Entrepreneurship and the impact of entrepreneurial orientation training on SMMEs in the South African context: *A longitudinal approach*

by

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Mini –thesis submitted in partial fulfilment of the requirements for the degree of

**Magister Comercii**

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Date: November 2004
DECLARATION

I declare that Entrepreneurship and the impact of entrepreneurial orientation training on the performance of SMMEs in the South African context: A longitudinal approach is my own work, that it has not been submitted before for any degree or examination to any other university, and that all the sources I have used or quoted have been indicated and acknowledged as complete references.

Goosain Solomon November 2004

Signed:……………………
ABSTRACT

This mini-thesis forms part of a longitudinal study which aims to evaluate the impact of a short-term entrepreneurial training programme on entrepreneurs/small business owners in the South African context and the resulting performance of their small scale enterprises over time.

Training is assumed to add value. No evidence has been found of short entrepreneurship training intervention that has been validated in South Africa. Validation of training requires the use of a longitudinal research approach, incorporating a control and experimental group. The training programme used derives from previous research done in Africa on success factors for small scale enterprises.

Previous research which was done, 6 months after the training intervention, in the overall longitudinal study, showed that the training differentiated between the training and control groups in four areas of growth namely turnover, profit, customer base and employee numbers.

In this study, 18 months after the training intervention, a significant difference was found within the training group over the period of the study in two growth areas, namely turnover and employee numbers. On the other hand, significant differences were found in three areas within the control group, namely profit, labour cost and customer growth indication. However, there was no significant difference found between the training and control groups, except for expenses incurred, even though the training group showed to have been more active. The training intervention did not prove to differentiate significantly between the experimental group and the control group over a time period of 18 months post-training.

It was also found that the application of the training dimensions of planning, innovation, personal initiative and time management degenerated over time. However, time management behaviour improved for the training group against the control group.

Three important issues are raised in this study; firstly, the study shows that without a control group it would have been impossible to effectively assess the impact of the training
on the training group; secondly, the fading out effect of training is highlighted; and, thirdly, the study calls for further research into reinforcement of training.

The first issue is of importance for funders of training programmes such as governments and donor agencies, who should insist that their funding initiatives are subjected to research for validation and to inform future initiatives. The second issue is of significance to those who are active in training to realise that single and free-standing interventions does have a degenerating effect; though the answer to the problem of the second issue is not here, the third issue is the opportunity is raised for further investigation.
ACKNOWLEDGEMENTS

First and foremost I would like to thank my Creator for granting me the health, strength and opportunity to complete this task. Then, I would like to sincerely thank my late father, my loving mother, my dearest and loving wife and children for their sacrifice, patience, understanding, support, encouragement and always being there, my brothers and sisters for their support and encouragement towards the completion of this task. Also, a special thanks to my local community and the Grassy Park Islamic Educational Society for enduring my absence.

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Finally, I am especially grateful to all the entrepreneurs who were prepared to sacrifice their valuable time and gave me access to their businesses and the information necessary for me to complete the study, and to all persons who made a contribution towards this task.
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KEY WORDS

Entrepreneurship
Entrepreneurial training
Entrepreneur
Small business
Control group
Longitudinal study
Innovation
Planning
Time management
Personal initiative
1. CHAPTER 1: INTRODUCTION TO THE STUDY

1.1 INTRODUCTION

This study forms part of an existing longitudinal study. The overall study is an outcome of research done to understand success and failure issues in Africa, which is an attempt to understand the impact of a short entrepreneurial training programme on the performance of small scale enterprises over time. The study is unique in the South African context in that it is the first short term, 3 days, entrepreneurial training programme that is assessed by means of a longitudinal method incorporating a control group. Other training programmes, reviewed in this study, that also incorporate control groups are of significantly longer duration.

1.2 BACKGROUND TO THE STUDY

The primary purpose of this study is to contribute towards development of an effective training programme for small business owners sometimes called entrepreneurs in the South African context. In this study the word “entrepreneur” and “small business owner” are used interchangeably. According to GEM (2002:36) most of the small, medium and micro enterprises (SMME) support organisations surveyed do not serve the training needs of their target market. According to Nieman (2002), there is no clear dichotomy between the different aspects of entrepreneurship, the different aspects such as business skills training and entrepreneurial training is confused. The implication of these findings is an early warning of the potential wastage of essential resources in South Africa. This situation calls for evaluation and assessment of the support programmes as contribution to SMMEs by support organisations in particular training programmes.
1.3 THE PROBLEM STATEMENT

The provision of small business support and training does place significant demand on South Africa’s available resources. It is assumed that the range of business management skills programmes, the entrepreneurial training programmes and initiatives at improving small business performance add significant value to the SMME sector. The validity of this assumption has not been tested to support the investments made. There exists a need to evaluate the impact of appropriate entrepreneurial, management and business skills training interventions on the performance of SMMEs, especially training that is conducive to the environment of the small business sector in the South African context.
1.4 HYPOTHESES

Thirteen hypotheses have been developed to guide this study. Hypotheses 1 – 7, concern firm performance and hypotheses 8 – 13, concern the training content. The hypotheses are listed below:

**Hypothesis 1:** *Entrepreneurial training impacts positively on small business performance over time.*

**Hypothesis 2:** *Entrepreneurial training positively influences sales turnover over time.*

**Hypothesis 3:** *Entrepreneurial training positively influences profit over time.*

**Hypothesis 4:** *Entrepreneurial training positively influences expenses over time.*

**Hypothesis 5:** *Entrepreneurial training positively influences supply cost over time.*

**Hypothesis 6:** *Entrepreneurial training positively influences customer growth over time.*

**Hypothesis 7:** *Entrepreneurial training positively influences employment over time.*

**Hypothesis 8:** *Planning implementation training effect degenerates over time.*

**Hypothesis 9:** *Innovation implementation training effect degenerates over time.*

**Hypothesis 10:** *Creativity implementation training effect degenerates over time.*

**Hypothesis 11:** *Time management implementation training effect degenerates over time.*

**Hypothesis 12:** *Entrepreneurial training improves time management behaviour over time.*

**Hypothesis 13:** *Personal initiative implementation training effect degenerates over time.*
1.5 SCOPE OF THE STUDY
As this study is part of an overall longitudinal study and forms the concluding part of
the study, it is governed by the parameters of the overall longitudinal study as stated in
the introduction above.

1.6 IMPORTANCE OF THE STUDY
This study is an effort towards a situation, where interventions be evaluated and
validated in a statistically appropriate way. The methods employed in this study and
the associated outcomes are examples of a contribution to what needs to be done to
bring about a more desirable environment of entrepreneurship development and support.

The literature reviewed in this study underlines the need for studies of this nature. This
study, being part of a longitudinal study, is also about validating an entrepreneurial
training programme specifically developed for the South African environment.
Ultimately the results of studies of this nature contribute to the assurance of a standard
of quality assurance in the development and support network of entrepreneurship on
behalf of government and other external funders. This will result in effective and
efficient utilisation of scarce development and support resources in the long-term.

1.7 RESEARCH DESIGN AND METHOD
The broader study covers four time periods. These time periods have been named T1,
T2, T3 and T4. At time period T1, which is before the training intervention, a
measurement was taken of the participants in the study by Glaub (2002). The
participants of the study are divided into two groups. Those that underwent the
training, called the training group and those that did not undergo the training, the control group. At time period T2, 5 to 7 months after the training, Glaub (2002) has taken a measurement of the training group only, and at time period T3 Glaub (2002) has taken another measurement of the training group and the control group. This study covers the time period T4, 15 to 18 months after the training intervention and does a comparison between and within the training and control groups as explained below. Both the training and control groups were measured in this study that is at T4. Table 1.1 represents the overall design of the broader study. The study represents a pre and post test design with a non-randomized control group.

<table>
<thead>
<tr>
<th>Training Group</th>
<th>T1 Before training</th>
<th>Intervention</th>
<th>T2 Directly after training</th>
<th>T3 5 to 7 months after training</th>
<th>T4 15 months after training</th>
<th>T4 18 months after training</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training Group</td>
<td>O</td>
<td>BON</td>
<td>O</td>
<td>O</td>
<td>O</td>
<td>O</td>
</tr>
<tr>
<td>Control Group</td>
<td>O</td>
<td>WECBOF</td>
<td>O</td>
<td>O</td>
<td>O</td>
<td>O</td>
</tr>
</tbody>
</table>

Note: O = evaluation measures collected

To reach the objectives of this study, three comparisons are made. The first comparison is between the training group and the control group using the T1 data collected by Glaub (2002). The Second comparison is within the training group and within the control group using the data of T1, T2 and T4. The third comparison is between the training and control groups using the T4 data only. This is schematically represented by Figure 1.1.
1.8 STRUCTURE OF THE STUDY

This study is structured on the following chapters:

Chapter 1 deals with the introduction of the study, the problem statement that gives rise to the research opportunity, the hypothesis developed, the scope of the study, the importance of the study and concludes with the research design and structural explanation of the study.

Chapter 2 is an overview of the SMME environment. The chapter offers a classification of SMMEs; thereafter it looks at the role of the government in developing SMME support. The chapter continues to raise the importance of SMMEs in its contribution to GDP and the ability of the SMME sector to absorb labour. Thereafter the chapter discusses support, training and development of the SMME sector, ending on the needs for entrepreneurial training of SMMEs.

Chapter 3 is a review of selected literature. The literature covers perspectives of terminology in entrepreneurship, then contextualises attitudes to training by different
nations, after which the chapter looks at the entrepreneurship in the African context and reviews three training programmes. Attention is then paid to firm performance measures and the content of the training programmes from which the variables are derived to test the hypotheses.

Chapter 4 discusses and describes the sample of this study as a derivative of the original sample at the beginning of the study. The chapter also brings in reasons for non-participation by members of the sample, compares the training and control group for differences and describes the data collection procedure.

In Chapter 5, the results of the data analysis of this study is reported and analysed primarily in terms of the hypotheses developed. In this chapter, hypotheses 2 – 13 are tested and dealt with.

Chapter 6, the final chapter of this study, deals with hypothesis 1 and discusses the results from the previous chapter. The chapter continues with a discussion on the limitations, strengths and weaknesses of the study; and also the contributions that the study can makes to the discipline and concludes with recommendations for further research.
2 CHAPTER 2: OVERVIEW OF THE SMME ENVIRONMENT

2.1 INTRODUCTION
This chapter provides a general overview of the small business environment. It further attempts a contextualisation of the relevance of the small business sector in the South African economy to better understand investment initiatives by public, donor and private agencies towards the development of the small business sector. In so doing, an attempt is made to evaluate and/or contextualise training for purposes such as return on investment in training with reference to public and donor funding of such investments. The chapter concludes with the problem statement.

2.2 SMALL, MICRO AND MEDIUM ENTERPRISES (SMME)
Small business has different meanings in different contexts. It differs from country to country, from sector to sector. Different characteristics are used to constitute its definition. Some of the characteristics are economically motivated, while others are quantitatively motivated. Characteristics include, number of employees, turn-over, independent ownership, asset value, independently managed, as well as the degree of formalisation contributes to the determination of size (Kotzé, 1991: 28-32). Following is a classification for SMMEs according to the National Small Business Act 1996.
2.2.1 Classification of SMMEs

Table 1.1: Criteria for classifying enterprises

<table>
<thead>
<tr>
<th>Sector (in accordance with the Standard Industrial Classification (SIC))</th>
<th>Size-class</th>
<th>Total full-time equivalent employees</th>
<th>Total annual paid turnover</th>
<th>Total gross asset value (fixed property excluded)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Less than</td>
<td>Less than (R 000 000’s)</td>
<td>Less than (R 000 000’s)</td>
</tr>
<tr>
<td>Agriculture</td>
<td>Medium</td>
<td>100</td>
<td>2.80</td>
<td>2.80</td>
</tr>
<tr>
<td></td>
<td>Small</td>
<td>50</td>
<td>1.25</td>
<td>1.25</td>
</tr>
<tr>
<td></td>
<td>Very Small</td>
<td>10</td>
<td>0.25</td>
<td>0.25</td>
</tr>
<tr>
<td></td>
<td>Micro</td>
<td>5</td>
<td>0.15</td>
<td>0.10</td>
</tr>
<tr>
<td>Mining and quarrying</td>
<td>Medium</td>
<td>200</td>
<td>40.00</td>
<td>30.00</td>
</tr>
<tr>
<td></td>
<td>Small</td>
<td>50</td>
<td>10.00</td>
<td>7.50</td>
</tr>
<tr>
<td></td>
<td>Very Small</td>
<td>10</td>
<td>4.00</td>
<td>3.00</td>
</tr>
<tr>
<td></td>
<td>Micro</td>
<td>5</td>
<td>0.15</td>
<td>0.10</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>Medium</td>
<td>200</td>
<td>25.00</td>
<td>7.50</td>
</tr>
<tr>
<td></td>
<td>Small</td>
<td>50</td>
<td>6.00</td>
<td>1.75</td>
</tr>
<tr>
<td></td>
<td>Very Small</td>
<td>10</td>
<td>2.00</td>
<td>0.60</td>
</tr>
<tr>
<td></td>
<td>Micro</td>
<td>5</td>
<td>0.15</td>
<td>0.10</td>
</tr>
<tr>
<td>Construction</td>
<td>Medium</td>
<td>200</td>
<td>18.00</td>
<td>3.50</td>
</tr>
<tr>
<td></td>
<td>Small</td>
<td>50</td>
<td>4.00</td>
<td>0.80</td>
</tr>
<tr>
<td></td>
<td>Very Small</td>
<td>10</td>
<td>0.50</td>
<td>0.20</td>
</tr>
<tr>
<td></td>
<td>Micro</td>
<td>5</td>
<td>0.15</td>
<td>0.10</td>
</tr>
<tr>
<td>Retail and motor trade and repair services</td>
<td>Medium</td>
<td>100</td>
<td>25.00</td>
<td>3.00</td>
</tr>
<tr>
<td></td>
<td>Small</td>
<td>50</td>
<td>12.50</td>
<td>1.50</td>
</tr>
<tr>
<td></td>
<td>Very Small</td>
<td>10</td>
<td>2.50</td>
<td>0.25</td>
</tr>
<tr>
<td></td>
<td>Micro</td>
<td>5</td>
<td>0.15</td>
<td>0.10</td>
</tr>
<tr>
<td>Wholesale trade commercial agents and allied services</td>
<td>Medium</td>
<td>100</td>
<td>70.00</td>
<td>12.00</td>
</tr>
<tr>
<td></td>
<td>Small</td>
<td>50</td>
<td>35.00</td>
<td>6.00</td>
</tr>
<tr>
<td></td>
<td>Very Small</td>
<td>10</td>
<td>6.00</td>
<td>1.00</td>
</tr>
<tr>
<td></td>
<td>Micro</td>
<td>5</td>
<td>0.15</td>
<td>0.10</td>
</tr>
<tr>
<td>Catering accommodation and other trade</td>
<td>Medium</td>
<td>100</td>
<td>8.00</td>
<td>1.50</td>
</tr>
<tr>
<td></td>
<td>Small</td>
<td>50</td>
<td>5.00</td>
<td>0.60</td>
</tr>
<tr>
<td></td>
<td>Very Small</td>
<td>10</td>
<td>1.00</td>
<td>0.15</td>
</tr>
<tr>
<td></td>
<td>Micro</td>
<td>5</td>
<td>0.15</td>
<td>0.10</td>
</tr>
<tr>
<td>Transport, storage and communications</td>
<td>Medium</td>
<td>100</td>
<td>12.00</td>
<td>3.00</td>
</tr>
<tr>
<td></td>
<td>Small</td>
<td>50</td>
<td>6.00</td>
<td>1.20</td>
</tr>
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<td></td>
<td>Very Small</td>
<td>10</td>
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<td>Micro</td>
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<tr>
<td>Finance and business services</td>
<td>Medium</td>
<td>100</td>
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<td>Small</td>
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<td>Very Small</td>
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<td>Micro</td>
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<tr>
<td>Community, social and personal services</td>
<td>Medium</td>
<td>100</td>
<td>9.00</td>
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<td>Small</td>
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<td>Very Small</td>
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<td>0.45</td>
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<tr>
<td></td>
<td>Micro</td>
<td>5</td>
<td>0.15</td>
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</tbody>
</table>

Source: State of small business development in South Africa, NTSIKA.

From table 1.1 it is evident that the classification of the business by size is dependent on the sector in which it operates.
2.3 BACKGROUND TO THE SMME CONTEXT IN SOUTH AFRICA

Over and above the contemporary issues is the legacy of deprivation of business opportunities to the vast majority of the population during the apartheid era. This was primarily due to the biased education system that restricted opportunities for acquiring technical and professional skills, which would sensitisise young learners to cultures of entrepreneurship. Included in the breakdown of black business culture in particular was the Group Areas Act, which not only uprooted millions of people from their homes, resulting in large capital losses and the inability to own a home which could act as collateral, but it also destroyed the fabric of black small business. As a consequence, socialism acted as catalyst for reform during the liberation struggle. The activist conformed to socialist policies and developed a negative attitude to capitalism. Entrepreneurship was not encouraged, as it was seen as an outcome of capitalism. Black businesses had to support the activists; this obviously was not good for the business from a financial perspective, even though it was for the common good of society. Activities of this nature contributed to black businesses being black-listed and not receiving loans and credit from white business and banks (Van Steekelenburg, 2000.)

2.3.1 The role of government

The post-apartheid government identified the small business sector as a priority in job creation and generating equity in the society in order to empower the disenfranchised communities. The need for entrepreneurship training has been recognised since the 1990’s (Ladzani, 2002:155). Many organisations and agencies have been founded since the end of the apartheid regime by many different role players, with the common goal to enhance small and micro-business. Supporting agencies include government agencies, non-governmental organisations (NGOs), community based organisations
(CBOs), individual entrepreneurs, foreign donor agencies and tertiary institutions like universities.

In 1995 government embarked on a national small business strategy to create an enabling environment, in order to address the issues that stifle small business development and growth. The strategy assumes that, with an enabling environment, the small business owners will proactively assume responsibility for the development of their enterprises. Initiatives of enhancing accessibility to state and big business procurement and international markets are suggested. Other initiatives include more SMME friendly regulatory environments, access to information and advice, access to marketing and procurement, access to finance, support for infrastructure and facilities such as supply of electricity, industrial relations and the labour environment, access to appropriate technology, encouragement of joint ventures, capacity building and institutional strengthening, differential taxation and other financial incentives and training in entrepreneurship and management (DTI, 1995:25-40).

