Rosenbusch et al., 2021). According to Bressler (2022), small firms can circumvent price competition by introducing products that are exceptionally innovative. Also, innovative products may generate new market demands, thereby fostering the expansion of an organisation. The establishment of formidable obstacles by the innovative SME that hinders the entrance of competitors into the market can fortify the organization's standing within the sector and generate enduring returns that surpass the average (Silva, 2022).



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Research Gap

The literature investigated the correlation between the success of entrepreneurial businesses and the various entrepreneurial capacities. The aforementioned capabilities included risk-taking, networking, innovation, and leadership. Overall, the literature that has been reviewed supports the notion that the aforementioned attributes of entrepreneurial capacities do indeed influence the triumph of entrepreneurial enterprises. The majority of research on entrepreneurship indicates that entrepreneurial capabilities have a positive impact on the performance and ultimate success of entrepreneurial enterprises. Organisations guided by executives who possess a high degree of entrepreneurial aptitude are likely to engage in proactive surveillance and management of their operational environments in order to recognise innovative opportunities and strengthen their competitive position. Entrepreneurial capabilities significantly influence the viability and prosperity of enterprises.

Research indicates that innovation provides numerous advantages to a company, such as facilitating a transient monopoly, distinguishing it from competitors for the purpose of generating profits, and serving as a critical factor in the long-term survival and success of entrepreneurs. High levels of motivation, trust, cohesion, and commitment will result from entrepreneurial visionary leadership in the new organisational environments. Networks are crucial for identifying entrepreneurial opportunities, establishing connections with other businesspeople and regulators, and providing informational advantages; all of these contribute to a greater degree of business success. Individuals who are risk adverse hold the belief that they can capitalise on these risks and create value, as they attain success through proactive risk-taking rather than avoidance. Their success is not coincidental; rather, it is the result of strategic risk management that grants them a competitive edge.

Empirical research suggests that there has been some investigation into entrepreneurial capacity; however, such research has not been exhaustive, particularly in the context of Zambia. The limited number of studies conducted in Zambia regarding businesses funded by the CDF have primarily examined the utilisation of the funds and the capacity to reimburse the funds. Once more, the majority of these studies have been conducted in developed nations, not developing ones. The Tanzania case study by Madatta (2021), which examined the impact of entrepreneurial competencies on the performance of small and medium-sized enterprises (SMEs) in Tanzania, may offer some relevance to the Zambian context; however, its focus is limited to managerial decisions exclusively. An analogous prior investigation was conducted by Abdul and Ngugi (2015), wherein they analysed the impact of entrepreneurial competencies on the expansion of small and medium-sized enterprises (SMEs) in Kenya. The objective of the research was to examine the impact of entrepreneurial competencies on the expansion of small and medium-sized enterprises (SMEs) in Kenya. The study's results have implications for policy interventions that aim to promote the growth of

SMEs through the enhancement of the proprietor's entrepreneurial competencies. While these competencies may not remain constant over time, they are susceptible to modification and training.

Furthermore, the empirical data offered corroborating evidence that the entrepreneurial competencies of SME owners can enhance the expansion of the company. Once more, the selection of 115 SMEs as the sample size is insufficient; the study even suggests that a comparable investigation could be conducted utilising a larger sample size. As a result, the purpose of this research is to address these significant voids in the literature by examining the impact of entrepreneurial capabilities on the success of CDF-funded enterprises via the selected independent variables. This research will not only contribute to the current body of knowledge but also offer empirical support for the notion that entrepreneurial capabilities influence the success of entrepreneurial enterprises in Zambia, as well as address conceptual and contextual deficiencies.

III. RESEARCH DESIGN AND METHODOLOGY

Introduction

The study methodology and design utilised to collect data for the study are detailed in this chapter. The aspects addressed in this chapter encompass the study's research philosophy and design, the target population, the sampling technique, the procedure for collecting data, pilot testing, as well as the processing and analysis of the data. The assessments are carried out in light of the explanations provided here.

Research design

A research design is the comprehensive approach selected to logically and cohesively incorporate the various elements of the study, with the intention of effectively addressing the research problem at hand. The research design comprises an overarching strategy for addressing the inquiries of the research. It provides the frameworks in which the research is executed (Thomas, 2020). The research study employed a descriptive research design, which is advantageous when the research problem is well-defined and the investigator can conduct a field survey by visiting the target population and asking respondents to describe specific characteristics according to their own comprehension of the issue at hand (Creswell, 2023). It employs a predetermined framework for analysis and additionally ascertains and documents the current state of affairs. For the purpose of describing phenomena, organisations, people, or settings, descriptive research designs are utilised. Descriptive research studies, as defined by Salaria (2022), are an approach to investigating current phenomena that focus on enduring trends, conditions, practices, beliefs, processes, or relationships.

The rationale behind selecting this design was that entrepreneurial capacity manifest as individual behaviours that are straightforward to characterise and from which a



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wealth of information can be extracted. Additionally, it serves the purpose of identifying hypothetical constructs and variables that warrant additional investigation via alternative methods. This design prioritises the attributes of the entire sample over those of specific individuals, thus yielding valuable insights that can inform the resolution of local challenges.

Research Philosophy

Galliers (1991), as cited by Wang (2022), defines a research philosophy as a set of convictions concerning the collection, analysis, and application of data pertaining to a particular phenomenon. Doxology (what is believed to be true) and epistemology (what is known to be true) comprise the numerous philosophies of research approach. Therefore, the objective of science and inquiry is to convert what is believed into what is known; doxa to episteme. Within the Western tradition of scientific inquiry and methodology, two preeminent research philosophies have been discerned: interpretivism (alternatively referred to as anti-positivist) and positivism (occasionally termed scientific). The positivist research philosophy has been embraced in this study. Mkansi and Acheampong (2022) state the following. Phenomena has a minimum of three distinct meanings. It can refer to either a philosophical tradition (logical positivism) or a set of scientific research practices (methodological positivism), or it can be defined as a commitment to social evolution.

