

Operational Entrepreneurship for the Advancement of Sewing Cooperative's production performance: A Short Survey of Existing Research

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ABSTRACT

The gap that exist in various related research fields limits the potential positive impact that collaborative research could have on society in general. In this instance it is proposed that research be conducted and be given a specific area or recognition to bridge the existing knowledge gap between entrepreneurship and operations management techniques towards advancing SMEs particularly sewing cooperatives. This paper, is short but presents literature, business sectors which can benefit from operational entrepreneurship research and recommendations are made on the reasons why research is necessary on this area, particularly in South Africa. The conclusion also presents an idea on who should fund this research area. A final recommendation is also made that an in depth survey of literature, knowledge and relevance of operational entrepreneurship be done.

Key terms: *Entrepreneurship, Operations, Cooperatives and SMEs*

I. INTRODUCTION

Since the declaration of 2012 as the Year of Cooperatives less has been done in South Africa and in the SADC region to advance sewing cooperatives in particular (Year of Cooperatives Report, 2013). Research is essential in guiding the business community, policy makers and field academics as it provides answers to certain questions and problem areas of society. Research can be described as the production of needed knowledge backed by sound literature and evidence. Extensive research in the fields of entrepreneurship and the field of operations management does exist. However, research that combines and which provides logical understanding of the two fields is still very limited, particularly the area of operational entrepreneurship which is defined as the selection and management of transformation processes for recognizing, evaluating and exploiting opportunities for potential value creation [1]. Small enterprises employ most of the labour force as opposed to large enterprises, which creates an interest in growing them to reduce unemployment [2]. In South Africa the failure rate of SMEs takes away the hope that these enterprises can employ more people [3]. On the other hand established enterprises are focusing their operations management efforts and

improvement processes on making efficient and less costly their operating standards and product or service delivery processes. The absence of understanding the implications of operational feasibility during the business incubation, business start-up, growth and maturity stages has hindered the growth of many other SMEs [4]. About 63% of small businesses in South Africa fail, although research has be done on entrepreneurship and all causes of failure seem to be known, but some still not understood and solutions not yet developed [5]. Small business finance agencies in South Africa which offer funding include the Department of Small Business Development, National Youth Development Agency, Small Enterprise Finance Agency, Small Enterprise Development Agency, banks and provincial agencies, but businesses still perform poorly and most of these enterprises cease to operate with a short space of time after opening their doors. Clearly the ability to conceive and launch operationally viable or feasible and valuable business ideas is essential, but without knowledge of how to operate such from the idea incubation stage it seems to be impossible. There are numerous research opportunities in operational entrepreneurship.

II. LITERATURE REVIEW

According to Low & McMillan [6] (1988) entrepreneurship has been always a subject area that cuts across many disciplinary boundaries, as a result studies falling under the scope of entrepreneurship had been used for other purposes and objectives. Other sectors require and in depth understanding of how operations will unfold, which also require understanding of the operational capabilities to make a business idea a reality without failure [7]. Over the years corporate entrepreneurship and social entrepreneurship (Wits Business School & Said Oxford Business School Dialogue, 2014) have received substantial attention [8]. Technical research which is less accessible to the less educated owners of micro enterprises in rural areas and elsewhere find it difficult to follow through mathematised operations management techniques [9]. The absence of research which offers managerial insight which can be implemented to advance entrepreneurial activities through operations management techniques is calling for strong research on operational entrepreneurship

[10]. Performance improvement during the stages of an entrepreneurial venture may be another area of research with regards to addressing the lack of knowledge in Operational Entrepreneurship [11]. The following operations management techniques have advanced the performance of the already well established firms; Operations strategy, process design, work studies, capacity management, inventory management, lean production, just in time (JIT), supply chain, scheduling, project planning, risk management and other business process improvement tools [12]. However, these tools have not been adapted to meet the requirements of a newly established or a startup entrepreneurial venture [4, 2014:61], which reassures of the need for work on adaptation of the operations management techniques into the process of business startup and entrepreneurship without the process losing their intended purpose. The adaptation of these has a potential to make viable the startup businesses. Business and operations performance are an indication of an enterprises' ability to add and deliver value, through operations management practices [13]. Lean operations had been studied their impact on Chinese manufacturing firms to understand their performance as a result of "lean operations" [14]. One of the challenges that make small businesses in South Africa to fail is also the lack of access to correct advice and useful information [15], while this is true; it is also important to evaluate the information being provided and question whether it aids the operational feasibility of the business being offered advice and information. Creating sought after value is one of the other challenges which confront SMEs due to lack of knowledge on operations and delivering the desired value using less costly processes [16]. Moreover, due to poor understanding of the need to have a feasible but competitive operational plan during the idea development process, business location often become the last consideration and which often creates challenges for the entrepreneur [17]. This literature review seeks to revive some interest in the area of operational entrepreneurship. The following section is a discussion of some of the reasoning that has to be taken into consideration when future studies are done in the area of operational entrepreneurship.