Government programmes are not well-promoted and coordinated. The SMME fraternity is not familiar with the support programmes. The wholesale nature of NTSIKA and Khula schemes is criticised for not being well-marketed, 54% of entrepreneurs who applied for bank loans, knew about Khula’s products (GEM, 2002:41). NTSIKA is a government agency whose mission is “to render an efficient and effective promotion and support service to … SMMEs in order to contribute towards an equitable economic growth in South Africa. Ntsika provides wholesale non-financial support services for SMME promotion and development.” (NTSIKA,
Khula is a limited liability company of which the Department of Trade and Industry is the major shareholder. Khula’s mission is to ensure improved availability of loan and equity capital to small medium and micro enterprises (DTI, 2004). The programmes are primarily supply-driven and therefore do not cater for the needs of small scale enterprises. Of the entrepreneurs who were offered finance, 85% indicated that banks did not understand the SMME environment, (GEM, 2002: 43).

Small business development and support including training remain a challenge for South Africa. Some of the problems that facing SMMEs are sector specific, and therefore require differentiated policy formulation to address their problems. The government is committed to developing a support framework for disadvantaged enterprises in particular. It has focussed on a sectored approach and identified and classified enterprises within the appropriate sectoral framework, thereby identifying within the sub-sectors the type of problems and the enterprises in need of public funded support (DTI, 1995:16). The sectored approach has been adopted and is evident in reviews such as the analysis contribution to Gross Domestic Product (GDP) NTSIKA (2002:35), also from table 1.1 on page 3, which illustrates the different sectors of classification.

2.3.2 Significance of SMMEs

In the United States of America (USA), the small business sector is very active in innovative products and services, new job creations and assists in giving the USA its global competitive edge; in Japan, SMMEs form the majority of their business enterprises (Ladzani, 2002:154). Evidence from developed nations shows that the
potential of the SMME sector as a major contributor to economic development cannot be overlooked.

2.3.2.1 Contribution to Gross Domestic Product (GDP)

According to Srodes (1998) SMMEs make up 95% of corporations in Asia, employ up to 80% of the labour force and account for up to 60% of GDP and in countries such as Vietnam, small package investments (less than US$1 million) make up 20% of total foreign investment. In Taiwan the SMME contribution to GDP is 98% (Ladzani and Van Vuuren, 2002:154). From the above, it can be argued that small business is a vehicle for individuals to integrate their innovative and creative business ideas into the formal economy and thereby become self-sufficient.

The importance of large-scale businesses as the primary driver of the economy is recognised. Big business has benefited from the support of governments for decades, but this position is changing (Ladzani, 2002:154). Big business is in the process of becoming efficient and lean, resorting to restructuring and downsizing, which sheds labour (Ladzani, 2002:154). From the above, it can be argued that the small business sector plays an important role in the economic and social development of a country; South Africa is no exception.

The contribution of the small business sector to the well-being of South Africa cannot be understated; small business contributes approximately 36.1% to the GDP of South Africa, micro enterprises make up 5.9% of this contribution, small enterprises make up a further 14.8% and medium enterprises make up the balance of some 15.4% of GDP as shown in figure 2.1.
From the above, it is obvious that the SMME contribution to GDP warrants significant attention and as argued earlier, large business is not providing direct solutions to issues such as unemployment, which can also be seen from the discussion following on SMME contribution to employment. According to NTSIKA (2002:35) the SMME contribution to GDP exceeds that of large business in certain sectors for example, agriculture, forestry and fishing sector.
2.3.2.2 SMME contribution to employment in South Africa

There is significant evidence of the high labour absorption ability of the small business sector. The small business sector contributes significantly to the support of marginalised sectors of society to meet basic needs, i.e. survival, especially in the light of the formal economy’s inability to provide jobs (DTI, 1995). It is the labour absorption capacity of the small business sector that is of prime interest, especially in the South African context. The average capital cost in creating a job in the small business sector is lower than creating a job in the big business sector (DTI, 1995:11).

![Image - Estimated distribution of private sector employment by class-size](image-url)

**Figure 2.2:** Estimated distribution of private sector employment by class-size

According to NTSIKA (2000) public and large (corporate) enterprise sectors are shedding labour and small enterprise sectors have a net positive contribution to employment in South Africa. According to NTSIKA (2002) small, medium and micro business contributes 57.3% to employment in South Africa; Micro businesses contribute 20.8% to employment, small business contribute 24.2% and medium sized business contribute 12.3% to employment in South Africa, as shown in Figure 2.2.

NTSIKA (2000) shows that the number of entrepreneurs (self-employed persons) was estimated to be about 1.63 million or 3.7% of the population, 70% of the 1.63 million entrepreneurs operate in the informal sector, of which 41% are women. Compared to other economies driven by small business this is relatively low; however, it is significantly higher than two decades ago. Furthermore Close-Corporations (CC) operating in the trade and business services sector, increased by 395 000 in number between 1990 and 2000; representing 71% of all new CCs. In manufacturing small and medium sized CCs increased almost ten-fold over the decade.

Small firms employ small numbers of people, new firm entrepreneurs employ on average 2.17 people and established firms employ on average 3.25 people (GEM, 2002:19). Established privately owned firms, firms of more than 3.5 years in existence, employ 2.4 million people, while newly established private firms, those less than 3.5 years old are responsible for one third of the jobs held by privately owned firms (GEM, 2002:19).
From the above, the role and importance of SMMEs is evident especially the growth in new business registration and the ability of the sector to offer employment and its significant contribution to GDP of South Africa and therefore support for further development of the SMME sector can be justified.

2.4 SUPPORT, TRAINING AND DEVELOPMENT OF SMMEs

There has been a significant increase in research on small business issues among research entities, universities and technicons, although for purposes of pragmatism and policy implications, there is still a significant shortfall (DTI, 1995:15). There exists substantial opportunity for research efforts, preferably of a joint nature with foreign and local counterparts, especially of a comparative nature to compare provinces, regions and national findings of small business activities (DTI, 1995:15). This indicates that sufficient knowledge and understanding of the dynamics of small business activities is lacking amongst the decision-making bodies that influence policy for small business (DTI, 1995:15). There exists the possibility that publicly-funded initiatives for the development and support of SMMEs may be ill-informed. It stands to reason that the return realised may not justify the intensity of investment, especially if the means and outcomes are not effectively documented to inform future initiatives. The need for quality, continuous, consistent and preferably collaborative research is evident for the effective development of the small business sector as a viable option to drive the economy.

According to Nieman (2000), there are at least 9395 individual SME support agencies providing a large variety of services in South Africa. Organisations such as Business
Opportunity Network (BON), Western Cape Business Opportunity Forum (WECBOF), Western Cape Clothing and Textile Service Centre (CLOTEX) and Micro Enterprise Network of NGOs (MENNGOS) promote business linkages and provide information and training courses for start-ups and entrepreneurs. Other institutions offer consultancy services or easier access to loans.

2.4.1 Value of education and training for SMMEs

In order to effectively manage the functional areas of a business, it is important for small business owners to have the necessary skills, which include finance, operations, marketing, planning, human resource and awareness of knowledge management (Monk, 2000). According to the World Bank Report (2001) SMME owners had very little formal skills training. Studies need to identify the key business skills required by entrepreneurs as well as the most effective way of offering the training (Kew, 2002:26).

The areas where training is required, in no order of preference are, communication skills, marketing, legal aspects, contracting and financial record keeping (GEM, 2002:35). More than 50% of township entrepreneurs are in need of training, especially keeping financial records (GEM, 2002:35). About two-thirds of SMMEs do not keep records (Haan, 2001:44). According to GEM (2002:37), a significant number of informal and formal business owners are prepared to be trained; more than 50% of formal business owners and more than 70% of informal business owners would attend training courses that are free; 78% of informal business owners are prepared to pay a small fee. According to Kew (2002:93) only 32% of the township entrepreneurs
interviewed were prepared to pay for training primarily due to their inability to afford the cost of training.

The entrepreneur’s level of education increases the probability of established firms and more jobs per firm. The higher the entrepreneur’s level of education, the greater the involvement with the firm and therefore the greater the ability to grow the firm, which results in more jobs. There exists a strong positive correlation between education and business success (GEM, 2002:31).

Training of an ongoing nature is needed to assist the SMME owner to manage the constant changing environment (Ladzani, 2002:155), and being able to respond to it with initiative and innovation. Training can assist SMME owners in managing some of their problems, which will reduce the cost and difficulties of learning it the hard way (Ladzani, 2002:155). The SMME owners should view management training as an investment in their business.

Storey (2003:19) suggests that small firms need training, because their owners are invariably less educated and therefore less able to be formally trained, compared to the managers in large firms. In addition, failed firms were poorly managed, implying that management training will improve the situation, which does not prove that if the owners had management training they would have survived; it can only be justified if a comparison can be made between two comparable groups of firms over time, where one group undergoes a training intervention and the other group not according to Storey (2003:19).
2.4.2 Why small businesses are reluctant to train

There is reluctance by small businesses to invest in formal training for their managers. The reasons for this are two-fold: firstly, due to ignorance and, secondly, due to the market (Storey, 2003:1). Ignorance is the owners assumed lack of understanding of the perceived benefits to be derived for the business from training their managers. Governments assume that training would improve the firms’ performance. The cost of formal management training of the small business managers would be substantially more than for large businesses. In a small business, a single employee could for example, contribute up to 50% of the labour force. The small business does not have the internal labour pool that a large business would have and generic training would increase the risk of the manager seeking external opportunities. In countries where labour turnover is low, general training is high (Storey, 2002:251). Small business owners are also reluctant to leave their businesses for prolonged periods of time for training, primarily for missing out on income generating opportunities (Kew, 2002:32).

2.4.3 Skills development strategy

To address the training needs of the country Government introduced the Skills Development Strategy, a programme designed to address the skill shortage of the country. Some aspects of the rationale for the Skills Development Strategy are to:

- bridge the gap between education at schools and training for skills in the job market,

- increase portability of skills by certification,
• decrease the barriers between segments of the labour market such as professional workers, artisans, semi-skilled and unskilled worker,

• improve the opportunity of workers for permanent employment and promotion,

• improve the competitiveness of the South African labour market with respect to its integration into the international market,

• address the unemployment level which is primarily constituted by the previously disenfranchised, (*Department of Labour*, 2001).

The objectives of the Skills Development Strategy are to:

1. develop a culture of quality lifelong learning,

2. foster skills development in the formal economy for productivity and growth,

3. stimulate and support skills development in small business,

4. promote skills development for employability and sustainable livelihoods through social development initiatives,

5. assist new entrants into employment, (*Department of Labour*, 2001).

The skills development strategy has measurable success indicators, such as 70% of all workers must have at least level one qualification by March of 2005, (*Department of Labour*, 2001).

The primary objectives of the three respective Acts are:

1. To create:
   a. a single, unified system of education and training qualifications and
   b. institutions that ensure minimum standards of these qualifications

2. To improve:
   a. the working skills in order to grow the economy of South Africa and
   b. the standard of living of the nation

3. To ensure funding from a payroll tax system to implement the Skills Development Strategy.

The Skills Development Act requires that employers, workers and the State (in specific sectors) collaborate and register a Sector Education and Training Authority (SETA) to administer the implementation of the Skills Development Strategy at sector level. This is a change from the previous industry training boards, which focussed on national training initiatives and it is envisaged that the 25 SETAs subsequently established will be more transparent and inclusive.

Enterprises are required (via the Skills Development Levies Act) to pay to the South African Revenue Services 1% of their payroll. Eighty percent of the skills levy collected is distributed to the SETAs, of which 10% covers their administration costs. The balance funds the implementation of training initiatives, based on the workplace skills plans. Workplace skills plans are plans developed by businesses to project their training needs for the year. By participating in the process is where small businesses
(employing between 5 and 50) people should gain from the Skills Development Act, each SETA has developed a needs analysis for its sector.

The National Skills Fund has also been established from which the micro and informal or development sector can derive benefit. As much as 20% of the levies not paid to the SETAs are used to fund the National Skills Fund. The development sector is supported by means of project skills plans as opposed to workplace skills plans. The skills required for the project are developed via projects such as building schools, clinics and roads.

2.4.4 Failure and success issues of SMMEs

A significant number of small businesses fail. Some fail in infancy, others a few years later. Failure rate is probably due to under-preparedness and the lack of accurately estimating the cost of starting and running an enterprise (Ladzani and Van Vuuren, 2002:155). The failure rate of SMMEs is very high compared to large-scale business. In the United States of America, approximately 2 400 small businesses start, while 2 100 shut down on a daily basis, older firms tend to survive more than younger firms (Baumback, 1985:17-18). In South Africa the failure rate of SMMEs is estimated to be between 70% and 80% with a related cost to 117 246 SMME failures to be in excess of R68 million over a 4 year period (Van Eeden, Viviers, Venter, 2003:13). Predictors of failure or success are historically based on financial ratios. Financial models identify symptoms of poor performance, rather than solutions to problems. Factors other than financial factors such as the industry sector, entrepreneurial background and
firm’s age are ignored. The models used are invariably derived from large enterprises and not from small enterprises (Storey, 1994:106).

Significant contributing factors to the success of a small firm are the ability to grow shortly after start-up; characteristics of the entrepreneur; level of education of the small firm owner; a wider product range; level of external debt; and, size of customer base (Storey, 1994:10). Small firms in Africa that increase their number of employees marginally, increase their return per hour of labour significantly and hence become more efficient, thereby improving their income per capita (Haan, 2001:33).

More than 50% of African informal firms close within three years most of them within one year (Haan, 2001:34). Most firms that fail close within the first few years (Ladzani, 2002:155) due to the fact that SMMEs are vulnerable during their initial years, the period of time when the entrepreneurs are still learning how to operate the business.

According to Haan (2001:35) informal SMMEs, in the African context, that are best able to survive have amongst other, the following characteristics:

- have grown their employee base,
- started with less employees compared with those that started with more employees,
are in specific industries e.g. real-estate, wood processing, wholesale traders and non-metallic manufacturing are least likely to close of which retail faces the highest closure risk, and

- urban located enterprises have a 25% greater chance of survival.

2.4.5 Reasons for failure of SMMEs

There might be many reasons why small businesses fail. It will be dependant on the definition of failure. An argument that may be worthwhile considering is whether business failure implies that the business was not a viable venture, or whether the management (in the case of small businesses the owner(s)), failed to make the business successful, implying the owners failed to make a success of a viable business venture. Business failure, regardless of the cause has a result of inability to meet its commitments, due to a lack of capital. This could be brought about by a number of factors which ultimately concludes to inefficient management of resources; for example, ‘bad debts’ may be careless extension of credit (Baumback, 1985:121). Van Eeden (2003:15) suggests that issues affecting small business are management skills for example inexperience and lack of training, marketing for example poor location or inability to identify markets or opportunities, human resources for example low productivity, operations for example lack of quality control systems, management behaviour for example reluctance to seek advice or lack of commitment.

Many reasons are ascribed to business failure. A lack of managerial and planning skills, ineffective working capital management, an inability to manage the competitive environment, and growth over-expansion, are factors contributing to the financial
failure of small businesses (Gaskill, Rickets, Van Auken and Howard, 1993). Small businesses that are young, those who produce poor products and those with inefficient marketing strategies do not possess the managerial skills to respond to environmental shocks (Storey, 1994:105). It is important for a business to align its activities, be it services or products, with the need in the market. It is extremely difficult for small business to influence the market as big business does. Hence, small businesses are invariably advised to follow niche-marketing strategies.

Two significant reasons, amongst others, that business ventures are embarked on is an alternative to lack of job opportunity and being presented by an unplanned opportunity. This leads to a ‘forced’ entrepreneurship process being followed, more as a reactive attitude to the environment rather than a proactive one. In the reactive state, or unplanned situation, it is thus obvious that a lack of initial planning and preparedness is prevalent with the establishment or acquiring of the new venture (Baumback, 1985:21-22).

2.4.6 Complexity of SMME management

A small business is owner-driven, which is fundamentally different to big business. Small business is not team-managed, it has high failure rate, a short-term focus on returns, no internal labour pool and a high personal financial commitment by the owner (Storey, 2002).
During this study a number of cases were identified, where it was found that the business owners understood the operational aspects of their businesses. The training needs identified in the majority of cases, were to meet operational requirements. Since the owners had operational competence, on the job the training was given to the employees by the employers. It can be concluded that in a vast majority of the cases the owners managed most, and in some cases all the functional areas of their business. This is a very difficult task for a single person and in a majority of cases the administrative and record-keeping functions are neglected. The owners tend to focus on the day-to-day operational requirements. They ensure effective functioning of inbound and outbound logistics, which does not leave much time for planning and strategic management. The problem amplifies when an attempt at strategic management is made, especially when the records are non-existent or missing. This made strategic planning difficult in a number of cases.

It stands to reason that of the problems facing SMME owners in South Africa, such as lack of capital, lack of technical and management skills, legal barriers and bureaucratic licensing procedures, marketing and transport problems are frequently mentioned. Less frequently mentioned problems are equipment, location, competitors and customers (Frese, 2000:82). The lack of awareness of these problems could be a reason why it is not identified as problem areas, which can and may be used as an indicator of the lack of awareness of the role of the business in the total environment. The SMME owner invariably has a specific competence, such as marketing or operations. He/she lacks a broad, well-rounded exposure of the required business functions required by modern business (Baumback, 1985:21-22). This causes the individual to have an internal focus, a lack of understanding of the pressures on their
business and ultimately they are not able to respond to these pressures, due to their lack of understanding of the context within which they operate.

2.4.7 Entrepreneurial training needs of SMMEs

Small business service providers are generally not addressing the real training needs of SMMEs. Of a sample of 40 service providers offering training to entrepreneurs, none of them adequately addressed the training needs of their target market (GEM, 2002:36). Training of entrepreneurs is about preparing the entrepreneur or businessperson for entrepreneurship and it is about enhancing the abilities of the individual (Nieman, 2000:2), in order that the business can be more successful. Entrepreneurial training, in this context, is about entrepreneurial characteristics, creativity, innovation, risk propensity and need for achievement (Nieman, 2000:3). Entrepreneurial skills training nurture the skills which enhance entrepreneurial performance, where a skill is knowledge demonstrated in action, (Nieman, 2000:3). Without the demonstration of improved business performance, it is difficult to determine whether the skill has been transferred to the individual, in this case the entrepreneur.

Introducing entrepreneurship as a discipline especially in tertiary institutions is problematic due to mindsets, funding mechanisms and confusion between entrepreneurship training and creation of small business managers, amongst other (Davies, 2001). In this research, Davies finds that the vast majority of academic departments do not offer entrepreneurship training; it is packaged as part of other business programmes (not SMME specific); therefore SMME research output is very
low. Furthermore according to Davies (2001), there is very little if any research on entrepreneurship and research is required to document the training programmes offered and the effectiveness of the programmes offered.