To begin with, this epistemology posits that scientific knowledge is synonymous with covering laws, explicit statements such as B will ensue if A occurs. Furthermore, this ontology establishes an equivalence between existence and observable objects. Furthermore, it is linked to a self-awareness of scientific endeavours wherein social science operates autonomously from the actuality it portrays (Riley, 2017). The positivist paradigm posits that empirical observation of actual events is possible, rendering them explicable through logical analysis. The assessment of a scientific theory's validity hinges on whether the assertions of knowledge (i.e., predictions derived from the theory) align with the data that can be acquired through sensory perception (Kaboub, 2018).

Positivists hold the view that reality is immutable and can be objectively observed and described without causing any disruption to the phenomena under investigation. Their position is that in order to obtain acceptance, a phenomenon must be isolated and observations must be replicable. Establishing correlations among specific components of the social realm in order to detect anomalies necessitates the manipulation of reality through changes in a solitary independent variable. Predictions require an individual to depend on previously observed and explicated realities, as well as their interconnections. Due to its extensive historical heritage and pervasive societal integration, any assertions of knowledge lacking a foundation in positivist thought are deemed unscientific (Wang, 2022).

Target Population

A population is defined as a complete assemblage of entities, occurrences, or objects that share a discernible characteristic. As a result, the population can be defined as the total number of items that satisfy a specified criterion (Mugenda, 2018). As defined by Ngechu (2014), a population comprises a distinct group of entities or households under investigation, including but not limited to individuals, services, elements, and occurrences. The homogeneity of the population of interest is implied by this definition. The researcher denotes the comprehensive census of the sampling frames as population. The target population refers to the particular group of individuals regarding who statistical information is intended (Mugenda, 2018).

The informal notion of a target population is occasionally defined as the population regarding which information is sought or the entirety of elements that are currently being deliberated and concerning which information is desired. The Petauke Council estimates that Petauke is home to at least 10,010 entrepreneurial businesses under CDF and operate under a single business permit. Therefore, the 10,010 entrepreneurial businesses constituted the target population (Petauke Town Council, 2016).

Sampling Procedure

The sampling frame comprises an enumeration of every unit within the population from which the sample was drawn. In essence, the sampling frame comprises the entire survey population or the sampling range (Zhengdong, 2021). It refers to the apparatus or material from which a sample is extracted. Sampling technique, conversely, pertains to the approach employed in the process of sample selection. It refers to the techniques utilised to select samples from a population, typically with the intention of enabling the verification of a hypothesis regarding the entire population. The study employed a stratified random sampling technique. Initially, strata of each constituency in Petauke were applied to the population. An approach of basic random sampling was utilised for each stratum.

A sample refers to a meticulously chosen subset or subgroup that serves as a representative example of the population being investigated (Teddlie and Yu, 2017). In essence, determining the number of observations or replicates to incorporate into a statistical sample constitutes sample size selection. A critical aspect of any empirical study in which the objective is to draw conclusions about a population from a sample is the sample size. Singh and Masaku (2014) cite Yamane's (1967) simplified formula for determining sample sizes. The aforementioned formula is employed to compute sample sizes in situations involving sizable populations. A predetermined level of significance is assumed, typically between 0.01% and 0.1%, although the most frequently employed value is 0.05.

$$n = \frac{N}{1 + Ne^2}$$

The variables N, n, e, and 0.1 represent the population size (10,010) and the level of significance, respectively. Upon



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applying the formula to the aforementioned sample, a sample size of 601 was utilised for the study.

Data Collection

Data collection refers to the methodical and structured acquisition and measurement of information pertaining to specific variables. This process facilitates the resolution of pertinent inquiries and the assessment of results. Conversely, data collection instruments are the implements utilised in the process of gathering data (Zohrabi, 2023). The objective of all data collection is to acquire high-quality evidence that can subsequently be subjected to comprehensive data analysis. This enables the development of a rational and trustworthy response to the inquiries that have been raised. Instruments for data collection are diverse and significantly vary in terms of the financial, time, and other resources available to the researcher. Reading, questionnaires, interviews, experiments, surveys, and observations are all included. Utilising a questionnaire, the study gathered the necessary data. A questionnaire is an official document that presents a series of queries in a structured manner with the intention of extracting the intended data (Wadi, 2016).

The survey comprises a compilation of structured and unstructured questions, as well as Likert scales, that pertain to the research topic. In addition, the survey allows for the entry of explanatory responses and multiple-choice responses. Closed-ended questions are more effective at gathering reliable quantitative data, whereas open-ended questions afford respondents the flexibility to provide detailed responses. The questionnaire was selected due to its cost-effectiveness, simplicity of administration, and efficiency (Schultze and Avital, 2021).

Data Collection Procedure

Data collection procedure is the process of how to approach respondents with a view to collecting data, after having decided what to collect of course (Peersman, 2014). A formal data collection process is necessary as it ensures that data gathered are both defined and accurate and that subsequent decisions based on arguments embodied in the findings are valid. The process provides both a baseline from which to measure and in certain cases a target on what to improve. Primary data was collected using a questionnaire. This is a technique of data collection in which each person is asked to respond to the same set of questions in a predetermined order (Waidi 2016; Zohrabi, 2023).

The study adopted stratified random sampling to identify the respondents who are owners of entrepreneurial businesses under CDF Support. The respondents were first grouped as per constituency out of which respondents approached randomly until the required number per constituency was reached. The questionnaires were hand-delivered to the respondents for immediate response and where the respondents were either reluctant or busy then the same were left with them to fill and collected later at an agreed time or date. Secondary data on the other hand was collected from publications such as books, journals,

periodicals, newspapers and magazines, and government publications like the Central Statistical Office (CSO).

IV. DATA ANALYSIS AND PRESENTATION

Data Analysis and Presentation

The preceding chapter delved into the research design and methodologies for assessing the impact of entrepreneurial capacity on the success of CDF supported entrepreneurship. This chapter provides an examination of the data collected. The focal points of this presentation of findings revolve around the outcomes of the methodology employed, including the response rate, demographic data to assess inclusiveness, and an examination of the diverse variables under investigation. In presenting the key findings, consideration is given to the study's overarching objective, which was to examine the impact of entrepreneurial capacity on the success of CDF supported businesses in Zambia.