III. DISCUSSION

Business sectors in South Africa and the world are diverse. However, it is common to most countries that there are opportunities for new enterprises to establish themselves in these sectors of business when they have spotted and found feasible business opportunities [18]. The need for knowledge on how entrepreneurial ventures can best operate during start up stages is often an impediment to the success of some of the SMEs, in this instance sewing cooperatives. The following table presents the industry or sector classifications and the different measures of size. The following table specifies the sector and subsectors where South African business conduct their activities in accordance with the standard industrial classification, also the size of class is depicted to

provide for an understanding of why operational entrepreneurship is necessary to support to work and the size that these enterprises have the potential to become. Moreover the table gives numbers required for a business to be of a particular size in terms of the full time salaried employees, total turnover and the total gross asset value.

Sector or subsector in accordance with the standard Industrial Classification	Size of class	The total fulltime equivalent of paid employees	Total turnover	Total gross asset value (fixed property excluded)
Agriculture	Medium	100	R5m	R5m
	Small	50	R3m	R3m
	Very Small	10	R0.50m	R0.50m
	Micro	5	R0.20m	R0.10m
Mining and Quarrying	Medium	200	R39m	R23m
	Small	50	R10m	R6m
	Very Small	20	R4m	R2m
	Micro	5	R0.20m	R0.10m
Manufacturing	Medium	200	R39m	R19m
	Small	50	R13m	R5m
	Very Small	20	R5m	R2m
	Micro	5	R0.20m	R0.10m
Electricity, Gas and Water	Medium	200	R51m	R19m
	Small	50	R13m	R5m
	Very Small	20	R5.10m	R1.90m
	Micro	5	R0.20m	R0.10m
Construction	Medium	200	R26m	R5m
	Small	50	R6m	R1m
	Very Small	20	R3m	R0.50m
	Micro	5	R0.20m	R0.10m
Retail and Motor Trade and Repair Services	Medium	200	R39m	R6m
	Small	50	R19m	R3m
	Very Small	20	R4m	R0.60m
	Micro	5	R0.20m	R0.10m
Wholesale Trade, Commercial Agents and Allied Services	Medium	200	R64m	R10m
	Small	50	R32m	R5m
	Very Small	20	R6m	R0.60m
	Micro	5	R0.20m	R0.10m
Catering, Accommodation and other Trade	Medium	200	R13m	R3m
	Small	50	R6m	R1m
	Very Small	20	R5.10m	R1.90m
	Micro	5	R0.20m	R0.10m
Transport, Storage and communications	Medium	200	R26m	R6m
	Small	50	R13m	R3m
	Very Small	20	R3m	R0.60m
	Micro	5	R0.20m	R0.10m
Finance and Business Services	Medium	200	R26m	R5m
	Small	50	R13m	R3m
	Very Small	20	R3m	R0.50m
	Micro	5	R0.20m	R0.10m
Community, Social and Personal Services	Medium	200	R13m	R6m
	Small	50	R6m	R3m
	Very Small	20	R1m	R0.60m
	Micro	5	R0.20m	R0.10m

Source: National Small Business Act 1996 [19]

The above table shows a wide variety of sectors and opportunities. However, a country like South Africa still has the lowest GDP Growth, because when opportunities are exploited businesses fail. Lots of research has been published in Entrepreneurship, but

the available research has limited links to operations management, which does not address the opportunity identification phases and opportunity exploitation. The research could be focused on areas such as low cost operations, quality, volume flexibility and achievement of other competitive priorities [20]

IV. RECOMMENDATIONS & CONCLUSIONS

It is recommended that government business funding agencies, redirect some of their expenditure into funding research on operational entrepreneurship which can be applied particularly in South Africa, where funding for small businesses is made available but lost due to the failure of the funded enterprises and their poor operations. The South African National Research Fund, may also revisit its priority areas known to be Science and Technology to accommodate operational entrepreneurship. South African Business Schools may consider teaching operational entrepreneurship as a module once substantial research has been generated in this area. Publishing houses by considering this proposal may save government and private investors as well as the economy substantial amounts of funds lost due to failure of funded enterprises who do not have access to written knowledge about operational entrepreneurship. In conclusion, an in depth study on the need for research in this particular area of Operational Entrepreneurship should be conducted to advance the dialogue on this research area and the subtopics which come with it.

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