2.5 SUMMARY

From this chapter it is evident that the government is focussed on developing and supporting the SMME sector. It is also evident that the present contribution of the SMME to employment and GDP and the potential for greater contribution warrants significant investment in the sector from a development and support perspective. The training need of the sector is identified and research in the field of entrepreneurship is needed to guide future development and support initiatives.
3 CHAPTER 3 LITERATURE REVIEW

3.1 INTRODUCTION
This chapter provides a review and discussion on selected samples of literature.

Why should we embark on the studying of entrepreneurs and the issues related to this breed of society? The answer depends primarily on three factors; firstly, the most important person in an enterprise is the business owner (also referred to as the entrepreneur); secondly, entrepreneurial success depends on the actions or activities that entrepreneurs perform; and,thirdly, the different ways that entrepreneurs behave to achieve their goals. Answers to points two and three above are probably only possible from a psychological perspective (Frese and De Kruif, 2000).

3.2 PERSPECTIVES OF TERMINOLOGY OF ENTREPRENEURSHIP
A primary contribution to the varied understandings and definitions is that scholars of entrepreneurship view the topic from different perspectives, be it a societal perspective or an economic one or even as a teaching subject (Davidsson, 2003). Following are perspectives of terms and phrases related to the field of study.

3.2.1 The entrepreneurs’ contribution
Entrepreneurs act as business catalysts, gathering resources needed to convert business ideas into enterprises that introduce new business enterprises to the economy. Through this process they add value by delivering products and/or services to the market thereby satisfying customer needs (Nieman, 2002:57). Entrepreneurs, therefore, use business entities, be it initially formal or informal, as vehicles to process their ideas.
into products and/or services that satisfy market needs. In this way they add to the economy.

3.2.2 The entrepreneur
The term ‘entrepreneur’ is not consistently defined in the literature. The difficulty in accepting a definition is a matter of perspective, behaviour, economic, or even social (Lumpkin, 1999). Many attempts at defining the entrepreneur do not satisfy all these different perspectives. However, what is common to the claims of the entrepreneur is the assumption of risk based on a decision to realize profit (Virtanen, 1997). The profit may also be in the form of growth of an enterprise.

3.2.3 Entrepreneurship
Entrepreneurship is a process that creates value by sourcing and packaging resources to exploit identified opportunity (Morris, 2002). Entrepreneurship is also the emergence and growth of new businesses (Nieman, 2002:57), creating and building something of value from practically nothing (Timmons, 1997:7).

Entrepreneurship has four key components: firstly, it involves a process and is therefore manageable; secondly, it creates value in organisations and the market place where there was nothing before; thirdly, it requires resources uniquely integrated to create the value and fourthly, it is the outcome of an identified opportunity, (Morris, 2002:22).

By definition, all business owners may not necessarily be entrepreneurs. Significant numbers of small businesses are started as a means of survival, and are therefore
survivalist entrepreneurs. The degree of entrepreneurship is dependent on three dimensions, namely: innovativeness, risk-taking and proactiveness (Morris, 2002).

In a survey of some 2 000 business owners towards understanding entrepreneurship, Perrin (2002) identified the following building blocks as necessary: belief in control of events; ambiguity tolerance; need for independence; identification of market opportunities; innovation and vision; personal drive; and, risk acceptance. In comparison with leadership, three of the building blocks, which were common, are: innovation, personal-drive and risk acceptance. This phenomenon is very significant when dealing with training and development in the small business sector. It offers a framework for the content of entrepreneurship training and serves to improve the effectiveness of entrepreneurship, especially from a perspective of the content.

3.2.4 Entrepreneurial performance

Entrepreneurial performance is the extent to which the entrepreneur is effective in starting a business that renders a service and/or product to the market at risk, in order to take advantage of an existing opportunity or business idea (Ladzani, 2002:156). The entrepreneur would thus be successful in the implementation of the entrepreneurial process.

According to the Van Vuuren formula, shown below, (Antonites, 2003:41-42), entrepreneurial performance is a function of a combination of personal motivation, entrepreneurial skill and business skill, and with a knowledge of the industry (Nieman,
2000:3). To enhance entrepreneurial performance, the training programmes have to impact positively on the skills mentioned or any combination thereof.

The Van Vuuren formula for entrepreneurial performance (Antonites, 2003:41-42) is presented as follows:

\[ E / P = f [ m ( E / S \times B / S ) ] \]

Where:
- \( E / P \) = entrepreneurial performance
- \( m \) = personal motivation
- \( E / S \) = entrepreneurial skill
- \( B / S \) = business skill

3.2.5 Entrepreneurial orientation

Entrepreneurial orientation, also called strategic orientation should cause firms to behave more entrepreneurially and therefore have an influence on the firm’s performance (Wikelund, 1999). In this regard, Sembhi (2002) postulates that significant contributions have been made by various authors to the evolution of the concept of entrepreneurial orientation over time. Sembhi (2002:20), furthermore hypothesises that entrepreneurial orientation is positively associated with small firm performance. Entrepreneurial orientation has been defined in terms of dimensions, which is determined by the computation of the degree that each of the dimensions influences the entrepreneurs’ action(s). These dimensions are: autonomy, innovativeness, risk-taking, competitive aggressiveness, proactiveness (Lumpkin,
1996), stability and learning orientation, achievement orientation and personal integrity (Frese, 2000).

3.2.6 The Entrepreneurial process
The entrepreneurial process is the process through which new ventures are created and it has four distinct phases (Hisrich, 2002:39). According to Morris (2002) the entrepreneurial process has a definite pattern, which consist of stages which are not necessarily linear and the pattern for the entrepreneurial process is as follows:

- identifying an opportunity;
- defining the or a business concept;
- assessing the resource requirements;
- acquiring the resources, sometimes the outstanding resources;
- implementing and managing the concept; and,
- harvesting the concept or venture.

The entrepreneurial process described above alludes to management skills as a requirement for a successful entrepreneurial process.

3.2.7 Management
According to Lussier (2000:4-12) management is described as a process to achieve organisational objectives through effective and efficient utilisation of resources, be it human, financial, physical and/or informational. The execution of primarily four
functions: planning, organising, leading and controlling achieve the management process. These functions are not necessarily executed linearly. It could be argued that of the skills appropriate for a small business owner is the ability to plan, organise, lead and control, and therefore it is important that small business owners also understand the principles of management.

3.2.8 Attitudes to training for small businesses by developed nations. There are primarily four types of providers of management training for SMMEs: The private sector, colleges and universities, chambers/industry associations and public organisations. Different strategies are employed by different nations when it comes to SMME training. In six developed countries studied by Storey (2003:7-9) namely Canada, Finland, Germany, Japan, UK and USA, approaches to supporting small business training vary. Cultural, political and economic conditions prevalent in these six developed countries are the underlying themes that determine the degree of support from each type of provider to SMMEs for training, which differs from country to country. For example, in the USA it is assumed that when a small business fails, the owner does not have the qualities of a successful entrepreneur. This is primarily the reason why little if any SMME support is offered by publicly funded programmes, except minorities of immigrant origin (Storey, 2003:7-8). By implication the assertion is that entrepreneurship is culturally determined, and this impacts on the collective approach by nations to support SMME development. If it is otherwise assumed the strategy of support for SMME development would be different.
3.3 THE AFRICAN CONTEXT

According to Kiggundu (2002:240) demographic characteristics of successful entrepreneurs in Africa include being male, middle-aged, married with children and more educated than the general public. Further more Kiggundu postulates that these variables are unstable as predictors of success and that demographic variables should be determined by longitudinal studies to determine their predictability for success or failure amongst other variables.

Storey (1994:109) concludes that “… whilst the characteristics of an individual entrepreneur such as age, gender, work experience, educational qualifications, family background, etc. - are frequently hypothesised to influence business performance, these do not, other than education, appear to be consistently verified in major empirical studies.”

Kiggundu (2002:243) says that empirical studies by Frese and associates using the Giessen-Amsterdam model provides evidence of strong correlation between psychological variables, personal initiative, innovativeness, entrepreneurial orientation, autonomy, and successful entrepreneurs.

Underlying variables such as race, ethnicity and social status may contribute to issues such as lack of education and not well networked as in the case of black-owned firms showing negative growth. The negative growth in their businesses could be as a direct result of not being appropriately networked to the supply and market side of the industry, due to exclusion factors such as being black, ethnically or socially incorrect i.e. they are not acceptable in the network (Kiggundu, 2002:246-7).
Not all entrepreneurs are equally successful. Entrepreneurial support programmes, such as training, consultancies and visits abroad are assumed to bring about desirable behavioural patterns and therefore are justified (Kiggundu, 2002:243). Entrepreneurs that are more successful display different behaviour patterns than less successful entrepreneurs (Kiggundu, 2002:241).

According to Kiggundu (2002:251) entrepreneurial researchers in Africa must produce useful knowledge. He further proposes that it can be achieved by developing a holistic perspective; traditionally researchers focus only on the firm, they have to look at a combined interaction the entrepreneur, the entrepreneurial firm and the external environment, like a three legged pot, it needs all three legs to be effective. Kiggundu further postulates that researchers have to ‘scale up’ their research. Kiggundu (2002:252) explains scaling up as “For researchers, scaling up means conceptualizing, designing, and conducting better research and producing useable knowledge.” Furthermore according to, Kiggundu (2002:254) entrepreneurship has been treated as the step-child in the education system and needs to be brought into the mainstream education and long term vision of the country.

African culture and values are traditionally not advantageous for entrepreneurship. ‘Ubuntu’, the wealth of the community is promoted, rather than the wealth of the individual; social interaction is valued more highly than the accumulation of possessions and preservation takes priority over progress. Additionally, as expected, years of oppression, dependence and poverty had a negative impact on the thinking of the formerly disadvantaged class of the population. Lack of ambition, motivation,
commitment and entrepreneurial spirit, passivity and a feeling of helplessness are frequently reported about South Africa (Kiggundu, 2002).

3.4 ENTREPRENEURSHIP TRAINING
The debate whether entrepreneurship can be trained or not, is recognised. Evidence exists where training for entrepreneurs positively correlate with firm success (Ladzani, 2002:156). Quality training interventions result in reduced failure rates, increased profits, and growth in SMMEs (Ladzani and Van Vuuren, 2002:156). The entrepreneur’s initiative and skill are significant determinants of success (Kiggundu, 2002:243). Training as a stand-alone intervention does not necessarily contribute significantly to firm success, but if the training is embedded as part of a human resource strategy, the human resource strategy is positively linked to small firm performance (Storey, 2003:18).

Training programmes for small business in South Africa are primarily technical and conventional business orientated (Ladzani, 2002:155). Training for small business is primarily internally focussed and imparts generic management skills such as marketing, finance, record-keeping, human relations, industrial relations etc. Nieman (2000:449) recommends that training interventions be monitored to identify those that are effective, successful and appropriate in the South African context. Issues such as the culture of the trainees and the specific needs they require, be it business management skills, technical skills, leadership skills and/or entrepreneurial skills must be understood and taken cognisance of when delivering training.
Entrepreneurship education/training should be directed at the individual who drives the process of entrepreneurship because according to Virtanen (1997) entrepreneurship is a dynamic process created and managed by an individual, the entrepreneur, who strives to exploit economic innovation to create new value in the market. Also, the training should nurture the entrepreneurial qualities necessary, which according to Perrin (2000) is the ability to control events, tolerance for ambiguity, need for independence, ability to identify market opportunities, innovation and vision, personal drive and risk acceptance.

In the South African context, very little if any entrepreneurship training is being offered, entrepreneurship research and small business training does not have a high priority and there exists confusion between entrepreneurship training and small business training (Nieman, 2001:448-449). As an example, in a research project to determine the level of entrepreneurship activity in tertiary institutions in the KwaZulu Natal region, a province in South Africa, 77% of academic departments surveyed, are not involved in any entrepreneurship training, there is a very low level of SMME related research output, only 6% of academic departments were engaged in SMME research and none of their research focussed on entrepreneurship (Davies, 2001:34). Research and assessment of the content and impact of training programmes for entrepreneurs still need to be done (Ladzani, 2002:160).

With the confusion between business skills training and entrepreneurship, the focus should also move to potential entrepreneurs, where emphasis is placed on addressing the behavioural issues which could initiate the venture creation stage (Davies, 2001:35).
From the above arguments it can be concluded that scholars have developed an interest in the feasibility of a deliberate intervention to accelerate growth in entrepreneurship, probably due to a relative scarcity of entrepreneurs. They distinguish between training in entrepreneurship and the plethora of other training given to entrepreneurs. There is a shift of focus to include the behavioural component of entrepreneurs and increased attention is to be given to entrepreneurial characteristics. Also a call for appropriate assessment and evaluation of training programmes is evident.

3.5 REVIEW OF TRAINING PROGRAMMES

Three specific training programmes of relevance to this study have been developed to improve entrepreneurial performance. These are McClelland’s Achievement Motivation Training; Empretec, which was developed by Cooley and the Androgogical Training for the Ciskeian retailers, which was developed by Kotze. Each programme is discussed below.

3.5.1 McClelland’s Achievement Motivation Training (AMT)

During the early 1960’s, McClelland developed the ‘need to achieve’ concept as a motivation for entrepreneurial performance. This concept was fielded as the primary motivation force required by entrepreneurs for success (Cooley, 1991).

A number of attempts (about thirty prior to 1991) at evaluating the impact of behavioural training in entrepreneurship (varying in degree of rigour and scope) were published. “McClelland and Winter’s original treatise, Motivating Economic Achievement, continues to be one of the more comprehensive efforts to determine the
impact of such training programmes” (Cooley, 1991:89). They subsequently developed a behavioural training programme, called Achievement Motivation Training (AMT), premised on attaining the best method to stimulate the acquisition of new traits. AMT was tested in different contextual settings, namely American, Asian and European, with relatively consistent results. Except for one such programme in Kenya, no AMT programmes were used in Africa (Cooley, 1991).

AMT was first applied to a group of 52 businessmen in one city in India, during the 1960’s. The trainee group was referenced as the experimental group and the non-trained business people in that city as well as non-trained business people in another city were referenced as the control group. The data collected on the participants of the study from the different locations showed that the two cities were similar in size, workforce division and geographical location. The evaluation of the training showed significant improvements in entrepreneurial performance measures. Compared to the control groups and prior performance of the experimental group, the experimental group reported to have worked longer hours, attempted and started more new businesses, invested more in fixed productive capital, employed more people and had a relatively larger percentage increase in gross income (Cooley, 1991). The training had a positive effect on the economy of the city where it was administered, resulting in a ‘spill-over’ effect (Cooley, 1991).

According to Cooley (1991), researchers and scholars tried to identify personal entrepreneurial characteristics related to success and develop training programmes, but

1 None-trained means those that did not receive AMT
the most comprehensive programme subjected to rigorous evaluation was McClelland’s work on AMT.

In a series of studies, which consisted of the assessment of 72 entrepreneurship training programmes most of the 72 programmes based their explicitly ‘behavioural components’ of their programmes on the work done by McClelland in the 1960’s. The median duration of the programmes was four and a half weeks. Behavioural training modules usually constituted one to two weeks with the rest of the aggregate time made up of management and business skill modules. One of the common shortcomings of the programmes was the lack of evaluation of the impact of the training programmes (Cooley, 1991).

3.5.1.1 Weaknesses of current AMT training approaches.

According to Cooley (1991:88), senior practitioners in the field of Entrepreneurship development agree to the value of current AMT approaches. They also agree that AMT is in need of modernisation to increase effectiveness of current programmes. Most frequently recommended areas for improvement include:

- emphasis on ‘intangible’ motives,
- limited range of behavioural characteristics, especially the exclusion of behaviours related to systematic planning and exercising influence; the programmes lack training towards planning strategy and leadership qualities, and,
- the lack of relevance to actual business situations; the content of the programmes should be supported by real business case studies.
3.5.2  Empretec

Cooley (1991) developed and pilot-tested a behavioural training programme, called ‘Empretec’. This programme attempts to strengthen 10 Personal Entrepreneurial Characteristics, (PECs). The programme was based on the research by McClelland’s consulting agency, Meber and Company, and Management Systems International. The programme was divided into three clusters, which was subdivided to cover the 10 PECs as shown in table 2.1.

<table>
<thead>
<tr>
<th>Cluster</th>
<th>Personal Entrepreneurial Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Achievement</td>
<td>• Opportunity seeking and initiative</td>
</tr>
<tr>
<td></td>
<td>• Persistence</td>
</tr>
<tr>
<td></td>
<td>• Risk taking</td>
</tr>
<tr>
<td></td>
<td>• Demand for efficiency, quality and commitment to the work contract</td>
</tr>
<tr>
<td>Planning</td>
<td>• Goal setting</td>
</tr>
<tr>
<td></td>
<td>• Information seeking</td>
</tr>
<tr>
<td></td>
<td>• Systematic planning and monitoring</td>
</tr>
<tr>
<td>Power</td>
<td>• Persuasion</td>
</tr>
<tr>
<td></td>
<td>• Networking</td>
</tr>
<tr>
<td></td>
<td>• Independence</td>
</tr>
<tr>
<td></td>
<td>• Self confidence</td>
</tr>
</tbody>
</table>


Empretec was offered in different languages, in 34 countries in Africa, Asia, Latin America, the Middle East and the United States of America. Resource limitations confined research. Only one impact assessment could be done. It was done on the training programme offered in Malawi, 1986 to also test the efficacy of Western
approaches to behavioural training in an African context. The training programme involved 45 participants and was offered over 10 days.

3.5.2.1 Assessment and impact of training

The Empretec behavioural training programme was designed to modify entrepreneurial aptitude and behaviour of the trainees and in turn improve entrepreneurial performance, in order to improve business outcomes. Although effort was made to achieve the highest response rate, the attrition rate was at 31% over the two-year period of the study. The baseline data was collected during pre-training. The short-term data collection was problematic. The two-year post-training data was collected via structured interviews. The research concluded with a positive effect in business performance for the training group, which showed an 80% increase in gross sales compared to only 10% for the control group. Of significance is the fact that an increase in three of the PECs, Persistence, Goal Setting and Self Confidence, constituted 75% increase in total PEC score. Empretec had significant positive results proving its usefulness as an entrepreneurial training programme in Malawi. The drawback of the programme is however the 10-day period over which it is offered.

Empretec was unfortunately not rigorously assessed elsewhere using control groups. This technique of using control and experimental groups is the only way to effectively measure the impact of a training programme, since both groups are theoretically exposed to similar external factors. The only variable factor is the training intervention.
In another case where Empretec was administered to 64 entrepreneurs in Latin America, positive short term results were reported with significant changes in 5 of the 10 PECs; an increase in gross sales also occurred and 80% of the trainees introduced changes to their businesses (Glaub, 2002:6). However positive this might sound, the fact that a control group is absent, does not confirm that the difference could significantly be attributed to the training. Macro economic, or other factors, may have influenced the performance of the businesses.