Questionnaire Response Rate

Respondents as a proportion of the total population of a survey constitute the response rate. Typically, the response rate is calculated by dividing the number of confirmed respondents by the total number of intended participants, adjusted for the sample size (Draugalis, Coons and Plaza, 2018). As the response rate increases, the likelihood of non-response bias diminishes, thereby enhancing the capacity to extrapolate results to the initial target population (Draugalis and Plaza, 2019). A high response rate to a survey contributes to the representativeness of the survey results with respect to the entire survey population. The study aimed to ascertain the proportion of respondents who took part in the study, as opposed to focusing on the intended respondents. As a result, this facilitated the assessment of whether the study obtained a sufficient sample size to draw dependable conclusions and offer recommendations. A sample of 601 respondents was utilised for the study, and they were administered a structured questionnaire.

Based on the gathered data, 384 of the 601 questionnaires were administered in person; the remaining 216 were left with the respondents and were subsequently collected; of these, 84 were completed and returned. This results in the administration of 468 questionnaires in total, representing a response rate of 78%. The obtained response rates are deemed adequate for deriving conclusions regarding the study. Based on the findings of Mugenda and Mugenda (2023), response rates of 50%, 60%, and greater than 70% are deemed adequate, excellent, and very good, respectively. The inference that can be drawn from this is that the 78% achieved is exceptionally favourable. The substantial response rate obtained can be ascribed to the utilisation of self-administered questionnaires and subsequent phone calls that encouraged respondents to complete any unfinished questionnaires. The percentage of responses is detailed in Table 4.1.



Table 4.1: Questionnaire Response Rate

	Administered	Drop and wait	Drop and later	Returned	Per cent
Manufacturing	72	50	23	15	89.6
Wholesale and Trade	372	227	146	41	71.8
Service	156	108	48	29	87.5
Total	601	384	216	84	78.0

Respondent’s Demographics

Establishing a tangible connection between the study and the respondents through the collection of background information is essential for improving the study’s feasibility (Axinn, Link and Groves, 2021; Kvale, 2017). In this context, the current study also gathered demographic information from the respondents, including but not limited to gender, age, marital status, level of education, and nature of the business.

Respondent’s Gender

The objective of the investigation was to ascertain the gender of the participants. As shown in figure 4.1, the gender distribution of the respondents was as follows: 72.6% were male and 27.4% were female. Although the results suggest that both genders were included in the research, they once more support the claim that men own and manage most small and medium-sized enterprises (SMEs). This finding is consistent with a study conducted by Malachi et al.,(2020) which examined the disparities in entrepreneurship between the genders and found that women have a lower rate of entrepreneurship than males.

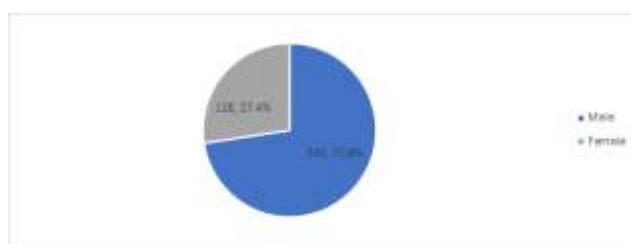


Figure 4. 1: Respondent's Gender

Age Category

The study sought to ascertain the age range of the participants. Establishing and managing a business is not restricted by age. The positive correlation between age and self-employment is founded on the premise that an individual’s age increases the quantity of financial and human capital required to launch and operate a business. Moreover, the establishment of social and business networks by the elderly can facilitate the execution of their entrepreneurial endeavour. Because self-employment provides greater influence over the work’s content and pacing, it may be the most suitable employment option for the elderly. The study is in favour of this theoretical

contention, as it demonstrates that the likelihood of attaining self-employment escalates as one ages. However, considering the perception that self-employment entails greater risk and frequently requires more extensive work hours, it can be inferred that senior individuals may find it less appealing as an employment alternative.

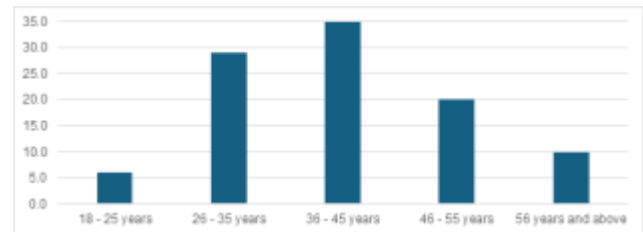


Figure 4.2: Respondent's Age Group

More specifically, age-related increases in risk aversion are hypothesised to occur (Kautonen, Down and Minniti, 2014). According to the data presented in Figure 4.2, the age group with the highest frequency was 36 to 45 years, comprising 210 respondents (35%). Following closely was the 26 to 35 age group, with 174 respondents (29%). The 46 to 55 age group accounted for 120 respondents (20%), while the 18 to 25 age group had the lowest frequency, with 36 respondents (6%). Respondents aged 56 years and above constituted 60 respondents (10%).

Respondent’s Marital Status

The study sought to ascertain the marital status of the targeted respondents. The respondents were requested to provide their present marital status (i.e., married, or unmarried). The findings are shown in figure 4.3. It can be observed that most of the respondents (65%) were married, while the remaining 35% were unmarried (i.e., single, divorced, and bereaved). The results suggest that the study included respondents from all categories, which is consistent with the conclusions drawn by Ozcan (2021), who found that marital status is a significant factor influencing entrepreneurial migration. Risk-pooling is perceived as an institutional mechanism employed to mitigate labour income hazards. Given that engaging in self-employment entails a more direct exposure to such risks, matrimony may afford individuals greater flexibility when it comes to transitioning careers or jobs, as they may place more confidence in the earning potential of their spouses, irrespective of their own participation in the labour market.

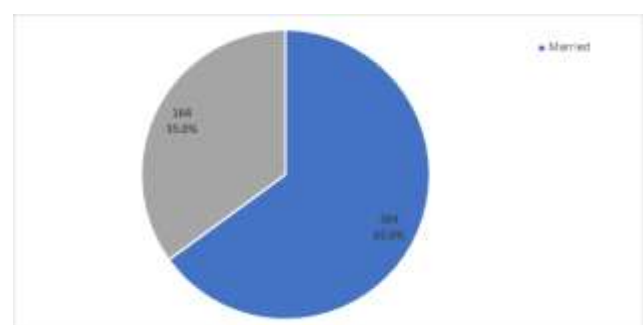


Figure 4.3: Respondent's Marital Status



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Respondent’s Level of Education

The objective of this section was to ascertain the distribution of respondents in terms of their highest level of education attained. Business owners constitute a heterogeneous cohort regarding educational attainment. It is exceedingly challenging to classify them according to the educational credentials that contribute to the success of their enterprises. In contrast, Kolstad and Wiig (2015) examined education from the standpoint of primary education and reached the conclusion that entrepreneurship is positively correlated with formal education at the primary level. Additionally, the study emphasised the theoretical arguments that entrepreneurs must possess generalised knowledge of the sort imparted in primary education to successfully operate a business and acquire a variety of skills. Since primary education imparts the literacy and numeracy fundamentals required to acquire and apply a variety of other skills essential for entrepreneurial success, entrepreneurs are likely to realise positive and economically substantial returns. This finding merely implies a positive correlation between formal education and entrepreneurship; it is not specified whether this correlation fosters or induces entrepreneurial endeavours.

If education has a significant impact on success for at least a subset of entrepreneurs, it is generally accepted that education is crucial for entrepreneurial success. Furthermore, entrepreneurship education plays a pivotal role in stimulating economic expansion by fostering the entrepreneurial aspirations of youth and equipping them with the necessary competencies to execute projects, a greater awareness of viable business prospects, and a propensity for assuming accountability (Moberg, Vestergaard, Fayolle, Redford, Cooney, Singer, and Filip, 2014). Based on the data presented in Figure 4.4, it is evident that a significant proportion of the respondents (39%) possessed a college level of education; this was closely followed by 28% who held a university degree. A total of 18% of the respondents possessed a secondary education, whereas 10% of the respondents had only completed primary school. The remaining 5% of the respondents attained postgraduate as the highest level of education. As a result of the findings indicating that every respondent had a prior education, it was simpler and more reliable for them to provide responses to the study inquiries.

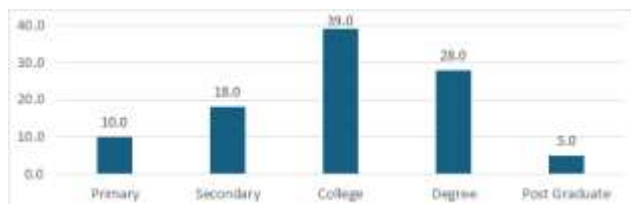


Figure 4. 4: Respondent Level of Education

However, the findings refute the claim made by Ardic et al., (2021) that a significant number of entrepreneurial businesses are owned by individuals with limited educational attainment, as many of these individuals fail to secure employment and consequently establish their own businesses.

Business Information

The study sought to establish the specifics concerning the businesses that the respondents owned and operated. The questionnaire requested information regarding the following: the type of the business, the role of the respondent, and the nature of incorporation.

Business category

The study sought to ascertain the category of businesses owned by the respondents. The respondents were instructed to specify whether their organisations engaged in manufacturing, commerce, or service-oriented activities.

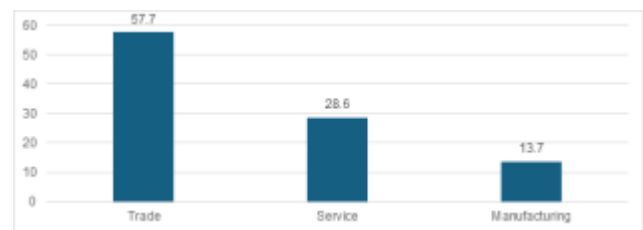


Figure 4. 5: Business Category

The findings from figure indicate that the trade sector employed the largest proportion of respondents (57.7%), followed by the service sector (28.6%), and manufacturing (13.7%). The findings suggest that the study included participants from all sectors, providing an opportunity to obtain a wide range of perspectives and opinions for the study. In line with the findings of Madatta (2021), most entrepreneurial businesses operate in the trade sector, which is less expensive to enter, has a larger customer base, and demands fewer qualifications.

4.3.2 Business Incorporation

This section sought to ascertain the proprietorship structure of the businesses operated by the respondents. The respondents were obligated to specify the legal structure of their enterprises, including sole proprietorships, partnerships, limited liability corporations, cooperatives, or joint ventures. As shown in Figure 4.6, the predominant form of business organisation was that of a cooperative, constituting 58% respondents. An additional 32% of the businesses were organised as sole proprietor, and 6% as partnerships. The remaining 4% of the businesses were limited liability incorporations. According to the findings, each of the various ownership categories of entrepreneurial enterprises were represented in the study, allowing for a broad range of perspectives. This is consistent with Amoako's (2023) finding that many entrepreneurial businesses are registered as sole proprietorships rather than corporations.

However, it is a requirement for most of the registrations under the CDF to be a cooperative. Hence, most of the registrations under study were cooperative businesses as shown in figure 4.6.

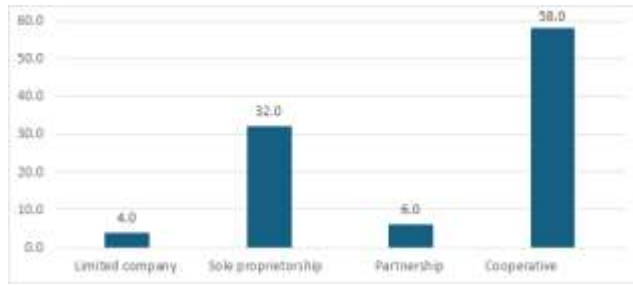


Figure 4.6: Business Incorporation

Workforce Size

This section ascertains the size of the businesses owned by the respondents by determining the size of personnel employed in their respective establishments. The respondents were asked to select the bracket that most accurately represented the number of personnel at their respective businesses. According to the findings in figure 4.7, most respondents (89.5%) reported having a workforce ranging from 0 to 10 employees and 10% of the respondents indicated having a workforce ranging from 11 to 50 employees. Conversely, 0.4% of the overall respondents reported being employers of 50 to 101 personnel.