3.5.3 Androgogical training

Kotze (1991) developed an Androgogical (concerning adults) training programme for Ciskeian2 retailers. A longitudinal study (that including an experimental group and a control group) using an empirical research method was used to assess the impact of the training. The training group consisted of 29 delegates and the control group consisted of 30 delegates. The data collection points for the experimental group were a pre and post test measurement, an assessment of the trainees’ reaction to the training and an assessment of the trainees’ reaction to the training one year later. The study revealed that the training had a positive effect. Both groups’ businesses improved over time, but the businesses of the experimental group outperformed the businesses of the experimental group, even though the economic conditions were harsher three years later. This conclusion would not have been possible if a control group was not included in the study.

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2 The Ciskei was a Bantustan, which has been reincorporated in the South African Republic since 1994. It was created by the previous regime under the apartheid era.
3.5.3.1 Assessment of Androgogical training programme

According to Kotze (1991:196-200) the Androgogical Training programme had some shortcomings which included:

- lack of motivation training, retailers showed feelings of insecurity and lacked confidence;
- lack of clear goals and how to set and achieve them; and,
- need for achievement, as failure is blamed on external factors and not thought of as lack of need for achievement.

In the majority of studies evaluating entrepreneurial training, methodological weakness exist primarily due to the lack of control groups, long-term evaluation is lacking and/or measures used to evaluate training effectiveness are not rigorous. To effectively assess training programmes, appropriate research designs (including control groups) over time must be used.

The situation for small enterprise and entrepreneurship training in South Africa could best be described as fragmented, where a host of providers are active in delivering some kind of training (Nieman, 2001:446). Service providers range from government agencies, non-government organisations (NGOs), community based organisations (CBOs), foreign donor agencies such as USAID, tertiary institutions and private training institutions.
It is important that these activities be monitored and documented in order to develop a better understanding of the current training for small enterprises and entrepreneurship. More importantly the perceived success of training interventions at grassroots level must be determined appropriately using effective research methodology.

From the above there are two issues of relevance to this study; the need for longitudinal study with a control group is highlighted and the period of time for the training programmes. In the small business environment, it is extremely difficult for the owners to spend long time periods away from their businesses. The drawback for example of the Empretec programme is however the 10-day period over which it is offered. In the context of South Africa, this would be highly improbable as small business owners cannot be away from their businesses for extended periods of time.

3.6 PERFORMANCE MEASURES OF SMALL SCALE ENTERPRISES

Although successful small scale enterprises are characterised by innovativeness, risk-taking ability, competitive aggressiveness, learning orientation, goal setting ability and planning strategy of the entrepreneur (Frese, 2000), the degree of success of small scale enterprises are not easily measurable or quantifiable in these terms. However, Wiklund, (1999) states that small firms’ behaviour is determined by the owner’s entrepreneurial or strategic orientation which will determine whether the firm will engage in entrepreneurial activity or improved entrepreneurial activity.

Research suggests that small firm performance is influenced by the environment and as an example capital availability allows firms to engage strategies that are resource-
intensive (Wiklund, 1999); also Storey (1994:112-159) confirms that growth of small firms is related to capital availability. Small firms in particular have difficulty in raising external finance and hence their growth potential is restricted.

Due to lack of record-keeping in some instances and reluctance of owners in other cases, gathering information of small firms is not easy. Performance measures have been related to measures that were easier to obtain rather than being important (Wiklund, 1999:5). Small firm performance is more appropriately measured in terms of growth performance measures, which are more easily accessible, rather than accounting measures. However, an integrative approach, that is growth measures together with financial measures have value in terms of determining firm performance Wiklund (1999:7). Wiklund includes sales growth, employment growth, sales growth compared to competitors and market value growth as variables for measuring firm performance in terms of growth. The integrated approach is best suited in cases when a long term growth strategy is employed, which requires short term profits to be compromised (Wiklund, 1999:6).

3.6.1 Firm performance measures

Consensus on small firm performance measures has not been reached and researchers utilise variables that are obtainable and not necessarily critical (Wiklund, 1999:5). Firm performance is multidimensional by nature. This is because there are different variables that can be used to assess a firm’s performance depending on the objectives. For example, firm performances could be measured based on the number of new products that it entered into the market, which required significant investment in research and development costs, hence low profitability in the short run. It can be seen
that supporting activities’ performance dimensions may prove mutually erosive e.g. profitability in relation to research and development.

As an indication of performance, growth measures are sometimes preferred in the case of small firms; however, an integration of growth and financial measures are advantageous in that they provide a richer description of the firm’s performance than taken separately (Wiklund, 1999). Appropriate measures for firm performance include sales growth, employee growth, market value growth (Wiklund, 1999). Consistent operationalisation of performance measures is evident in the entrepreneurial orientation literature: financial measures sales level, sales growth-rate, cash flow, return on investment, and ability to fund business growth (Sembhi, 2002). Wiklund (1999) and Lumpkin (2001) also use growth as a performance measure.

In this study a combination of variables are used to assess firm performance. The variables measured are sales turnover, profit, expenses, supply costs, wages, employee numbers, customer growth indication and sales growth indication. However, according to Wiklund (1999) sales performance is the overarching variable with respect to firm performance. The following 7 hypotheses have been developed based on firm performance variables. In the following discussion on the content of entrepreneurship training another series of hypotheses have been developed.

**Hypothesis 1**

*Entrepreneurial training impacts positively on small business performance over time.*

**Hypothesis 2**
Entrepreneurial training positively influences sales turnover over time.

Hypothesis 3

Entrepreneurial training positively influences profit over time.

Hypothesis 4

Entrepreneurial training positively influences expenses over time.

Hypothesis 5

Entrepreneurial training positively influences supply cost over time.

Hypothesis 6

Entrepreneurial training positively influences customer growth over time.

Hypothesis 7

Entrepreneurial training positively influences employment over time.

The assumption is that the training will impact on these performance variables and thereby influence the performance.

3.7 CONTENT OF ENTREPRENEURSHIP TRAINING PROGRAMMES

Entrepreneurship training has evolved in the South African context. There is evidence of a more holistic approach in the training of entrepreneurship. For example, Antonites (2003:41) proposes a four-component model consisting of Entrepreneurial Performance, Performance Motivation, Entrepreneurial Skills and Business Skills. The model may not be exhaustive, but it shows a clear distinction between different
components that constitute entrepreneurship and helps to clarify the existing confusion between business skills training and entrepreneurial training.

3.7.1 The training model

The training model, as presented in Figure 3.1, has been developed to improve the success of entrepreneurs. The model includes the factors Planning, Innovation/Creativity, Time Management, Goal Setting and Personal Initiative as training content. The training programme, which deals with goal setting, planning, personal initiative, innovation and time management, was an outcome of research done in Africa (Friedrich, Glaub, Gramberg, and Frese, 2005). Each of the components of the training content is discussed below.

<table>
<thead>
<tr>
<th>Input</th>
<th>Transformation</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training content</td>
<td>Training intervention</td>
<td>Success</td>
</tr>
<tr>
<td></td>
<td>Entrepreneurial training Factors</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Planning</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Innovation &amp; creativity</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Time management</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Goal setting</td>
<td></td>
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<tr>
<td></td>
<td>• Personal initiative</td>
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</table>

Figure 3.1: Training model - Training content and the influence on success

3.8 TRAINING CONTENT

3.8.1 Planning

Planning may be viewed from different perspectives. It could take the form of setting out a sequence of activities to determine how a goal is to be achieved, or a project will be managed. The Gantt chart is an example of a model of a tangible plan. It is primarily a tool to assist in effectively measuring progress against a predicted outcome of resource consumption (Lussier, 2000:161-163). Plans bridge the gap between thoughts and action, specifying the steps to achieve a goal (Frese and Fay, 2001).

The approach of entrepreneurs to planning will determine whether or not they make use of planning tools to assist in their planning to meet their objectives. Planning in this context is the strategic approach to achieve goals. The degree of planning undertaken by entrepreneurs is determined by their approach to business opportunities. The strategies employed present a general framework, which gives a general guideline or approach to achieve goals, so that when a different situation arises, similar approaches are used and the person does not have to start thinking afresh when approaching a different task. Sometimes this process is assisted using heuristics, which are simple rules of thumb that are used, for example, in an ad-hoc situation requiring a quick decision. This is done when a detailed analysis of the situation will cause the opportunity to be lost, for example.

Research distinguishes between two aspects of strategy: its content and process characteristics (Frese, 2000). The content of a strategy is of concern to the entrepreneur. The content concerns the profit of the business, the customers, the equipment; it entails the framework of the goal to be achieved, which is the objective of the strategy (Frese and De Kruif, 2000). Process of a strategy is about the approach to achieve objective(s) of the strategy. This approach is replicated in the approach to planning.
There are primarily two types of plans: well-developed plans and opportunistic plans. Well-developed plans take a long-term approach and are detailed, for example it would take into consideration back-up plans. A well-developed plan would also preempt opportunities, implying a proactive approach. Opportunistic plans, on the other hand, primarily stems from scanning the environment for an opportunity and the plan is developed when an opportunity is identified. According to Frese and Fay (2001) the latter approach is a more reactive approach.

The planning approach to business activity is further subdivided. A well-developed planning approach is bisected into complete planning approach and critical point planning approach. Opportunistic planning approach is bisected into opportunistic planning approach and reactive planning approach (Frese and De Kruif, 2000).

3.8.1.1 Complete planning approach

With this approach, entrepreneurs take a proactive approach to reach their predominantly long-term oriented goals. They will develop detailed plans on how to reach their long-term goals, a top-down approach to planning is adopted, sub-goals are set and obstacles are identified and strategies to overcome the obstacles are developed (Frese, 2000:16).

3.8.1.2 Critical point approach

With this approach, entrepreneurs also take a proactive approach, but focus on critical short-term points they identify as important to reach their goals. They will set about developing detailed plans towards this critical point. This will be followed by the next critical point until they reach their goal. This approach consumes less time and resources and is therefore less costly than the complete planning approach (Frese, 2000:16).
3.8.1.3 Opportunistic approach

With this approach the entrepreneur does not take a proactive approach in influencing the environment for opportunities. They wait for an opportunity to surface and take advantage of it. They are proactive in that they are constantly looking for new opportunities to reach a goal (Frese, 2000:16-17).

3.8.1.4 Reactive approach

With this approach, the entrepreneur does not plan at all. They do not seek new opportunities. They continue with their business the way they are used to until forced to change by an external stimulus, such as a customer enquiry. In other words, they react to the environment (Frese, 2000:17).

From the South African perspective, the Critical point approach proved to be a highly successful planning strategy. In a study of 101 entrepreneurs, those who used the Critical point approach showed a 67% success rate, while those who used a different approach only showed an 18% success rate. The reactive approach was negatively related to success; only a 6% success rate was shown (Frese, Lauw, Van Steekelenburg and Visser, 2000). The South African environment is in transition and significant changes in market conditions take place over relatively short periods of time. As a result, new products and new ways of doing things enter the market regularly. Thus, it is to be understood that long-term planning will prove costly and plans will have to be reviewed and changed regularly, which lead to a shorter-term planning basis. This allows the entrepreneurs to be flexible and adapt to changes in the marketplace, by continuously assessing their environment.

In a study in Zambia of 59 entrepreneurs by Keyser, De Kruif, and Frese (2000), complete planning was found to be the most successful strategy, while reactive strategy, where no planning takes place, was clearly linked to failure. A similar conclusion was drawn in another study in Zimbabwe (Frese, Friedrich and Krauss, 2000).
The approach to planning is thus dependent on the environment. When the environment is stable, it makes sense to have a complete planning approach and when the environment is dynamic it probably is better to have a Critical point planning approach. When the environment is volatile an opportunistic, or even a reactive approach, might prove to be very successful.

**Hypothesis 8**

*Planning implementation training effect degenerates over time.*

3.8.2 Innovation

The training component ‘Innovation/Creativity’ combines two overlapping concepts promoting entrepreneurial success. Innovation is defined as “the intentional introduction and application within a role, group or organization of ideas, processes, products or procedures, new to the relevant unit of adoption, designed to significantly benefit the individual, the group, organisation or wider society” (Glaub, 2002:11).

According to this definition, innovation does not imply a completely novel idea, but something new to a particular context. In this context innovative entrepreneurs will bring ideas seen elsewhere and apply it in their business, for example more efficient ways of production or better ways of dealing with customers. For entrepreneurs to increase their chances of success, it is imperative that they be innovative, especially in a rapidly-changing environment, like South Africa. Innovation will allow them to introduce change rapidly as required within a changing environment. In order to secure markets, they have to have early entry and this can be achieved through innovation of new ideas, products and solutions to problems.

Since innovation is a primary dimension of entrepreneurship (Morris, 2002), it stands to reason that innovation is essential for entrepreneurs to increase the success of their own businesses, which in turn will impact positively on the economy of the country. It
could be concluded that innovation is thus a key contributing factor to economic growth and might prove to be a determining factor for a competitive advantage in the newly opened international markets for South Africa.

Evidence exists that suggest African entrepreneurs have a low level of innovation (Frese, 2000). Authoritarian attitudes suppress latent innovation and creativity in children and women in the African context. Authoritarian parent-child and husband-wife relationships reinforce these attitudes (Kristiansen, 2002:288).

According to (Wiklund, 1999) innovation, proactice and risk-taking contribute to competitive advantage in small firms. Also Kiggundu (2002) argues that innovation is one of the distinguishing characteristics between more successful and less successful small enterprises in Africa.

**Hypothesis 9**

*Innovation implementation training effect degenerates over time.*

3.8.3 Creativity

Creativity is similar to innovation except that creativity demands the introduction of absolute new ideas, products, processes or solutions to problems. Creative ideas are understood as absolute novel, whereas innovative ideas do not necessarily have to be pioneering. The importance of creativity in entrepreneurship is obvious. The introduction of new products and/or services has greater potential in creating jobs than recycled or reproduced ideas. Creativity further stimulates the competitiveness in an environment and is crucial in developing competitive advantage.

**Hypothesis 10**

*Creativity implementation training effect degenerates over time.*
3.8.4 Time management

The nature of small business management is complex for the owner. S/he has to attend to all functions of the business, unlike in large businesses, where a management structure is in place to oversee the different functions of the business, e.g. finance, marketing, procurement, etc. They also have to ensure that customers, suppliers and employees are satisfied. This implies that small-scale business owners are under much higher psychological pressure than their large business counterparts. It is therefore incumbent that they manage their time well. “Time management refers to techniques that enable people to get more done in less time with better results” (Lussier, 2000:165).

Business owners have many tasks to execute and their tasks vary in complexity. Their time is limited and has to be managed effectively. They need to ensure that their time is allocated to the activities that contribute most to the success of their business, i.e. the 80/20 principle may be applicable, spend 80% of their time on the 20% of activities that will ensure 80% of their income. Popular literature alludes to the importance of time management in improving business performance. Due to low levels of research, especially empirical research in this area, time management, as a contributing factor to business success is not supported by empirical evidence.

Short-term planning, long-term planning and time attitudes are three dimensions of time-management (Barling, Kelloway and Cheung, 1996:822-3). Short-term planning implies planning for short time horizons, such as setting daily goals or having a weekly schedule. Long-term planning entails planning to meet goals over longer periods of time, such as over a quarter or a year. Time attitude implies the individual’s perception of having control over time, rather than having their time consumed by people and events not linked to progress towards their planned goals. Time management enhances the performance of motivated individuals (Barling, et al., 1996:821-2) and hence in the case of small business where the owner directly influences the business, time-management will enhance the business performance.
Hypothesis 11

*Time management implementation training effect degenerates over time.*

Hypothesis 12

*Entrepreneurial training improves time management behaviour over time.*

3.8.5 Goal setting

Goals are ideas and visions that want to be achieved. They challenge, motivate and have a positive effect on performance levels of entrepreneurs (Frese, 2000:20). Two goals are identified for entrepreneurs, enterprise start-up goals and operational goals. Start-up goals are the reasons for starting a business enterprise. In the African context, the primary reason for starting a business is for subsistence, due to unemployment and not for a growing business. Specific goals are more easily translated into action. Goals that are specific and have a relatively high degree of difficulty are very powerful motivators and lead to an increased performance more than any other motivational technique (Frese, 2000:104).

A prerequisite for setting high goals is self-efficacy, which is the belief that one has the ability to achieve the goal and by implication is in control of oneself and the situation (Frese, 2000:21). Entrepreneurs that have developed the ability to set specific and high goals therefore should have a higher probability of being successful.

In a study of South African entrepreneurs, there was no significant relationship between high goals and success (Steekeelenburg, 2000:91). In another study in Africa Keyser (2000:40) found only 8% of the participants set high goals which were realistic, while 10% of the participants were able to set concrete and measurable goals. In Western countries, there is a positive relationship between goal setting and success. It is important to have control over events in order to reach set goals. It may be that in the South African setting, entrepreneurs may not have significant control over events (Steekeelenburg, 2000:91). The corollary may also suggest that the entrepreneurs in the
South African environment may not be able to set goals and that their self-efficacy may be lacking.

3.8.6 Personal initiative

Personal initiative is a behaviour recognised by attitudes that are self-starting, proactive and persistent in overcoming difficulties in nature, in the pursuit of a goal (Frese and Fay, 2001). Frese and Kring (1996:37-39) stipulate that personal initiative is characterised by five aspects: it (1) is consistent with the organisation’s mission; (2) has a long-term focus; (3) is goal directed and action-orientated; (4) is persistent in the face of barriers and set-backs; and, (5) is self-starting and proactive. Proactivity means to take active steps, for example scanning the market for opportunities to sell products or services. Proactivity is conceptually linked to personal initiative (Frese, 2000).

Initiative is an aspect of entrepreneurship (Frese and Kring, 1996:39). Self-efficacy, which implies a belief in one’s capabilities to organise and execute the necessary actions to meet objectives, has been shown to be related to personal initiative in a longitudinal study by Frese, Garst, and Fay (1998) and could be related to entrepreneurial success (Frese, 2000). The degree of initiative is a measure of the number of barriers the business owner managed to overcome in a problem situation. In five separate studies in Africa, (Zambia, Uganda, South Africa and two studies in Zimbabwe) personal initiative was positively related to success for small business owners (Frese, 2000; Frese and Fay, 2001).

**Hypothesis 13**

*Personal initiative implementation training effect degenerates over time.*

3.9 TRAINING APPROACH

Entrepreneurial training must include psychological skills inclusive of how to be proactive, planning strategies, developing initiative and innovativeness (Frese, 2000). Invariably, the recipients of the training are adults and to increase the success rate of
the training, the participants must be allowed to actively participate in the training i.e. take ‘ownership’ of the training process. However, care must be taken to ensure that the objectives of the training are achieved (Frese, 2000).