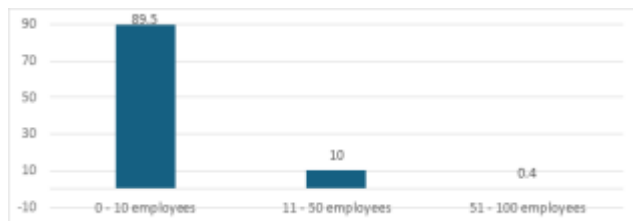


Figure 4.7: Workforce Size

Respondent’s Business Role

The study sought to ascertain the roles that the targeted respondents have in their respective businesses. Entrepreneurial success relies on the visionary leadership and strategic acumen of founders, complemented by the operational expertise of managers. The interaction between these roles shapes decision-making processes within entrepreneurial businesses, influencing their trajectory and eventual success. The findings in table 4.2 revealed a notable difference in the distribution of responses between Founder and Manager roles. Among the 765 total responses, 47.6% were categorized as Founder, while 52.4% were categorized as Manager. However, when considering the percentage of cases represented by each role, Founder responses accounted for 77.8% of the total cases, whereas Manager responses represented 85.7% of the total cases. These findings suggest a higher prevalence of managerial personnel in the surveyed decision-making contexts compared to founders.

Table 4. 2: Respondent's Business Role

	Responses		
	N	Percent	Percent of Cases
Founder	364	47.6	77.8
Manager	401	52.4	85.7

Total	765	101	163.5
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Descriptive Analysis of Study Variables

Four independent variables and one dependent variable provided direction for the study. Innovation capacity, leadership capacity, networking capacity, and risk-taking capacity constituted the independent variables. The dependent variable was entrepreneurial success, as assessed through workforce size. The results are presented in accordance with the variables, regarding which respondents were questioned specifically in accordance with their understanding of the variables.

Innovation Capacity

The study sought to establish determine the relationship between innovation capacity and the success of entrepreneurial business supported by CDF in Zambia. The objective of the study was to ascertain the perspectives of the respondents regarding their capacity to innovate by generating novel approaches or ideas for conducting a business, fresh markets, and fresh products or services. Table 4.3 shows the summary results of the specifics of innovation capacity of the respondents.

Table 4.3: Innovation Capacity

Statements		SA	A	N	D	SD	Total
In the preceding five years, have you been able to enter new markets?	N	22	14	33	282	117	468
	%	4.7	3.0	7.1	60.3	25.0	101
Do you utilise online marketing channels (e.g., websites, portals, and social media)?	N	98	53	55	153	109	468
	%	20.9	11.3	11.8	32.7	23.3	101
In the past five years, have you been able to introduce new products or services to the market?	N	92	89	51	120	116	468
	%	19.7	19	10.9	25.6	24.8	101
In the past five years, have you rebranded since the business’s inception to	N	110	75	33	171	79	468
	%	23.5	16	7.1	36.3	16.8	101



ISSN:3048-7722

accommodate market demands?							
	%	23.5	16	7.1	36.5	16.9	101

According to table 4.3, a mere 7.7% of respondents concurred with market entry indicating successful penetration into new markets within the preceding five years. This marginal agreement underscores the formidable barriers or limitations faced by most respondents (85.4%) either disagreeing or adopting a neutral stance, indicative of significant hurdles impeding market expansion efforts. The results presented here are in opposition to the conclusions drawn by Goksoy et al. (2023), which stated that many businesses adopted online marketing as a competitive strategy in the twenty-first century. In terms of utilization of online marketing channels, while a relatively substantial proportion (32.2%) acknowledged leveraging online platforms for marketing endeavours, with 20.9% expressing strong agreement, a notable 55.7% exhibited dissent or neutrality. This disparity points out potential disparities in the efficacy or adoption of digital marketing strategies. Colombelli et al. (2016) discovered that the introduction of novel products and services was a critical innovation factor that allowed contemporary organisations to gain a competitive edge. These results contradict the present study's findings.

Around 39% of the respondents confirmed initiation of innovative offerings involving new products or services within the last five years. Nevertheless, this favourable response was offset by an almost equal proportion of the participants (50.4%) who either disagreed or maintained a neutral position. This dichotomy implies that innovation efforts are heterogeneous, with a considerable portion of businesses encountering obstacles or reluctance when it comes to expanding their product or service offerings. In contrast, Colombelli et al. (2016) discovered that the introduction of novel products and services was a critical innovation factor that allowed contemporary organisations to gain a competitive edge. Concerning rebranding to accommodate market demands, while a considerable segment (39.5%) endorsed rebranding endeavours aligned with market exigencies, with (23.5%) respondents strongly concurring, about (53.4%) of the respondents displayed disagreement or were not sure. This discrepancy points out possible opposition or barriers impeding the ability of businesses to modify their branding approaches in response to changing market conditions. The results contradict the conclusions drawn by Colombelli et al. (2016), which suggest that a failure to innovate and adopt rebranding strategies as a means of attracting new consumers and retaining existing ones is a significant factor in the underperformance of SMEs.

The opinion of the respondents was solicited regarding the frequency with which they generate novel concepts for operating their businesses. The respondents were requested to specify the frequency in terms of weekly, monthly, biannual, or annual occurrences. According to the findings

presented in figure 4.8, a significant proportion of the respondents (32.1%) generated fresh concepts on two occasions per year, whereas 29.1% of the respondents achieved this frequency monthly. An additional 21.8% generated novel concepts on a weekly basis, whereas 3% never did so. The results align with those of Ngugi et al., (2023), who demonstrated that entrepreneurs frequently require additional time to generate novel concepts, which ultimately diminishes their chances of success. They posit that novel concepts infuse a business with fresh stimulus. This infusion may take the form of enhancing or substituting business procedures to bolster productivity and efficiency; expanding the scope or calibre of current offerings; creating entirely new and improved products and services; often in response to swiftly evolving consumer or customer demands or requirements; or augmenting the value of established products, services, or markets to appeal to a wider audience.

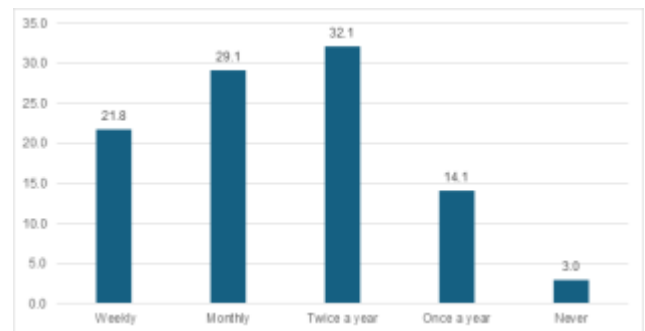


Figure 4.8: New Business Ideas Generation Frequency

The opinions of the respondents regarding the various forms of innovative technologies implemented in their businesses were solicited. The respondents were requested to select one of the provided alternatives representing innovative technologies that they had implemented. Finding shown in figure 4.9 reveals varied adoption levels across different digital services and technologies. Mobile banking and mobile payments indicate moderate adoption rates, with approximately 20.9% and 29.5% of respondents using these services, respectively. E-commerce adoption stands at 16.0%, while online or social media marketing had a widespread adoption, with 63.7% of respondents utilizing these platforms. Remarkably, none of the respondents reported adoption of bulk SMS marketing or automation services. Adoption of innovative delivery systems is relatively low, with only 12.0% of respondents using such services. In line to the claims made by Martin and Namusonge (2014), the results indicate that entrepreneurial businesses rely not often on readily accessible technological innovations to ensure their success. These businesses encounter significant obstacles when attempting to adopt technological advancements; their continued existence frequently hinges on how effectively they leverage innovation technology to construct novel organisational frameworks, penetrate untapped markets, or improve communication channels both internally and externally.

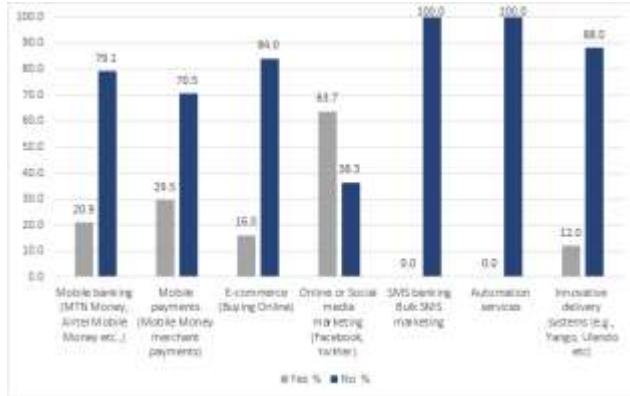


Figure 4.9: Adoption of Technological Advancements

Leadership Capacity

The subsequent aim of the study was to examine the relationship between the leadership capacity of entrepreneurs and the success of CDF supported businesses in Zambia. The study assessed the variable in terms of the entrepreneurs' capacity to exert control and command, serve as role models, and establish direction. The participants were queried regarding aspects of the study variable, and the outcomes are as they are presented.

The respondents were queried regarding their level of capability in integrating leadership capacity components into their businesses. The findings presented in figure 4.10 indicate that the majority of the participants had adopted a range of leadership competency areas, such as performance-driven attributes and results, effective communication and listening to employees, fostering employee motivation through wellness rewards and promotions, encouraging staff collaboration, and preventing unethical conduct (including alcohol and drug abuse), as evidenced by the respective percentages of 72%, 81%, 91%, 85%, and 95.1%. The results suggest that leadership is maintained in most entrepreneurial businesses through the promotion of ethical conduct among staff, the motivation of staff to attain superior results, and the encouragement of collaboration at workstations. These elements, as identified by Ng et al., (2016), provide stability for both employees and managers, allowing them sufficient time to focus on the goals of the organisation. As a result, firm performance is improved, and long-term survival is ensured.

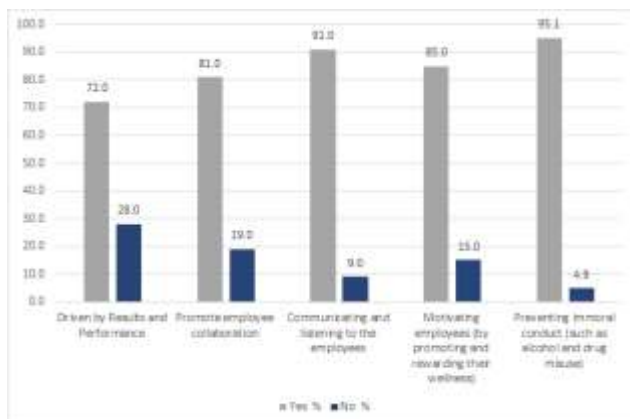


Figure 4.10: Leadership Capacity

Effective communication plays a critical role in establishing and maintaining leadership within an organisation. Clear communication serves as the unifying element that connects the six fundamental functions of management, namely leading, planning, organising, employing, regulating, and communicating. The objective of the study was to determine the means of communication utilised by the companies to assess the efficacy of such communication. The findings, as illustrated in figure 4.11, indicated that the predominant modes of communication utilised by businesses were telephones (48%), emails (32%), and memos (10%). However, the least utilisation of verbal communication and letters was evident, accounting for 6% and 4%, respectively. The results suggest that small and medium-sized enterprises (SMEs) are increasingly adopting technological advancements; consequently, the predominant mode of communication is technology-driven, leading to enhanced efficiency and effectiveness. Dola (2015) asserts that in the contemporary business landscape, both small and large enterprises have adopted technologically advanced communication platforms to improve their communication. This has emerged as a significant competitive strategy at present. This finding contrasts with the results of the study, which revealed that a significant proportion of the participants reported utilising technologically driven communication channels, including telephones and email.