Research data suggest that for entrepreneurial training to have sustainable effects, the learning process must allow for five criteria: firstly to learn from mistakes; secondly to learn from others; thirdly to learn how to be innovative with reference to product and process, i.e. by increasing the number of ideas, by encouraging lateral thinking or breaking away from traditional thinking contexts; fourthly to learn to increase personal initiative, i.e. taking control of one’s situation, become self-starting, overcome obstacles; and, fifthly to learn to do realistic planning and linking it to action (Frese, 2000:184-186).

3.9.1 Assessing training effectiveness

For training to be effective, the learning element must be transferable to the workplace and must ultimately improve the performance of the participants. A model of assessment of the effectiveness of training is Kirkpatrick’s four level model for evaluation of training. The model suggests that training has to be evaluated at four levels (Friedrich, et al., 2005). Each level is briefly described:

- Level 1: Evaluation of reactions – assessment at this level is a measure of the participants’ perception of the training, relevance of the training material to their needs, quality of the presentation or facilitation. A negative reaction at this level significantly reduces the possibility of effective learning. The trainees were questioned about their satisfaction with the training.

- Level 2: Evaluation of learning – assessment at this level is beyond the level of satisfaction of the learner, it attempts to measure the amount/degree of learning that has occurred due to the training programme. Often a pre and post test type of assessment would be used in this instance. In the case of the study, the gain in skill was assessed.

- Level 3: Evaluation of transfer of knowledge, skills and/or attitude – assessment at this level requires measuring the degree to which the training
resulted in behavioural changes in application in the real/work environment of the trainee(s). Assessment at this level is particularly difficult because it is not easy to predict when the behavioural changes will occur. The difficulty in assessment lies in when, how and how often to evaluate for the transfer of knowledge, skill and/or attitude. Behavioural measures were conducted to assess whether participants in the training applied the acquired skills to specific job situations.

- Level 4: Evaluation of results or success of the training – the assessment at this level measures the success of the training programme. The assessment will reveal whether the programme was effective at all. In the case of entrepreneurial training, the success variables may include more innovative ideas, increased planning, improved time management, more specific and realistic goal setting and improvement in levels of proactiveness, amongst other. In this study, the results were measured based on economic performance of firms.

The training of this study took into consideration that the participants were adults and have life and business experience, as well as the fact that it is over a relatively short period of time. It therefore had to be focussed and transferable. The training approach consequently incorporated integration of two theoretical training approaches applicable under these circumstances: action theory and an Androgogical approach to training. Action theory principles enhance transfer of learning and androgogy techniques accommodate adult learning.

3.10 ACTION LEARNING (AL)

3.10.1 Action learning theory

Action learning theory proposes that the learning process starts with the development of a goal, from which a plan is formulated and executed. The outcome is evaluated from which feedback is extracted to measure the progress in reaching the set goal. Only if long-term goals are changed into action do they have an impact and are action
orientated. Unlike state orientation people, (people who only think about their goals), action orientated people translate their goals quickly into action (Frese, Kring, Soose and Zempel, 1996:39).

3.10.2 Action learning application

Action learning is used in different contexts, and it is viewed differently by different people. “Action Learning may be viewed as the engine that converts changes in the external environment to the necessary internal organisational and individual changes.” (Spence, 1998). AL is a continuous process of reflection and learning where individuals support one another in groups with a specific goal of achieving some objective, primarily to solve problems. According to Elliot and Harris (2002) AL generally comprises of three main elements;

1) the people who accept responsibility for taking action on a particular issue or solving a problem;

2) the task or problem that the people set for themselves; and,

3) a set of up to six colleagues supporting and challenging each other to reach the set goal, be it the task they assigned themselves or the problem they have to solve.

According to Spence (1998), AL is constituted by five elements;

1) the problem which has to be solved and the outcome or solution must be of value to the set;

2) the set comprising of four to six action learners working together in a group to solve the problem, (1) above. The set members need not be specialists but must be competent and committed to the process. Ideally the set should be composed of a group from diverse disciplines;

3) the client, usually the owner of the problem, it may be the set, member(s) of the set or the sponsor, even the trainer/facilitator;

4) the set advisor/facilitator, whose role is most important at the outset/beginning of the process; and,
5) the process, which involves observation of the problem, reflection and hypothesis formulation and action, which may include co-option of expertise to clarify aspects of an unknown discipline to the set.

Spence (1998) further postulates that action learning differs from other learning methodologies in that:

- learning is centred around the need to find a solution to a real problem;
- learning is voluntary and driven by the learner;
- individual development is as important to finding a solution to the problem;
- it is a highly visible, social process; and,
- it takes time.

One of the key advantages of Action Learning is Transfer of Learning. This happens as a natural succession/consequence of the training in that the set was posed with a real problem of which the solution is of importance to all members of the set and will then be implemented by the set members. They will therefore immediately transfer their learning to their work environment and reflect on the outcome of the implementation. Their learning will be turned into action.

In summary this chapter reviewed the literature, that underpins the study, and, from which the hypotheses were developed. It also identified the variables that needed operationalisation. It included overviews of similar studies that was done and identified the relatively long duration of the training programmes that were assessed in the other studies. The chapter also gave insight into the broad methodologies employed by the trainers during the training sessions of this study and outlined the
basis of assessment for the training intervention. The following chapter discuss the sample of the study and the data collection process.

4  CHAPTER 4: SAMPLE DESCRIPTION AND DATA COLLECTION

4.1 INTRODUCTION
This chapter describes the broader study of which this study forms part, in order to give an informed perspective to this part of the study. This chapter also describes the development of the sample and the data collection.

4.2 SAMPLE DESCRIPTION

4.2.1 Sample parameters
For participation in the broader study, prerequisites were set which determined the frame of reference for the selection of the original sample. The prerequisites for participation were:

1. small business owners or entrepreneurs who belonged to the historically disadvantaged part of the community;

2. they had to be responsible for managing the firm on a day-to-day basis;
3. they had to manage the business enterprise for at least one year; and
4. they had to employ at least one full-time employee outside of the extended family.

4.2.2 Original sample selection (T1)
Participants were recruited by the research team for the broader study at T1 with the assistance of business associations namely Business Opportunity Network (BON), Western Cape Business Opportunity Forum (WECBOF), Western Cape Clothing and Textile Service Centre (CLOTEX) and also by personally approaching businesses in industrial areas on a random walk-in bases (Glaub, 2002:48).

According to Glaub (2002) the sample at T1 consisted of 84 participants. Of the 84 participants in the study, half was assigned to the training group and the other half was assigned to the control group. Due to time constraints and business commitments, only 27 of the training group could attend the training sessions. The fifteen members who could not participate in the training were then collapsed into the control group to form a control group of 57 participants. Three training courses were held at the facilities of BON, WECBOF and CLOTEX, with 6, 15 and 6 participants respectively. The total training time for each training session equalled 24 hours consisting of 8 hours per day for three consecutive days.

The training group and control group were compared using the Chi square test for significant differences between groups for the variables: gender, ethnicity, line of business, sector (informal or formal), age of business, number of employees, starting capital, years of education, vocational training and working hours. No significant difference was found between the training group and control group (Glaub, 2002:50).
4.2.3 Sample description at T4
The sample for this study includes 50 of the 84 cases from T1. The training group constitutes 21 cases of the total sample of 50 cases, while the control group constitutes the rest of the 29 cases. Forty percent (40%) attrition occurred over the duration of the study for the whole group, from T1 to T4. For the training group, the attrition is 22% and for the control group the attrition is 49%. Participation in the study was voluntary.

<table>
<thead>
<tr>
<th></th>
<th>Training group</th>
<th>Control group</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>T1</td>
<td>27</td>
<td>57</td>
<td>84</td>
</tr>
<tr>
<td>T4</td>
<td>21</td>
<td>29</td>
<td>50</td>
</tr>
<tr>
<td>% Attrition</td>
<td>22%</td>
<td>49%</td>
<td>40%</td>
</tr>
</tbody>
</table>

Table 4.1 Size of training and control groups and attrition rates for T1 and T4

4.2.4 Reasons for non-participation

4.2.4.1 Training group
Six of the training participants were not surveyed at the time of T4. Three were not traceable from their available contact details. The researcher assumed that the contact details have changed, or the businesses were not in existence anymore. One of the training participants did not respond after numerous attempts at leaving messages; another participant was not available at the time of the survey, due to business out of the country; the third participant opted for a more lucrative opportunity and closed down his business. The training group at T4 consisted of 21 participants.

4.2.4.2 Control group
Twenty eight of the control group participants were not surveyed at the time of the survey. Thirteen of the control group participants could not be traced at the time of the survey. Three members did not respond to be surveyed. Nine members of the control
group were not available at the time of the survey and three members did not want to participate.

One of the participants at T4 was not of the previously disadvantaged group and was not included in the T1 data and therefore had to be excluded from the T4 sample. One other participant was not available for interviews earlier, due to personal reasons. He was interviewed (measured) too long after the intervention and was subsequently removed from the sample. Both cases belonged to the control group. The control group at T4 consisted of 29 participants.

4.2.5 Characteristics of sample at T4.

Table 4.2 represents the characteristics of the training and control group (in %) and tests of the significance of the difference between the training and control groups for the listed demographic characteristics.
4.2.6 Data collection for T4

The personal structured interview approach to collecting the data was adopted. In this way, it was ensured that the owner, whom it is assumed have access to all information and aspects of the business, answered the questionnaire. Every attempt was made to

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Training group (N=21)</th>
<th>Control group (N=29)</th>
<th>Test of significance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Chi$^2$</td>
<td>df</td>
<td>Significance</td>
</tr>
<tr>
<td>Gender</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>19.0</td>
<td>20.7</td>
<td>.02</td>
</tr>
<tr>
<td>Male</td>
<td>81.0</td>
<td>79.3</td>
<td></td>
</tr>
<tr>
<td>Race</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Coloured</td>
<td>90.5</td>
<td>89.7</td>
<td>.01</td>
</tr>
<tr>
<td>Black</td>
<td>9.5</td>
<td>10.3</td>
<td></td>
</tr>
<tr>
<td>Sector</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Formal</td>
<td>47.6</td>
<td>62.1</td>
<td>1.03</td>
</tr>
<tr>
<td>Informal</td>
<td>52.4</td>
<td>37.9</td>
<td></td>
</tr>
<tr>
<td>Age of business</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 year</td>
<td>0</td>
<td>0</td>
<td>.23</td>
</tr>
<tr>
<td>2 to 5 years</td>
<td>19.0</td>
<td>17.2</td>
<td></td>
</tr>
<tr>
<td>6 to 10 years</td>
<td>42.9</td>
<td>37.9</td>
<td></td>
</tr>
<tr>
<td>&gt; 10 years</td>
<td>38.1</td>
<td>44.8</td>
<td></td>
</tr>
<tr>
<td>Number of employees</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>4.7</td>
<td>7.1</td>
<td>2.50</td>
</tr>
<tr>
<td>2 to 5</td>
<td>14.3</td>
<td>32.2</td>
<td></td>
</tr>
<tr>
<td>6 to 10</td>
<td>38.1</td>
<td>25.0</td>
<td></td>
</tr>
<tr>
<td>&gt; 10</td>
<td>42.9</td>
<td>35.7</td>
<td></td>
</tr>
<tr>
<td>Starting capital</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt; 100 US$</td>
<td>33.3</td>
<td>24.1</td>
<td>5.43</td>
</tr>
<tr>
<td>100 to 1000 US$</td>
<td>0</td>
<td>10.3</td>
<td></td>
</tr>
<tr>
<td>1001 to 5000 US$</td>
<td>4.8</td>
<td>20.7</td>
<td></td>
</tr>
<tr>
<td>&gt;5000 US$</td>
<td>61.9</td>
<td>44.8</td>
<td></td>
</tr>
<tr>
<td>Before start-up</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Self-employed</td>
<td>23.8</td>
<td>20.7</td>
<td>.778</td>
</tr>
<tr>
<td>Employed</td>
<td>76.2</td>
<td>75.9</td>
<td></td>
</tr>
<tr>
<td>Unemployed</td>
<td>0</td>
<td>3.4</td>
<td></td>
</tr>
<tr>
<td>Years of education</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 to 9</td>
<td>14.3</td>
<td>6.9</td>
<td>1.519</td>
</tr>
<tr>
<td>10 to 13</td>
<td>61.9</td>
<td>55.2</td>
<td></td>
</tr>
<tr>
<td>&gt; 13</td>
<td>23.8</td>
<td>37.9</td>
<td></td>
</tr>
<tr>
<td>Received vocational</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training</td>
<td>Yes</td>
<td>28.6</td>
<td>31.0</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>71.4</td>
<td>69.0</td>
</tr>
<tr>
<td>Working hours</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt; 40</td>
<td>0</td>
<td>4.0</td>
<td>3.348</td>
</tr>
<tr>
<td>40 to 50</td>
<td>95.2</td>
<td>79.3</td>
<td></td>
</tr>
<tr>
<td>51 to 60</td>
<td>4.8</td>
<td>6.9</td>
<td></td>
</tr>
<tr>
<td>&gt; 60</td>
<td>0</td>
<td>6.9</td>
<td></td>
</tr>
</tbody>
</table>

NS: Not significant
maximise participation of the respondents in the study, which proved to be time-consuming and costly. The researcher ensured that only the owners of the businesses were interviewed.

Securing appointments with the respondents of the control group required patience and tact. Many appointments were compromised by the entrepreneurs in favour of business activities and follow-up appointments had to be made, in an extreme case as many as seven times. The researcher noted that where the owners were more strategically involved in the business, appointments were kept more easily. It was noted that these businesses had more employees charged with management responsibility and furthermore fewer interruptions occurred during the interviews in the more organised businesses.

Not all the interviews were conducted on the business premises and during business hours. Some of the interviews were conducted during lunch times, at more convenient venues for the owners, even at the homes of the respondents over weekends and after hours.

4.2.7 Survey instrument (Questionnaire)

The instrument used for data collection for the structured interview was developed by Frese, Krauss and Friedrich (2000) for a study of small business owners in Zimbabwe. The instrument was adapted for South African conditions by the research team. An overall reliability coefficient, Cronbach Alpha, was calculated, \( \alpha = .92 \), which indicates the relative reliability of the instrument in the South African environment. The instrument (questionnaire) is attached as Annexure 2.
4.2.8 The interview

A structured interview design was used for data collection. The interview format was kept similar for all respondents. All the questions were asked in the format and sequence of the questionnaire. Where ambiguity or lack of understanding arose, the questions were explained to ensure the respondents understood the question. All interviews were conducted in English. The respondents were assured of the ethical commitment associated with research, such as confidentiality and their freedom of choice to respond to the questions. The researcher noted down comments of the respondents.

A good rapport was established with the respondents. Most of the respondents were very cooperative; two respondents were not prepared to divulge any financial information. Many of the businesses had rudimentary systems of record-keeping. In some cases a single A4 book was used to keep track of business turnover, income and expenses. Some of the businesses had sophisticated computerised financial systems, which they used to keep transactional records and were able to track the performance of the business on a regular basis.

A significant number of the respondents expressed keen interest in business management training. The topics most often raised as necessary for small businesses were finance and marketing. The respondents also listed hampering factors, such as the inability of small business to raise finance, lack of training, spending money too quickly on luxury items, such as expensive vehicles. The time taken for the interviews ranged from a minimum of 45 minutes to a maximum of 150 minutes.
The training group questionnaire contained 24 items related to the implementation of aspects of the training, i.e. planning implementation, time management implementation, innovation and creation and personal initiative. These items were not applicable to the control group. It was expected that the training group interviews take longer than the control group interviews. The average time taken for the control group interviews was 71 minutes (M = 71.72) and the average time taken for the training group interviews was 100 minutes, (M = 100.71).

4.2.9 Data
This study required data to be collected at T4 and compared with relevant data collected at T1 and T2 by Glaub (2002) for analysis. The analysis is focussed on the dimensions of firm performance over time and the participants’ implementation of specific dimensions of entrepreneurial activity.

4.2.10 Summary
This chapter discussed the overall design of the study, explained the constitution of the sample for this study, the relative similarity between the training group and the control group and showed the reliability of the questionnaire. The chapter further explained the procedure followed during the interviews. In summary the chapter developed a basis from which the data can be interpreted which is the purpose of chapter 4.
5 CHAPTER 5: RESULTS AND ANALYSIS

5.1 INTRODUCTION

Based on the basis developed in chapter 5, this chapter discusses the methods of analysis of the data used, from which observations, conclusions and recommendations are made. The chapter first looks at the reaction to the training for the training group, thereafter the chapter looks at the analysis of firm performance followed by a focus on the implementation of the training dimensions over time.

5.2 MEASURES COLLECTED

Measures for all relevant variables were collected such as the number of participants, the means, standard deviations and the number of items scales. All these measures are listed in annexure 1.

5.3 REACTION MEASURE TO TRAINING OVER TIME

Reaction measures of the training were taken after the training intervention. To test whether the overall impression of the training was stable over time, the question “Would you recommend this training to your colleagues?” was asked at T4. The same question was asked at T2. The item was answered on a 5-point Likert-scale. The Wilcoxon test for related samples was used, because Sk > 1. Based on the findings of the analysis of the reaction of the participants of the training at the 95% confidence level in table 5.1, the training group believes that the training was a good intervention even after 18 months.
5.4 FIRM PERFORMANCE

It was hypothesised that entrepreneurial training positively influence firm performance, Hypothesis 1. To test the hypothesis, measures were taken with reference to firm performance. To test the hypothesis objectively, actual figures were collected for sales, profits, etc. The measures were categorised as hard measures, the real figures and soft measures, which are indicators. The hard measures consist of turnover (sales), expenses, labour costs (wages), profit, supply costs and employee count. The soft measures consist of sales growth indicator, customer growth indicator, and profit indicator. A further measure, profit margin, has been calculated to compensate for the variation in levels of turnover due to the differences in firm size and to compare the firms on a common denominator (profit margin = profit / turnover x 100 %). Hypothesis 1 will be evaluated in chapter 5. The rationale is firm performance is determined by a number of variables and the results of the analysis of the variables will be discussed in chapter 5, which will then determine the overarching conclusion on Hypothesis 1.

<table>
<thead>
<tr>
<th>Group</th>
<th>Time</th>
<th>N</th>
<th>Mean</th>
<th>SD</th>
<th>Z</th>
<th>P value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training</td>
<td>T1</td>
<td>21</td>
<td>4.9048</td>
<td>.30079</td>
<td>-1.63</td>
<td>&gt; 0.1</td>
</tr>
<tr>
<td></td>
<td>T4</td>
<td>21</td>
<td>4.7143</td>
<td>.71714</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 5.1: Analysis of sales reaction to training within training group
5.4.1 Overall firm success

5.4.1.1 Sales growth

It was hypothesised, **Hypothesis 2**, that entrepreneurial training increases sales growth. To test this hypothesis the respondents were asked to provide actual gross sales figures at time T1 and at time T4. The groups were compared with one another and between one another over time. Figure 5.1 represents the means for the actual gross sales figures for the two periods respectively.

![Means of Sales](image)

Figure 5.1: Means of Sales for the Training and Control groups

To test the difference within the training and control group over time, the non-parametric Wilcoxon Matched Pairs test was used due to its resistance to skewness and outliers (Kinnear, 2000), (S_{kp} > 1 for most of the variables). The variables representing firm performance, sales, expenses, profit, wages and supplies and employee and for time T1 and T4 respectively were contrasted.
Within group analysis:

Table 5.2: Analysis of sales turn-over, within training group

<table>
<thead>
<tr>
<th>Group</th>
<th>Time</th>
<th>N</th>
<th>Mean</th>
<th>SD</th>
<th>Z</th>
<th>P value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training</td>
<td>T1</td>
<td>19</td>
<td>R 166,736</td>
<td>R 230,000</td>
<td>-2.174</td>
<td>&lt; .05</td>
</tr>
<tr>
<td></td>
<td>T4</td>
<td>19</td>
<td>R 226,947</td>
<td>R 228,500</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

For the training group the results shown in table 5.2 comparing the sales turnover over time shows that there is a significant improvement in the performance of the training group. The results support hypothesis 2. Therefore entrepreneurial training improves sales performance.

Table 5.3: Analysis of sales turn-over, within control group

<table>
<thead>
<tr>
<th>Group</th>
<th>Time</th>
<th>N</th>
<th>Mean</th>
<th>SD</th>
<th>Z</th>
<th>P value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Control</td>
<td>T1</td>
<td>26</td>
<td>R 148,817</td>
<td>R 248,600</td>
<td>-.013</td>
<td>&gt; .10</td>
</tr>
<tr>
<td></td>
<td>T4</td>
<td>26</td>
<td>R 152,596</td>
<td>R 233,300</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

For the control group the results shown in table 5.3 comparing the sales turnover over time shows that there is no significant difference in sales turnover of the control group between time period T1 and T4. The result is the expected result and support **Hypothesis 2**, that entrepreneurial training improves sales turnover.
Between groups analysis:

On comparing the training group with the control group, for significant difference between groups the Mann Whitney U Test for independent groups was used to test for levels of significance between the groups (Kinnear, 2000).

<table>
<thead>
<tr>
<th>Group</th>
<th>Time</th>
<th>N</th>
<th>Mean</th>
<th>SD</th>
<th>Z</th>
<th>P value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Control</td>
<td>T4</td>
<td>26</td>
<td>R 152,596</td>
<td>R 233,300</td>
<td>-1.829</td>
<td>&gt; .05.</td>
</tr>
<tr>
<td>Training</td>
<td>T4</td>
<td>19</td>
<td>R 226,947</td>
<td>R 228,500</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

From the results in table 5.4, it shows that the training group has increased its mean sales more than the control group but the difference has not reached significance at the 95% level. Thus Hypothesis 2 cannot be accepted.

A possible reason for this situation might be insufficient time lag. The period of 18 months might prove too short for the level of significance to be reached. According to Wiklund (1999) a period of less than 2 years is not sufficient for intervention to mature in the performance of small enterprises. Alternatively the degeneration of the training effect may have occurred.

5.4.1.2 Profit growth

It was also hypothesised that entrepreneurial training improves profit. To test this hypothesis, the respondents were asked to provide actual gross profit figures at time T1 and at time T4 in order to compare the performance of the training group and control group. The groups are compared within and between one another over time.
Figure 5.2 represents the means for the actual gross profit figures for the two periods respectively.

The results of the training group using the Wilcoxon test for related samples in table 5.5 show that a level of significance of difference between the groups has not been reached at the 95% confidence level. These results do not support Hypothesis 3.
The results of the control group using the Wilcoxon test for related samples in table 5.6 show that a level of significance of difference between the groups has been reached at the 95% confidence level. These results do support Hypothesis 3.

**Between groups analysis:**

Table 5.6: Analysis of profit growth, within control group

<table>
<thead>
<tr>
<th>Group</th>
<th>Time</th>
<th>N</th>
<th>Mean</th>
<th>SD</th>
<th>Z</th>
<th>P value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Control</td>
<td>T1</td>
<td>26</td>
<td>R 18,742</td>
<td>R 34,900</td>
<td>-2.282</td>
<td>&lt; .05</td>
</tr>
<tr>
<td></td>
<td>T4</td>
<td>26</td>
<td>R 41,165</td>
<td>R 72,200</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The Mann-Witney U test for independent samples was used and the results in table 5.7 show that the difference between the training and control groups with respect to gross profit was not significant at T4. Therefore we cannot accept hypothesis 3 that entrepreneurial training improves gross-profit over time.

5.4.1.3 Actual Expenses

It can be expected that expenses will increase if firms generate more revenue, to this end it is hypothesised that the entrepreneurial training will increase expenses. To test this hypothesis, the respondents were asked to provide actual expense figures at time T2 and at time T4. Figure 5.3 represents the means for the actual expense figures for the two periods respectively.
Within group analysis:

Table 5.8: Analysis of expenses, within training group

<table>
<thead>
<tr>
<th>Group</th>
<th>Time</th>
<th>N</th>
<th>Mean</th>
<th>SD</th>
<th>Z</th>
<th>P value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training</td>
<td>T1</td>
<td>19</td>
<td>R 137,252</td>
<td>R 181,200</td>
<td>-.650</td>
<td>&gt; .05.</td>
</tr>
<tr>
<td></td>
<td>T4</td>
<td>19</td>
<td>R 168,210</td>
<td>R 178,500</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The results of the training group using the Wilcoxon test for related samples in table 5.8 show that a level of significance of difference between the groups has not been reached at the 95% confidence level. These results do not support Hypothesis 4.

Table 5.9: Analysis of expenses, within control group

<table>
<thead>
<tr>
<th>Group</th>
<th>Time</th>
<th>N</th>
<th>Mean</th>
<th>SD</th>
<th>Z</th>
<th>P value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Control</td>
<td>T1</td>
<td>26</td>
<td>R 174,413</td>
<td>344,100</td>
<td>-.724</td>
<td>&gt; .10</td>
</tr>
<tr>
<td></td>
<td>T4</td>
<td>26</td>
<td>R 95,238</td>
<td>143,400</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The results of the control group using the Wilcoxon test for related samples in table 5.9 show that a level of significance of difference between the groups has not been reached at the 95% confidence level. These results do not support Hypothesis 4.
Figure 5.3: Means of Expenses for the Training & Control groups

**Between groups analysis:**

<table>
<thead>
<tr>
<th>Group</th>
<th>Time</th>
<th>N</th>
<th>Mean</th>
<th>SD</th>
<th>Z</th>
<th>P value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Control</td>
<td>T4</td>
<td>26</td>
<td>R 95,238</td>
<td>143,400</td>
<td>-2.369</td>
<td>&lt; 0.05</td>
</tr>
<tr>
<td>Training</td>
<td>T4</td>
<td>19</td>
<td>R 168,210</td>
<td>R 178,500</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The Mann-Witney U test for independent samples was used and the results in table 5.10 show that the difference between the training and control groups with respect to gross profit was significant at T4. Therefore we accept hypothesis 4 that entrepreneurial training improves expenses over time.
The control group has decreased its mean expense where the training group has increased its expense. This result can be used to explain the low profit reported by the training group, even though higher sales were generated by the training group over time. A possible explanation for this situation is that the training group on average may have invested more in their businesses than the control group in order to generate higher profits in the longer term. The high profit reporting from the control group is an indication of short term profit motive rather than longer term business performance.

5.4.1.4 Actual wages (Labour cost)

Concerning actual wages, the respondents were asked to provide actual wage figures at time T1 and at time T4. Figure 5.4 represents the means for the actual wage figures for the two periods respectively.

Figure 5.4: Means of Labour Cost for the Training & Control groups
**Within group analysis:**

<table>
<thead>
<tr>
<th>Group</th>
<th>Time</th>
<th>N</th>
<th>Mean</th>
<th>SD</th>
<th>Z</th>
<th>P value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training</td>
<td>T1</td>
<td>19</td>
<td>R 34,015</td>
<td>R 32,100</td>
<td>-2.158</td>
<td>&lt; .05</td>
</tr>
<tr>
<td></td>
<td>T4</td>
<td>19</td>
<td>R 44,421</td>
<td>R 40,800</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The results of the training group using the Wilcoxon test for related samples in table 5.11 show that a level of significance of difference between the groups for wages has been reached at the 95% confidence level. There was no hypothesis developed for wages or labour cost. The analysis was included primarily as support for employment analysis and also to see for any possible trend in wage increase.

Table 5.12: Analysis of wages, within control group

<table>
<thead>
<tr>
<th>Group</th>
<th>Time</th>
<th>N</th>
<th>Mean</th>
<th>SD</th>
<th>Z</th>
<th>P value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Control</td>
<td>T1</td>
<td>26</td>
<td>R 23,257</td>
<td>R 30,900</td>
<td>-2.303</td>
<td>&lt; .01</td>
</tr>
<tr>
<td></td>
<td>T4</td>
<td>26</td>
<td>R 34,713</td>
<td>R 32,100</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The results of the control group using the Wilcoxon test for related samples in table 5.12 show that a level of significance of difference between the groups for wages has been reached at the 99% confidence level.

**Between groups analysis:**

<table>
<thead>
<tr>
<th>Group</th>
<th>Time</th>
<th>N</th>
<th>Mean</th>
<th>SD</th>
<th>Z</th>
<th>P value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Control</td>
<td>T4</td>
<td>26</td>
<td>R 152,596</td>
<td>R 233,300</td>
<td>-1.610</td>
<td>&gt; 0.1</td>
</tr>
<tr>
<td>Training</td>
<td>T4</td>
<td>19</td>
<td>R 226,947</td>
<td>R 228,500</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Both the training and control groups have increased its mean wages. Due to existence of multiple modes, non-parametric tests were used. The Mann-Witney U test for independent samples results in table 5.13 shows that the difference between the means of the two groups has not reached a level of significance at the 95% confidence level. The results for the increase in labour cost could have been influenced by wage increases.

5.4.1.5 Full-time employee growth

Concerning full time employee growth, the respondents were asked to provide actual numbers of full time employees at time T2 and at time T4. Figure 5.5 represents the means for the full time employees for the two periods respectively.

Figure 5.5: Means of Full Time Employees for the Training & Control groups

*Within group analysis:*
The results of analysis of full-time employees for the training group using the Wilcoxon test for related samples in table 4.14 show that a level of significance of difference between the groups has been reached at the 95% confidence level. These results do support **Hypothesis 7**.

<table>
<thead>
<tr>
<th>Table 5.14: Analysis of full-time employees, within training group</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group</strong></td>
</tr>
<tr>
<td>-----------</td>
</tr>
<tr>
<td>Training</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

The results of the analysis of full-time employees for the control group using the Wilcoxon test for related samples in table 4.15 show that a level of significance of difference between the groups has not been reached at the 95% confidence level. These results do support **Hypothesis 7**.

<table>
<thead>
<tr>
<th>Table 5.15: Analysis of full-time employees, within control group</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group</strong></td>
</tr>
<tr>
<td>-----------</td>
</tr>
<tr>
<td>Control</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

The training group and the control group have on the average increased its full time employee complement. The Mann-Witney U test for independent samples was used.
and the results of the analysis for full-time employees in table 5.16 show that the difference between the training and control groups with respect to full-time employees was not significant at T4. Therefore we can not accept hypothesis 7 that entrepreneurial training increases full-time employees over time, even though the growth within the training group has been significant.

5.4.1.6 Supply

Concerning supply growth, the respondents were asked to provide actual figures for their supply costs for at time T1 and at time T4. Figure 5.6 represents the means for the supply costs for the two periods respectively.

Figure 5.6: Means of Supply for the Training & Control groups

Within group analysis:
The results of the analysis of supply costs for the training group using the Wilcoxon test for related samples in table 5.16 show that a level of significance of difference between the groups has not been reached at the 95% confidence level. These results do not support Hypothesis 5.

<table>
<thead>
<tr>
<th>Group</th>
<th>Time</th>
<th>N</th>
<th>Mean</th>
<th>SD</th>
<th>Z</th>
<th>P value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training</td>
<td>T1</td>
<td>19</td>
<td>R 70,015</td>
<td>R 118.112</td>
<td>-1.416</td>
<td>&gt; .10</td>
</tr>
<tr>
<td></td>
<td>T4</td>
<td>19</td>
<td>R 132,052</td>
<td>R 203.061</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The results of the analysis of supply for the control group using the Wilcoxon test for related samples in table 5.18 show that a level of significance of difference between the groups has not been reached at the 95% confidence level. These results do not support Hypothesis 5.

<table>
<thead>
<tr>
<th>Group</th>
<th>Time</th>
<th>N</th>
<th>Mean</th>
<th>SD</th>
<th>Z</th>
<th>P value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Control</td>
<td>T1</td>
<td>24</td>
<td>R 73,762</td>
<td>R 157.396</td>
<td>-.271</td>
<td>&gt; .10</td>
</tr>
<tr>
<td></td>
<td>T4</td>
<td>24</td>
<td>R 76,425</td>
<td>R 140.184</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Between groups’ analysis:

<table>
<thead>
<tr>
<th>Group</th>
<th>Time</th>
<th>N</th>
<th>Mean</th>
<th>SD</th>
<th>Z</th>
<th>P value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Control</td>
<td>T4</td>
<td>24</td>
<td>R 76,425</td>
<td>R 140.184</td>
<td>1.639</td>
<td>&gt; .10</td>
</tr>
<tr>
<td>Training</td>
<td>T4</td>
<td>19</td>
<td>R 132,052</td>
<td>R 203.061</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Even though the supply cost for the training group has on average almost doubled, the test for significance in table 5.19 shows that the difference in mean supply cost between the training group and control group has not reached significance for T4 at the 95% level. Therefore Hypothesis 5 cannot be accepted. The fact that the supply cost for the training group has increased substantially does imply that economic activity has increased, probably due to sales turnover and customer growth indication.

5.4.1.7 Customer growth indication

Concerning customer growth indication, the respondents were asked on a three point scale, whether their customers have decreased, stayed the same or increased for the periods 1999-2000 and 2001-2002 (T2) and 2001-2002 (T4). The measure for customer growth is subjectively based on the business owners’ perception of their customer growth. They were asked to indicate whether their customer base have increased, decreased or stayed the same for the respective periods.

Figure 5.7 represents the means for the training and control group over the period.
Means of Customer Growth Indication

<table>
<thead>
<tr>
<th>Group</th>
<th>Time</th>
<th>N</th>
<th>Mean</th>
<th>SD</th>
<th>Z</th>
<th>P value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training</td>
<td>T1</td>
<td>21</td>
<td>2.48</td>
<td>0.68</td>
<td>-0.905</td>
<td>&gt;.10</td>
</tr>
<tr>
<td></td>
<td>T4</td>
<td>21</td>
<td>2.62</td>
<td>0.59</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The results of the analysis for customer growth indication of the training group using the Wilcoxon test for related samples in table 5.20 show that a level of significance of difference between the groups has not been reached at the 95% confidence level. These results do not support **Hypothesis 6**.

Table 5.21: Analysis of customer growth indication, within control group

<table>
<thead>
<tr>
<th>Group</th>
<th>Time</th>
<th>N</th>
<th>Mean</th>
<th>SD</th>
<th>Z</th>
<th>P value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Control</td>
<td>T1</td>
<td>29</td>
<td>2.55</td>
<td>0.74</td>
<td>-1.979</td>
<td>&lt;.05</td>
</tr>
<tr>
<td></td>
<td>T4</td>
<td>29</td>
<td>2.13</td>
<td>0.79</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Within group analysis:**

Figure 5.7: Means of Customer Growth Indication for the Training & Control groups
The results of the analysis for the customer growth indication of the control group using the Wilcoxon test for related samples in table 5.21 show that a level of significance of difference between the groups has been reached at the 95% confidence level. There is a significant decrease in customer base for the control group. These results support **Hypothesis 6**.

**Between group analysis:**

<table>
<thead>
<tr>
<th>Group</th>
<th>Time</th>
<th>N</th>
<th>Mean</th>
<th>SD</th>
<th>Z</th>
<th>P value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Control</td>
<td>T4</td>
<td>29</td>
<td>2.13</td>
<td>0.79</td>
<td>-2.220</td>
<td>&lt; .05</td>
</tr>
<tr>
<td>Training</td>
<td>T4</td>
<td>21</td>
<td>2.62</td>
<td>0.59</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

The results using the Mann-Witney U test for 2 independent samples, the results, in table 5.22, shows a significant difference at the 95% confidence level. Thus the training group has actively increased its customer base over time, while the control group has decreased its customer base over time. This outcome of the analysis confirms **Hypothesis 6**, entrepreneurial training impacts positively on the customer base of small firms.

5.4.1.8 Profit margin
Concerning gross profit margin, the scales of profit as a percentage of turn over was formed for 2000-2001 at time T2 and for 2001-2002 at time T4. Figure 5.8 represents the means for profit margins for the two periods respectively.

<table>
<thead>
<tr>
<th>Group</th>
<th>N</th>
<th>Mean T1</th>
<th>Mean T4</th>
<th>Z</th>
<th>P value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Control</td>
<td>26</td>
<td>14.87%</td>
<td>22.66%</td>
<td>-7.11</td>
<td>&gt; 0.10</td>
</tr>
<tr>
<td>Training</td>
<td>19</td>
<td>9.75%</td>
<td>4.19%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
From table 5.23, for the training group, the mean profit margin % has decreased while for the control group it has increased. The difference has not reached the 95% level of significance and the margin follows the trend of the profit, which is expected.

![Means of Profit Margin %]

Figure 5.8: Means of Profit Margin for Training & Control groups

5.4.2 Firm success using indicators
The firm success was measured at T1 using growth success variables, an external success rating and general impressions of success. At T4, 15 to 18 months after T1, growth success was measured using sales, profit, and customers as indicators. The entrepreneurs were asked whether there was an increase, decrease or whether the indicators remained the same for the year 2000 to 2001 and again for the year 2001 and 2002. The responses were scored on a scale with three indicators, ‘1’ = decrease,
‘2’ = the same and ‘3’ = increase. An average increase/decrease was calculated for the three items.