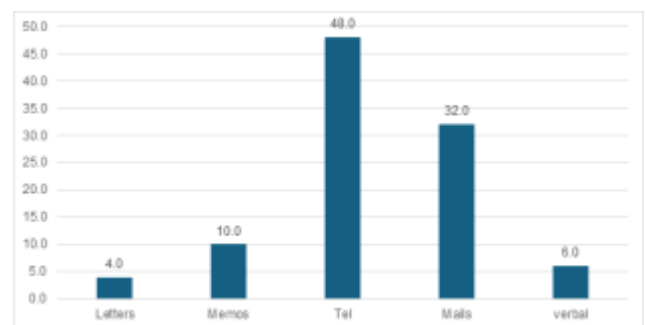


Figure 4. 11: Communication Mode

Effective leaders utilise delegation of responsibilities to optimise their succession planning and provide training to other staff members to sustain the business's operations in their absence. Enhancing team capacity and ensuring that more tasks are completed in less time are both facilitated by delegation. One possesses valuable skills and abilities that you can impart to your team members in your capacity as a team leader. Indeed, this is a significant approach that bolsters the viability of enterprises during the proprietor's absence. As a result, the study sought to determine the frequency with which the participants entrusted their responsibilities to subordinates or other dependable individuals. According to the data presented in table 4.4, most respondents (42.1%) delegated responsibilities only once, while 27.1% did so frequently, respectively. In contrast, 19% of the respondents delegated their responsibilities infrequently, 4.9% did so frequently, and 6.8% did not delegate their responsibilities at all. The results suggest that although some respondents did delegate the responsibilities, only a small proportion did so on a



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regular basis, with others delegating only once. Comparable results were obtained by Karodia et al., (2014), who discovered that a significant number of SME proprietors delegated responsibilities on an extremely infrequent basis, and that the primary reason for doing so was not to provide training, but rather to comply with unavoidable circumstances.

Table 4.4: Frequency of Delegating Duties

	Frequency	Percent
Never	32	6.8
Hardly	89	19
Once	197	42.1
Often	127	27.1
Very often	23	4.9
Total	468	100

Rewarding effective performance serves as a commendable method of fostering and motivating employees to consistently enhance their performance. An occasional encouragement from a competent manager to work harder and better is sufficient, but a reward can significantly contribute to the development of employee self-motivation. Motivated employees are those who perceive the rewards as commensurate with the effort required to earn them. Consequently, the study sought to ascertain the frequency with which the respondents acknowledged and rewarded employees for exemplary performance.

The results presented in table 4.6 indicate that most of the respondents in the study acknowledged and rewarded their employees for effective performance once and on an infrequent basis (37% and 38%, correspondingly). A minority of the respondents (4%) never rewarded employees for effective performance. Conversely, a minority of the respondents (16%) stated that they rarely rewarded high-performing staff, whereas 5% of the respondents indicated that they rewarded employees frequently. Comparable to the findings of Pasmore et al., (2019), which established that in many instances, SME underperformance is the result of failing to compensate their most talented employees, causing them to lose them to competitors. However, as Shrestha (2022) notes, most small and medium-sized enterprises (SMEs), particularly in the contemporary business environment, compensate their most devoted and productive employees with multiple rewards.

Table 4. 5: Reward Frequency for Exemplary Performance

	Frequency	Percent
Never	19	4.0
Hardly	75	16.0
Once	173	37.0
Often	178	38.0

Very often	23	5.0
Total	468	101

An effective leader actively pursues training to augment their skill set. The employees will perceive a leader's desire to acquire additional skills as motivating, which will encourage them to pursue training as well. As a result, the study sought to ascertain the frequency with which the participants had participated in leadership development programmes. As indicated by the data presented in table 4.7, a significant proportion of the participants (28.8%), had completed leadership trainings ranging from 3 to 5. In close succession, 28% had attended 6 to 10 leadership trainings. An additional 26.9% of the respondents claimed to have participated in 1 - 2 leadership trainings, whereas 6.8% had not attended any leadership training. The results suggest that while most of the respondents attended multiple leadership development sessions, a subset failed to do so, which once more poses a significant threat to the ongoing operations of these entrepreneurial businesses. According to Obiwuru et al., (2014), training improves an individual's problem-solving capabilities and quantifies the extent to which one acquires knowledge since the previous day. Consequently, this indicates that periodic leadership development facilitates progress, ultimately benefiting the organisation.

Table 4.6: Regularity of Leadership Development

	Frequency	Percent
0	32	6.8
1 to 2	126	26.9
3 to 5	135	28.8
6 to 10	131	28
Above 10	44	9.4
Total	468	101

The study sought to ascertain the perspectives of the participants regarding the efficacy of adopting leadership styles such as motivating subordinates, exercising complete authority and control, serving as a role model, and setting the direction. According to the data in Table 4.8, a significant proportion of the participants indicated that implementing total command and control, setting an example, and establishing direction were all highly effective. A further 54.9% stated that the effectiveness of inspiring adherents was moderate. Nonetheless, 9% had not adopted role modelling.

The results suggest that entrepreneurial businesses are generally managed by effective leadership styles that employ moderate amounts of follower motivation, complete command and control, role modelling, and direction establishment. This is like Szczepańska-Woszczyzna and Kurowska-Pysz's (2016) contention that small and medium-sized enterprises (SMEs) can occasionally establish effective leadership mechanisms via their managers, which guide their performance during a specific period.



V. SUMMARY AND CONCLUSIONS

Introduction

The chapter devotes to the discourse surrounding the summary of the study's findings, as well as the conclusions and recommendations that are derived from those findings. The primary objective of the study was to investigate the correlation between entrepreneurial capacity and entrepreneurial success of CDF supported businesses in Petauke, District, Zambia. The interpretation of the analysed data and the discussion of the presented data in line with theoretical and empirical literature followed. The chapter presents a systematic summary, conclusion, and set of recommendations in accordance with the following research variables: risk-taking capacity, innovation capacity, networking capacity, and leadership capacity.