5.4.2.1 Sales growth indication using soft measures
The respondents were also asked on a three point scale, whether their sales have decreased, stayed the same or increased during the periods 1999-2000 and 2000-2001 (T2) and 2001-2002 (T4). Figure 5.9 represents the means for the training and control group over the three periods.

Figure 5.9: Means of Sales Indicators for the Training & Control group

<table>
<thead>
<tr>
<th>Group</th>
<th>N</th>
<th>Mean 1999/2000</th>
<th>Mean 2000/1</th>
<th>Mean 2001/2</th>
<th>Z</th>
<th>P value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Control</td>
<td>29</td>
<td>2.59</td>
<td>2.14</td>
<td>2.34</td>
<td>-1.104</td>
<td>&gt; 0.10</td>
</tr>
<tr>
<td>Training</td>
<td>21</td>
<td>2.76</td>
<td>2.29</td>
<td>2.57</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The results in table 5.24 shows that the difference between the training and control groups with respect to indication of sales growth has not reached significance at the 95% confidence level.

5.4.2.2 Profit growth indication using soft measures
Concerning profit growth indication, the respondents were asked on a three point scale, whether their profit has decreased, stayed the same or increased during the periods 1999-2000 and 2000-2001 (T2) and 2001-2002 (T4).

Figure 5.10 represents the means for the training and control group over the three periods.

Figure 5.10 Means of Profit Indicators for the Training & Control group
The results in table 5.25 show that the difference between the training and control groups with respect to indication of profit growth has not reached significance at the 95% confidence level.

<table>
<thead>
<tr>
<th>Group</th>
<th>N</th>
<th>Mean 1999/2000</th>
<th>Mean 2000/1</th>
<th>Mean 2001/2</th>
<th>Z</th>
<th>P value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Control</td>
<td>29</td>
<td>2.55</td>
<td>2.17</td>
<td>2.13</td>
<td>-1.513</td>
<td>&gt; 0.10</td>
</tr>
<tr>
<td>Training</td>
<td>21</td>
<td>2.48</td>
<td>2.33</td>
<td>2.62</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

5.5 Entrepreneurial training factors

To evaluate the significance of difference between means of the same sample at different times, the t-test for related samples was used due to the group size being less than 30 participants, (Wegner, 1998).

5.5.1 Planning implementation

It was hypothesised that due to time the participants would decrease their application of planning. **Hypothesis 8.** To test the hypothesis on planning behaviour of the training group over time, the same 4 items were included in the questionnaire at T4 concerning planning implementation that was asked at T2, in order to measure the difference within the training group over time. An example of the items is: “To what extent have you made more detailed plans after the training than you did before?”.

The items were added applying the sum of components with equal weighting and formed a combined scale. The five-point Likert scales are all in the same direction.
with one representing the poorest position and five representing the best position with respect to planning implementation. The larger the score, the better the performance with respect to planning implementation.

| Table 5.26: Analysis of planning implementation, within training group |
|---|---|---|---|---|---|---|
| Number | Mean T2 | SD | Mean T4 | SD | df | t-value | p-value |
| 21 | 19.33 | 1.11 | 15.71 | 2.80 | 20 | 6.531 | < 0.01 |

The results in table 5.26 show that there is a significant difference at the 99% confidence level in planning implementation over time by the training group. This implies that the training effect for planning implementation has degenerated over time, 18 months, confirming Hypothesis 8.

5.5.2 Innovation implementation

It was hypothesised that due time the participants would decrease their innovation implementation, Hypothesis 9. To test the hypothesis, 6 items concerning innovation implementation were included in the questionnaire at time T4. The same items were asked at time T2. An example of these items was, “To what extent have you been more innovative concerning the product you’re selling or the service you are offering after the training than you did before?”.

The six items were added applying the sum of components with equal weighting and formed a combined scale. The five-point Likert scales are all in the same direction with one representing the poorest position and five representing the best position with respect to innovation and creativity, the larger the score, the better the performance with respect to creativity implementation.
5.5.3 Creativity

It was hypothesised that due to time the participants would decrease their creativity implementation, **Hypothesis 10**. To test the hypothesis the same 2 items were included in the questionnaire at T4 concerning creativity implementation that was asked at T2. An example of the items was “To what extent have you had more ideas on how to deal with business problems after the training than you did before?”.

The two items were added applying the sum of components with equal weighting and formed a combined scale. The five-point Likert scales are all in the same direction with one representing the poorest position and five representing the best position with respect to innovation and creativity, the larger the score, the better the performance with respect to creativity implementation.

| Table 5.27: Analysis of innovation implementation, within the training group |
|---|---|---|---|---|---|---|
| Number | Mean T2 | SD T2 | Mean T4 | SD | df | t-value | p-value |
| 21 | 28.67 | 0.90 | 22.86 | 0.85 | 20 | 6.602 | < 0.01 |

The results in table 5.27 show that there is a significant difference at the 99% confidence level in innovation implementation over time by the training group. Thus the training effect has degenerated with respect to innovation implementation over time, 18 months, confirming **Hypothesis 9**.
5.5.4 Personal initiative
It was hypothesised that due to time the participants would decrease their personal initiative implementation, **Hypothesis 13**. To test the hypothesis the same items were included in the questionnaire at T4 concerning personal initiative implementation that was asked at T2. An example of the items was: “To what extent have you felt more committed to your goals after the training than you did before?”.

The nine items were added applying the sum of components with equal weighting and formed a combined scale. The five-point Likert scales are all in the same direction with one representing the poorest position and five representing the best position with respect to personal initiative. The larger the score, the better the performance with respect to personal initiative implementation.

The results in table 5.28 show there is a significant difference at the 99% level of confidence and prove that the training effect has degenerated over a time period of 18 months with respect to creative implementation, confirming **Hypothesis 10**.

<table>
<thead>
<tr>
<th>Table 5.28: Analysis of creativity implementation, within the training group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
</tr>
<tr>
<td>--------</td>
</tr>
<tr>
<td>21</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Table 5.29: Analysis of creativity implementation, within the training group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
</tr>
<tr>
<td>--------</td>
</tr>
<tr>
<td>21</td>
</tr>
</tbody>
</table>
The results in table 5.29 show a significant difference at the 99% confidence level and prove that the training effect with respect to personal initiative has degenerated over the 18 month period, confirming **Hypothesis 13**.

### 5.5.5 Time management

#### 5.5.5.1 Within training group comparison

It was hypothesised that due to time the participants would decrease their management implementation, **Hypothesis 11**. To test the hypothesis, the same 2 items were included in the questionnaire at T4 concerning time management implementation that was asked at T2. An example of the items was, “To what extent have you analysed your tasks more according to A-B-C tasks after the training than you did before?”.

The two items were added applying the sum of components with equal weighting and formed a combined scale. The five-point Likert scales are all in the same direction with one representing the poorest position and five representing the best position with respect to time management. The larger the score, the better the performance with respect to time management implementation.

<table>
<thead>
<tr>
<th>Number</th>
<th>Mean T2</th>
<th>SD T2</th>
<th>Mean T4</th>
<th>SD T4</th>
<th>df</th>
<th>t-value</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>21</td>
<td>9.71</td>
<td>0.56</td>
<td>7.71</td>
<td>1.74</td>
<td>20</td>
<td>5.205</td>
<td>&lt; .01</td>
</tr>
</tbody>
</table>

The results in table 5.30 show a significant difference at the 99% confidence level, which implies a decrease of time management implementation by the training group.
over time. Thus the training effect for time management implementation has
degenerated over the 18 month period, confirming **Hypothesis 11**.

5.5.5.2 Between training and control group comparison

It was also hypothesised that due to entrepreneurial training the participants should
improve their time management behaviour over time, **Hypothesis 12**. To test this
hypothesis a five item time management 5-point Likert scale was included in the
instrument concerning time management. These five items were directed at the
training group and the control group at T2 and T4. An example of the items was,
“Before every working day I reserve some time to prepare and plan my work”.

The five items were added applying the sum of components with equal weighting and
formed a combined scale. The five-point Likert scales are all in the same direction and
with one representing the poorest position and five representing the best position with
respect to time management. The larger the score, the better the performance with
respect to time management in general. Figure 5.11 represents the means for the
training and control group for times T1 and T4.
Concerning the training group for time management behaviour over time the results in table 5.31 show that the difference within the training group has reached significance at the 99% confidence level over time.
Table 5.32: Analysis of time management behaviour, within the control group

<table>
<thead>
<tr>
<th>Number</th>
<th>Mean T1</th>
<th>SD T1</th>
<th>Mean T4</th>
<th>SD T4</th>
<th>df</th>
<th>t-value</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>26</td>
<td>15.85</td>
<td>5.35</td>
<td>18.54</td>
<td>3.89</td>
<td>25</td>
<td>-3.035</td>
<td>&lt; 0.01</td>
</tr>
</tbody>
</table>

Concerning the control group for time management behaviour over time the results in table 5.32 show that the difference within the control group has reached significance at the 99% confidence level over time.

To test for significance of difference between the training and control group, the t-test for 2 independent samples was used.

Table 5.33: Independent samples t-test for time management behaviour between groups

<table>
<thead>
<tr>
<th>Sum time management items T1</th>
<th>Equal variances assumed</th>
<th>Equal variances not assumed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Levene’s Test for Equality of Variances</td>
<td>F</td>
<td>Sig.</td>
</tr>
<tr>
<td>Equal variances assumed</td>
<td>8.048</td>
<td>.007</td>
</tr>
<tr>
<td>Equal variances not assumed</td>
<td>.689</td>
<td>45.357</td>
</tr>
</tbody>
</table>

Concerning the difference between the training and control groups over time, at time T1, there was no significant difference between the groups, from table 5.33 it can be seen that equal variances assumed, df = 46, t = .658, p > .10. The insignificant difference at the 95% confidence interval between the groups is confirmed with the 95% confidence range, containing zero: -1.818 to 3.585. At time T4, the training group has improved significantly more than the control group for the combined scale of time management, equal variances not assumed, d = 46.787, t = 2.997, p < 0.05,
significance is confirmed by 95% confidence interval range not containing zero: 0.916 to 4.656.

Even though the training effect has degenerated within the training group, it is shown that the training group’s time management behaviour has improved over that of the control group. The fact that both groups has improved in time management behaviour over time may be attributed to natural learning in the conducting of business on a daily bases. However, the significantly greater improvement of the training group over the control group can be as a consequence of their improved skill in time management due to the training, and therefore Hypothesis 12, that the training has improved the time management behaviour is accepted.

5.6 SUMMARY
This chapter has reported on the analysis of the data of the study and dealt with hypotheses 2 – 13. It is concluded that the training effect for application of the training components has degenerated over time, however the time management behaviour has improved significantly for the training group. Hypothesis 1 will be dealt with in the next chapter together with a discussion on the results and concluding points in terms of limitations, contributions and recommendations.
6 CHAPTER 6: DISCUSSION OF RESULTS AND CONCLUSION

This chapter provides the discussion and conclusion with respect to the findings of the study. It also summarises the study and offers recommendations from the findings based on the study as well as for further research and reports on potential contribution to the area of entrepreneurship and implication for policy development in the South African context. The chapter concludes the need for this study, its strengths, weaknesses and limitations.

Up until now Hypotheses 2 to 13 have been addressed. However, since the essence of an intervention is the effect on the performance of the business, Hypothesis 1 will now be addressed.

6.1 DISCUSSION OF RESULTS

It is important to locate this study in the perspective of the overall longitudinal study to maximise the implied value of the study. To this end, the intermediary results at T3 must be incorporated. It was shown at T3 that the training group outperformed the control group in four important areas, sales, profit, customer base and employees, proving that the training has improved the business performance of the training group significantly (Friedrich et al., 2005).

The findings of this study are summarised in Tables 6.1 and 6.2. It can be seen from the results, that Hypothesis 1, entrepreneurial training improves firm performance over time, cannot be accepted, since firm performance is primarily concerned with the sales turnover experienced by the firm (Wiklund, 1999). The only variable that has shown significant levels of improvement between the training and control group is the
expenses. The fact that the training group has increased their expenses on the average over time is promising. The only possible explanation for this, in view of the increase in sales and very low proportional increase in profit is the investment in the business in order to make it more successful. This however is not enough to claim improved performance. All the other variables have not reached levels of significance. Therefore Hypothesis 1 cannot be accepted.

Table 6.1: Summary of the firm performance results

<table>
<thead>
<tr>
<th>Variable</th>
<th>Training group</th>
<th>Sig Diff Within group</th>
<th>Control group</th>
<th>Sig Diff Within groups</th>
<th>Sig Diff Between groups</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>T1</td>
<td>T4</td>
<td>T1</td>
<td>T4</td>
<td></td>
</tr>
<tr>
<td>Sales turnover</td>
<td>R167,000</td>
<td>R227,000</td>
<td>p &lt; .05,</td>
<td>R149K</td>
<td>R153K</td>
</tr>
<tr>
<td>Profit</td>
<td>R21,000</td>
<td>R35,000</td>
<td>p &gt; .05,</td>
<td>R19K</td>
<td>R41K</td>
</tr>
<tr>
<td>Expenses</td>
<td>R137,000</td>
<td>R168,000</td>
<td>p &gt; .05,</td>
<td>R174K</td>
<td>R95K</td>
</tr>
<tr>
<td>Supply cost</td>
<td>R70,000</td>
<td>R132,000</td>
<td>p &gt; .10</td>
<td>R74K</td>
<td>R76K</td>
</tr>
<tr>
<td>Wages</td>
<td>R34,000</td>
<td>R44,000</td>
<td>p &lt; .05</td>
<td>R23K</td>
<td>R34K</td>
</tr>
<tr>
<td>Employee numbers</td>
<td>11.8</td>
<td>14.0</td>
<td>p &lt; .05</td>
<td>8.7</td>
<td>10.4</td>
</tr>
<tr>
<td>Customer base ind</td>
<td>2.48</td>
<td>2.62</td>
<td>p &gt; .10</td>
<td>2.55</td>
<td>2.13</td>
</tr>
</tbody>
</table>

An important result for the study is the significant increase in sales turnover within the training group, but when compared with the control group, the difference has not reached levels of significance. The value of this result in particular is indicative of the rigour in the research methodology when a control group is introduced in a longitudinal study. If the control group was absent, the difference resulting from within training group analysis would incorrectly have been accepted as proof that the training has improved the performance of the businesses. Significant investment in
future initiatives for the training would be made, just to turn out as a waste of resources. This proves the power of the inclusion of a control group.

Table 6.2: Summary of the Entrepreneurial Training Factors results

<table>
<thead>
<tr>
<th>Variable</th>
<th>Training Gr Only</th>
<th>T2</th>
<th>T4</th>
<th>Sig Diff Within</th>
<th>Control</th>
<th>T1</th>
<th>T4</th>
<th>Sig Diff Between</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planning</td>
<td></td>
<td>19.33</td>
<td>15.71</td>
<td>p &lt; .01</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Innovation</td>
<td></td>
<td>28.67</td>
<td>22.86</td>
<td>p &lt; .01</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Creativity</td>
<td></td>
<td>9.57</td>
<td>7.95</td>
<td>p &lt; .01</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Personal Initiative</td>
<td></td>
<td>43.29</td>
<td>35.57</td>
<td>p &lt; .01</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Time Management</td>
<td></td>
<td>9.71</td>
<td>7.71</td>
<td>p &lt; .01</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Recommend training</td>
<td></td>
<td>4.9</td>
<td>4.71</td>
<td>p &gt; .10</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Training &amp; Control group</td>
<td></td>
<td>T1</td>
<td>T4</td>
<td>T1</td>
<td>T4</td>
<td>Sig Diff Within</td>
<td>Sig Diff Between</td>
<td></td>
</tr>
<tr>
<td>Time Management-behaviour</td>
<td></td>
<td>16.81</td>
<td>21.29</td>
<td>15.85</td>
<td>18.84</td>
<td>p &lt; .01</td>
<td>p &lt; .05</td>
<td></td>
</tr>
</tbody>
</table>

Overall it can be seen that the implementation of the training dimensions, planning, innovation, creativity, personal initiative and time management has degenerated over time. This can be expected from a short training programme of three days duration. What is interesting is that the time management behaviour discriminates between the training and control groups. This allows us to conclude that the training, even though it has a fading out effect over time, has left some behavioural patterns that lasted over time.
6.2 RECOMMENDATIONS

Based on the findings of the study, the results show that the training group still recommend the training very strongly, even after a period of 18 months. The outcome of the research does show that the implementation of the training aspects, planning, innovativeness, personal initiative and time-management have degenerated over time. Even though the training has not significantly influenced the overall business performance over time, the training group has increased expenses significantly over time, which could be interpreted as an investment in the business at the sacrifice of profit. This is not a short term gain approach and could be indicative of long term planning taking effect. However, in the short term, the training has improved the business performance in four main variables (Friedrich et al., 2005). For future research, the study opens to the recommendation of another longitudinal study which includes training at intervals. The study should be used to determine the time period between training interventions in order for the training to remain effective or not to loose its effect. It may take two years or longer for interventions in small businesses to mature (Wiklund, 1999).

Also, further investigation is required to understand which aspects of the training influenced which variables. This could be done with future research focussing on these topics. This study intended to answer a question, but it poses more questions than it has answered.

6.3 CONTRIBUTIONS AND POLICY IMPLICATIONS

The primary contribution of this study is the methodology of the study and the validation of the training. To the knowledge of the research team, no longitudinal
study including a control group has ever been done in South Africa in the field of small business and in particular entrepreneurship. No documentation has been found of entrepreneurship or business management skills training programmes that have been validated in the form of a longitudinal study with a control group in South Africa. In this way this study is novel and contributes to the discipline. This study can serve as a benchmark for future studies intending to develop causality.

A policy implication of this study for future training initiatives is that Government and funding agencies should insist that their service providers provide conclusive indications of the impact of their interventions. This is a means of discriminating between successful initiatives and less successful ones. It therefore has immense potential of guarding against wastage of scarce resources in the long term based on assumptions and speculation, which developing nations can ill-afford. It will also ensure that effective programmes be offered in the future and in this way assist in effective development initiatives.

6.4 STRENGTHS, WEAKNESSES AND LIMITATIONS

An obvious strength of this study is the ability to compare the training group with the control group. As in the case of the sales turnover, if the control group was absent, the wrong conclusion would have emerged and the training would be recommended without reservation, a very costly mistake. Also if the study was not longitudinal, the T3 results would prevail, resulting in another costly mistake. Strengths of the training programme are that it addresses issues such as shortcomings in systematic planning and relevance to business situations which is criticised in the AMT training approach. It also addresses goal setting in a clear way, which is a shortcoming in the Androgogical Training programme of Kotze (1991). Of prime importance to the South
African context is that the programme runs for only three days, compared to other programmes with durations of two and a half weeks and still others of 10 days, as mentioned earlier. This is where this training programme can add significant value in the South African small business development context in that the programme is of short duration, since the owners of small businesses cannot afford to leave their businesses for long periods of time.

In terms of weakness of the study it is found that the study requires significant resources such as time and funding. Another weakness is also the high level of attrition, in this study the attrition rate was 40%. Furthermore the yield of results is longer term rather than short term.

Limitations of this study are the sample size and that it was done on a regional rather than national basis for purposes of generalisation. Another limitation is the lack of rural studies conducted. The study was done in the Cape Town Metropolitan area in the Western Cape, which is a region where education levels on the average are higher than most other areas in the country, especially when compared to rural areas.
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Addendum 1: Measures of variables

<table>
<thead>
<tr>
<th>Measure</th>
<th>Time</th>
<th>Number of participants</th>
<th>Number of items</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>TG</td>
<td>CG</td>
<td>Total</td>
<td></td>
</tr>
<tr>
<td>Training Reaction</td>
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<td></td>
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<tr>
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<td>T2</td>
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<tr>
<td></td>
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<td>4</td>
<td>15.71</td>
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<td>Between Subjects</td>
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<td>21</td>
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<td>16.81</td>
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<td></td>
<td>T1</td>
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<td>26</td>
<td>5</td>
<td>15.85</td>
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<td>T4</td>
<td>21</td>
<td>21</td>
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<td>21.29</td>
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<td>26</td>
<td>26</td>
<td>5</td>
<td>18.54</td>
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<td>T1</td>
<td>21</td>
<td>1</td>
<td>2.29</td>
<td>.85</td>
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<tr>
<td></td>
<td>29</td>
<td>1</td>
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<td>T4</td>
<td>21</td>
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<td>2.48</td>
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<td>T1</td>
<td>19</td>
<td>1</td>
<td>166.7</td>
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<tr>
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<td>26</td>
<td>1</td>
<td></td>
<td>148.8</td>
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<tr>
<td>Sales Turn over 2001-2002</td>
<td>T4</td>
<td>19</td>
<td>1</td>
<td>226.9</td>
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<td>1</td>
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<td>Expense 2000-2001</td>
<td>T1</td>
<td>19</td>
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<td>T1</td>
<td>19</td>
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<td>34.0</td>
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<tr>
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<td>72.2</td>
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<tr>
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<td>1</td>
<td>9.8</td>
<td>10.9</td>
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<tr>
<td>(Means = %)</td>
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<td>1</td>
<td></td>
<td>14.9</td>
<td>16.5</td>
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<tr>
<td>Margin 2001-2002</td>
<td>T4</td>
<td>19</td>
<td>1</td>
<td>4.2</td>
<td>72.6</td>
</tr>
<tr>
<td>(Means = %)</td>
<td>24</td>
<td>1</td>
<td></td>
<td>22.7</td>
<td>27.7</td>
</tr>
</tbody>
</table>

**Employment Growth**

| Full time Employees 2000/1 | T1  | 21  | 1  | 11.8 |
| Full time Employees 2001/2 | T4  | 21  | 1  | 14.0 |
| Full time Employees 2000/1 | T1  | 29  | 1  | 8.7  |
| Full time Employees 2001/2 | T4  | 29  | 1  | 10.4 |
Start / Introduction

- "Can I talk to the owner?"
- "Can you tell me, how many employees you employ here in this business?" (Min. 1 employee, max. 50 employees)

"I would like to ask you to participate in a research project on business owners. It is not supported by anyone here in Cape Town; it is conducted by a German university. We are interested in how owners of a small business run their business. Of particular interest is how you make decisions. It is not only about financial issues. We are also interested in how you go about things, for example, deal with problems concerning your business, make decisions about your products, marketing, etc."

"All of the information that you give us will be kept absolutely confidential."

"The interview will take about 2 hours. All of those interviewed found it interesting to participate, because it gives you a chance to think about how you have done things and it may give you ideas of how to be more effective in the future. If you are interested in the results, we will send you a short report of our research, after we have finished our study."

Before you begin

⇒ make sure that background sounds are reduced as far as possible.
⇒ note: - the subject number (your personal number plus running number of this person) on all pages of your notes!
  - your name
  - date
  - time of interview start and after you've finished the time of interview end
⇒ questions marked with (F): Fact information, no detailed report necessary
⇒ questions marked with (D): Detailed description of the subject's words necessary - also and particularly his / her examples.
General Information
1. (F) How many employees do you have at the moment? …….
2. (F) How many of your employees are full-time employees? …….
3. (F) And how many are from your extended family? …….
4. (F) How many hours do you work per week? …….
5. (F) How many months do you work per year? …….
6. (F) Do you have a written business plan? ➔ if "no" got to 8 …….
7. (D) What time period does your business plan cover? ……………………

Success
Before starting: assure the subject of confidentiality!!

Show various answer scales
8. (F) Has the number of customers from 2000 to 2001 increased, decreased, or did it stay the same? (↑…↓…➔) ………

8.1 Compared to the previous year, has the number of your customers increased, decreased, or did they stay the same? (%; same procedure for the comparison of 2001 to 2002.) (↑…↓…➔) ………

Show various answer scales
9. (F) Have the sales from 2000 to 2001 increased, decreased, or did they stay the same? (↑…↓…➔) ………

9.1 Compared to the previous year, has the amount of sold goods increased, decreased, or did they stay the same? (%; same procedure for the comparison of 2001 to 2002.) (↑…↓…➔) ………

Show various answer scales
10. (F) Has your profit from 2000 to 2001 increased, decreased, or did it stay the same? (↑…↓…➔) ………

10.1 Compared to the previous year, has your profit increased, decreased, or did it stay the same? (%; same procedure for the comparison of 2001 to 2002.) (↑…↓…➔) ………

11. (F) Has your profit increased, decreased or did it stay the same during the last 3 years? (% ) (↑…↓…➔) ………

12. (F) How much of your profit do you monthly take out of your business for yourself? (%) ………………………………………………………………………………………………

Now show answer sheet A.
13. (F) In all, how is the success of your business distributed in time
Now show answer sheet B.

14. (F) How successful do you think others say you are as a business owner?

15. (F) How successful are you as a business owner compared to your competitors?

16. (F) How satisfied are you with your work as a business owner? (😊...😊...😊)

17. (F) How satisfied are you with your current income? (😊...😊...😊)

18. (D) During the last year, did you ask somebody to help you out with money for your business?

19. (D) During the last year, could you always pay your employees the usual money or did you have to reduce it, delay it, or could you sometimes not pay?

20. (F) How often did that happen?

21. (F) Did that also happen in 2000 or was it more frequently last year, in 2001?

22. (F) Do you have to pay more or less for supplies than last year?

23. (F) Can you increase the prices accordingly as you have to pay more for the supplies now?

24. (F) Does your price increases lag behind of that of your suppliers? Please indicate in what way.

25. (F) Can you buy more or less for yourself this year in terms of food and other products compared to last year?

26. When you think of last year's sales:

   26.1 (F) How many months did you have average sales?

   26.2 (F) What is the sales level (Rand) in months of average sales?

   26.3 (F) How many months did you have low sales?

   26.4 (F) What is the sales level (Rand) in months of low sales?

   26.5 (F) How many months did you have high sales?

   26.6 (F) What is the sales level (Rand) in months of high sales?

27. When you think of last month:

   27.1 (F) What were your sales (Rand) during the past month?

   27.2 (F) What were your expenses (Rand) during the past month?

   27.3 (F) How much profit (Rand) did you make during the past month?

   27.4 (F) Was the past month a good, a bad, or an average month?
28. (F) How much do you pay all in all to your workers/employees every month?
29. (F) How much did you pay in all for your supplies last month?
30. (F) How much was your Turn over 6 months ago? ……
31. (F) How much was your profit 6 months ago? ……

32. Additional Observations
   Write down additional observations during the time S fills in the questionnaire.
   Also fill in interviewer evaluation and review your own notes for completeness.

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This question is about the goals you have for your business.
Please tick which is the most important goal area for your business. Tick only one goal-area!
Example:
**Please tick now which is the most important goal area for your business.**

<table>
<thead>
<tr>
<th>New marketing strategy (x)</th>
<th>Make more profit ( )</th>
<th>Perform better than competitors ( )</th>
<th>Expanding ( )</th>
<th>Show initiative ( )</th>
<th>Improve… ( )</th>
</tr>
</thead>
</table>

This would mean that “New marketing strategy” is the most important goal area for your business.

**Please write down the goals you have in the area you ticked**

________________________________________________________________________________________________________________________
________________________________________________________________________________________________________________________
________________________________________________________________________________________________________________________
________________________________________________________________________________________________________________________
________________________________________________________________________________________________________________________
________________________________________________________________________________________________________________________

**What are you doing/will you do to reach this goal/these goals? Please give a full description.**

________________________________________________________________________________________________________________________
________________________________________________________________________________________________________________________
________________________________________________________________________________________________________________________
________________________________________________________________________________________________________________________
________________________________________________________________________________________________________________________
________________________________________________________________________________________________________________________

Please tick how the following statements apply to you.

<table>
<thead>
<tr>
<th>Statement</th>
<th>33. Not at all</th>
<th>34. A bit</th>
<th>Neither/ nor</th>
<th>A lot</th>
<th>35. Totally</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before every working day I reserve some time to prepare and plan my work.</td>
<td>( )</td>
<td>( )</td>
<td>( )</td>
<td>( )</td>
<td>( )</td>
</tr>
<tr>
<td>I write down tasks, goals and dead-lines for accomplishing them.</td>
<td>( )</td>
<td>( )</td>
<td>( )</td>
<td>( )</td>
<td>( )</td>
</tr>
<tr>
<td>Every day I put down a priority list. I start working on the most important tasks first.</td>
<td>( )</td>
<td>( )</td>
<td>( )</td>
<td>( )</td>
<td>( )</td>
</tr>
<tr>
<td>I try to keep my workday as free as possible from disturbing telephone calls, unexpected visitors and ad hoc meetings.</td>
<td>( )</td>
<td>( )</td>
<td>( )</td>
<td>( )</td>
<td>( )</td>
</tr>
<tr>
<td>I am able to say no if others demand time from me</td>
<td>( )</td>
<td>( )</td>
<td>( )</td>
<td>( )</td>
<td>( )</td>
</tr>
</tbody>
</table>

5
although I have to finish important things.

**Within the last month (February) did you introduce anything new into your business?**
**Please tick yes or no and give a brief description of the what you introduced.**

Did you introduce a new way of marketing/advertising?
- [ ] yes  description:
- [ ] no

Did you introduce an additional product/service?
- [ ] yes  description:
- [ ] no

Did you introduce a new way of offering your product/service?
- [ ] yes  description:
- [ ] no

Did you use new sources to get information for your business?
- [ ] yes  description:
- [ ] no

Did you have a creative or innovative idea concerning your business?
- [ ] yes  description:
- [ ] no

**Have the following measures changed during the month (February)?**
**Please tick what applies to the changes.**
**If possible please write down the reason for the change.**

Did the sales within February
- [ ] decrease  Reason for change:_____________________________
- [ ] stay the same
- [ ] increase

Did the profit within February
- [ ] decrease  Reason for change:_____________________________
- [ ] stay the same
- [ ] increase

Did the expenses(including supplies, wages, rental…) within February
- [ ] decrease  Reason for change:_____________________________
- [ ] stay the same
- [ ] increase

Did the number of customers within February
- [ ] decrease  Reason for change:_____________________________
- [ ] stay the same
- [ ] increase

Did the number of employees within February
- [ ] decrease  Reason for change:_____________________________
- [ ] stay the same
- [ ] increase
Please fill in this questionnaire by ticking the response to the question that would represent your response in the best way. Please fill in every question.

Question 1: To what extent have you made more detailed plans after the training than you did before?

Not at all 1 2 3 4 Very often 5

Question 2: To what extent have you set more specific goals after the training than you did before?

Not at all 1 2 3 4 Very often 5

Question 3: To what extent have you set more time-bound goals after the training than you did before?

Not at all 1 2 3 4 Very often 5

Question 4: To what extent have you analysed your tasks more according to A-/B-/C-tasks after the training than you did before?

Not at all 1 2 3 4 Very often 5

Question 5: To what extent have you prioritised your goals more after the training than you did before?

Not at all 1 2 3 4 Very often 5

Question 6: To what extent have you felt more committed to your goals after the training than you did before?

Not at all 1 2 3 4 Very often 5

Question 7: To what extent have you spent more time anticipating possible business problems after the training than you did before?

Not at all 1 2 3 4 Very often 5

Question 8: To what extent have you had more ideas how to deal with business problems after the training than you had before?

Not at all 1 2 3 4 Very often 5

Question 9: To what extent have you been more persistent concerning business problems after the training than you were before?

Not at all 1 2 3 4 Very often 5

Question 10: To what extent have you carried out more of your planned goals after the training than you did before?

Not at all 1 2 3 4 Very often 5
Question 11: To what extend have you used more creative solutions concerning business problems after the training than you did before?

<table>
<thead>
<tr>
<th>Not at all</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>Very often</th>
<th>5</th>
</tr>
</thead>
</table>

Question 12: To what extend have you been more innovative concerning the product you’re selling or the service you’re offering after the training than you were before?

<table>
<thead>
<tr>
<th>Not at all</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>Very often</th>
<th>5</th>
</tr>
</thead>
</table>

Question 13: To what extend have you used more innovative ways of producing your product or offering your service after the training than you did before?

<table>
<thead>
<tr>
<th>Not at all</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>Very often</th>
<th>5</th>
</tr>
</thead>
</table>

Question 14: To what extend have you used more innovative ideas and ways in advertising your product or your service after the training than you did before?

<table>
<thead>
<tr>
<th>Not at all</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>Very often</th>
<th>5</th>
</tr>
</thead>
</table>

Question 15: To what extend have you sought out more information about your customer’s demands after the training than you did before?

<table>
<thead>
<tr>
<th>Not at all</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>Very often</th>
<th>5</th>
</tr>
</thead>
</table>

Question 16: To what extend have you sought out more information and ideas from different sources (employees, competitors, suppliers…) after the training than you did before?

<table>
<thead>
<tr>
<th>Not at all</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>Very often</th>
<th>5</th>
</tr>
</thead>
</table>

Question 17: To what extend have you carried out more changes concerning your business after the training than you did before?

<table>
<thead>
<tr>
<th>Not at all</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>Very often</th>
<th>5</th>
</tr>
</thead>
</table>

Question 18: To what extend have you searched more actively for new business opportunities after the training than you did before?

<table>
<thead>
<tr>
<th>Not at all</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>Very often</th>
<th>5</th>
</tr>
</thead>
</table>

Question 19: To what extend have you dealt more actively with business problems after the training than you did before?

<table>
<thead>
<tr>
<th>Not at all</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>Very often</th>
<th>5</th>
</tr>
</thead>
</table>

Question 20: To what extend have you sought more actively for alternative strategies to reach your goals after the training than you did before?

<table>
<thead>
<tr>
<th>Not at all</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>Very often</th>
<th>5</th>
</tr>
</thead>
</table>
**Question 21:** To what extend have you put through your business plans from beginning to finish (completion) more after the training than you did before?

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
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<tbody>
<tr>
<td>Not at all</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Very often</td>
</tr>
</tbody>
</table>

**Question 22:** To what extend have you acted self-starting before being forced to by events more after the training than you did before?

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
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<tbody>
<tr>
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<td></td>
<td></td>
<td></td>
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<td></td>
<td>Very often</td>
</tr>
</tbody>
</table>

**Question 23:** To what extend have you dealt better with frustrating situations after the training than you did before?

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
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<tr>
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<td></td>
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<td></td>
<td></td>
<td>Very often</td>
</tr>
</tbody>
</table>

**Question 24:** Would you recommend this training to your colleagues?

<table>
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<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
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</thead>
<tbody>
<tr>
<td>Not at all</td>
<td></td>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Very much</td>
</tr>
</tbody>
</table>

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Interview of business owners in South Africa 2001
- answer sheet A -
In all, how is the success of your business distributed over time?
Please tick one.

1. 

2. 

3. 

4. 

5. 

6. 

7. 

8. 

Interview of business owners in South Africa 2001
- answer sheet B -
1) How successful do you think others say you are as a business owner?

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>not at all</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>successful</td>
<td></td>
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<tr>
<td>not that</td>
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<tr>
<td>successful</td>
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<td>successful</td>
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<tr>
<td>very</td>
<td></td>
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<tr>
<td>successful</td>
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</tbody>
</table>

2) How successful are you as a business owner compared to your competitors?

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<th></th>
<th>1</th>
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<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>not at all</td>
<td></td>
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3) How satisfied are you with your work as a business owner?

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4) How satisfied are you with your current income?

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In the following, please indicate on this scale for each pair of statement of business owners, which of the statements applies most to you.

I am

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5) grogo1

**Business owner A:**
"I am satisfied as long as my business provides a living for my family and myself."

**Business owner B:**
"I am satisfied as long as my business keeps growing and becomes bigger."

6) moti1

**Business owner A:**
"I just do this business as long as I cannot find another, better job."

**Business owner B:**
"I really like to be a business owner on my own: I don't want another job."

7) grogo2

**Business owner A:**
"If I earn enough money for my family, that is good enough."

**Business owner B:**
"I want my business to grow as much as possible."

8) moti2_r

**Business owner A:**
"I am really interested in what I do now as a business owner; I would not like to do anything else."

**Business owner B:**
"I don't care what exactly I work on as long as I earn money with it."
Does your price increase lag behind that of your suppliers? Please indicate in what way.

1. High supplier's price increase
   - High increase of the prices for my goods

2. Low supplier's price increase
   - Low increase of the prices for my goods

3. High increase of the prices for my goods
   - Low supplier's price increase
### Interview of business owners in South Africa 2001
- various answer scales -

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100% - 75%------ 50% ----- 25% --- SAME --- 25% ------50% ------75% --100%
**DECREASE**

**INCREASE**
Suppose a young man works in a factory. He has barely managed to save a very small amount of money. Now his first cousin comes to him and tells him that he needs money badly since he has no work at all. How much obligation do you think the factory worker has to share his savings with his first cousin?

- a strong obligation
- a not so strong obligation
- No obligation

Now suppose in the story it was not his first cousin, but a distant cousin who came to the factory worker and said he had no money. How much obligation do you think the factory worker has to share his savings with his distant cousin?

- a strong obligation
- a not so strong obligation
- No obligation

Some people say that a boy should be taught to give preference to a friend or relative, even when others have a more rightful claim. Others say a boy should be taught not to break an important rule even for a friend or relative. Do you think a boy should be taught to give preference to a friend or relative:

- always
- usually
- sometimes
- Rarely
- never