Key Findings

This section provides a summary discussion of the findings of the study. The summary is in accordance with the objectives of the study.

Innovation Capacity and Entrepreneurial Success

The study aimed to determine the relationship between innovation capacity and the success of entrepreneurial businesses in Petauke, Zambia. According to the findings, the majority of respondents generated new ideas twice yearly. In regard to the integration of diverse innovative technologies into their operations, a significant proportion of the participants had adopted Mobile Banking systems and payments, including such as Mobile Money. The prevalence of innovative technology applications, such as SMS and online marketing, and automation services, was observed in a number of entrepreneurial businesses in Petauke. Furthermore, it was found that the majority of the businesses had entered a minimum of three additional markets within the previous five years. A mere one rebranding was accomplished by the majority of the businesses. Furthermore, as indicated by the inferential statistics, innovation competency was significantly and positively associated with the entrepreneurial success in Petauke, Zambia. According to Colombelli et al., (2016), innovation is essential for a business to improve its performance and ensure its success by facilitating the establishment of new products, processes, and markets, thereby enhancing its ability to guide development and ensure its continued existence.

Leadership Capacity and Entrepreneurial Success

An additional aim of the study was to investigate the correlation between the leadership capacity of entrepreneurs and the success of entrepreneurial success of CDF supported businesses in Petauke, Zambia. The study found that the majority of entrepreneurial businesses had adopted a range of leadership capacity elements, such as being results and performance driven, communicating and listening to employees, motivating employees (by rewarding and promoting their wellness), preventing unethical behaviour (drug and alcohol abuse), and encouraging staff teamwork. Additionally, the findings

unveiled that a majority of businesses relied on email and telephone as their favoured means of correspondence. Additionally, the majority of respondents delegated responsibilities at least once, according to the study. At least once, the majority of respondents rewarded effective employee performance. A significant proportion of the participants reported having participated in a minimum of three leadership development programmes. Moreover, the majority of the participants indicated that their respective businesses found total command and control, direction setting, and role modelling to be effective.

The inferential results indicated that the success of the entrepreneurial businesses in Petauke, Zambia was not significantly impacted by leadership capacity. The findings contradict with the study conducted by Pasmore et al., (2019), which posits that the leadership capacity of business proprietors enables the business to progress and expand by fostering improved problem-solving and employee collective performance.

Networking Capacity and Entrepreneurial Success

The third objective of the study was to investigate the correlation between networking capacity and the entrepreneurial success of CDF supported businesses in Petauke, Zambia. As network strategies, the majority of respondents had formed partnerships with other vendors for collaborative sales, contacted former clients, and developed multiple revenue sources, according to the study, the findings indicate that a significant proportion of the respondents had participated in a minimum of three social forums. The majority of respondents were available for firm administration on a regular basis, whereas the majority utilised their leisure time to pursue business interests. Inferential statistics revealed that networking capacity affected the entrepreneurial success in a positive and significant way. The results are consistent with the research conducted by Taneja and Toombs (2014), which suggests that the success of a business in the contemporary business landscape is dependent on the efficiency with which it networks in order to identify better processes and markets; this, in turn, enables the business to endure challenging economic conditions.

Risk Taking Capacity and Entrepreneurial Success

An investigation into the impact of risk-taking capacity on the entrepreneurial success of CDF supported businesses in Petauke, Zambia founded the fourth aim of the study. The study findings revealed that a significant proportion of the participants had refrained from undertaking any substantial risks that could have rationalised the present state of their businesses. Nevertheless, a significant proportion of the participants, conducted risk assessments for their enterprises, and the majority had indeed undertaken risks at least once. Additionally, the results indicated that a significant proportion of the participants concurred that the survival of an organisation is influenced by prudent risk management, calculated progression, and prudent decision making. According to the inferential statistics, the success of the entrepreneurial businesses in Petauke, Zambia was



ISSN:3048-7722

positively and significantly impacted by risk-taking capacity. In accordance with the findings of Caliendo et al., (2020), which established those small businesses must take calculated risks in order to test new approaches to managing and diversify their operations across product lines and markets, the present study's results are comparable.

Conclusion

It was revealed that innovation capacity is crucial for entrepreneurial success in Petauke, Zambia. As a result, the research concludes that the innovativeness of entrepreneurs guarantees that entrepreneurial businesses maintain a competitive edge. As innovation has been recognised as a key driver of business success, it can be said that it is an absolute necessity for entrepreneurial businesses to maintain a competitive advantage in an ever more hypercompetitive market. This is because innovation enables them to maintain a substantial market share and transient monopoly. Innovation serves as the pathway through which businesses generate unique resources, thereby attaining a durable competitive edge. Innovation is crucial for entrepreneurial businesses to acquire revenues via transitory monopoly establishment; as such, it is probable to guarantee the businesses' long-term viability. The advantages CDF supported businesses can derive from innovation could significantly assist them in competing with well-established market leaders and, as a result, extending their market presence. The majority of businesses in developing nations, including Zambia, continue to fail and are unable to continue operations as a result of ineffective innovation measures. This implies that the products provided by the entrepreneurial businesses exhibit a lack of distinctiveness concerning those of their competitors, a feat that can solely be accomplished via innovation.

It is further concluded that that strong leadership qualities are not crucial for the entrepreneurial success of CDF supported businesses in Petauke, Zambia. These qualities include being directive, participative, supportive, and goal-oriented. Effective leadership serves as a powerful catalyst for the growth of management and ensures a long-lasting competitive edge. Small businesses can increase the efficiency with which they accomplish their current goals by associating valued rewards with job performance. Subsequent to the implementation of effective hearing and communication strategies by performance-driven managers, business performance and eventual success are enhanced. In essence, business proprietors and administrators serve as the leaders of their organisations. The ability and aptitude of leaders significantly impact the firm's capacity to make critical decisions and progress towards attaining a competitive edge, as well as ensuring its continued existence and expansion.

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