



**THE STATE OF ENTREPRENEURSHIP AND ITS SOCIO-ECONOMIC IMPACT IN
THE CAPE METROPOLE AREA**

by

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Thesis submitted in fulfilment of the requirements for the degree

Master of Technology: Business Administration

in the Faculty of Business and Management Sciences

at the Cape Peninsula University of Technology

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Cape Town

March 2019

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14 March, 2019

Date

ABSTRACT

Entrepreneurship is distinguished by its developmental and transformative qualities, particularly in the context of emerging economies. Entrepreneurship plays an important role in developing the economy of a country as the entrepreneur sparks economic activities through his/her entrepreneurial decisions. These entrepreneurial decisions lead to the creation of new business activities which in turn are a driving force in economic growth, creating jobs and enhancing fiscal credibility. However, the role of entrepreneurship in economic development varies from economy to economy and depends on the availability and accessibility of material resources, the industrial climate and the effectiveness of the political system underpinning the economy. In South Africa, there are major challenges that contribute to the unstable state of the economy. Retrenchments, the high failure rate of new businesses and the lack of growth in existing ones give credence to the summation that the South African economy is not expansively equipped to meet the challenges of a sustainable growth environment. A thriving entrepreneurial environment has significant benefits for job creation and the equitable distribution of economic wealth. In recent years, South African economists have been scrambling for solutions to the static economy that has seen a decline in new businesses of 34% from 2013 to 2014, resulting in continuing economic instability. Considering the trend highlighted above, the researcher was intrigued to examine the state of entrepreneurship and its socio-economic impact in the Cape Metropole Area. The researcher made use of a mixed-method research approach with an explanatory purpose, employing triangulation to achieve complementary results. The research invoked both interpretivist and positivist paradigms, though leaning towards the collection of qualitative data using semi-structured interviews and open-ended and closed questionnaires. The confidentiality of the information from respondents was ensured. The findings revealed that most entrepreneurs experience difficulty in accessing crucial entrepreneurial framework conditions, which hinders their activities. The findings also revealed that South Africa is at present not realising its job-creation potential and is therefore making little progress with unemployment and poverty reduction. In conclusion, entrepreneurs are essential to the economy and the society in any country regardless of its economic development. Their entrepreneurial decisions give hope to the growing number of unemployed people in South Africa. However, entrepreneurial activities are more fruitful in an environment that is conducive to business growth. Unless a favourable entrepreneurial environment is created, the entrepreneurial and labour classes will be incapable of realising their potential as a major engine for job creation and catalyst for economic growth. In South Africa, only a vigorous performance of the SMME sector and entrepreneurship, creating millions of sustainable jobs can stimulate economic growth and make it possible to reduce unemployment and for millions to escape the poverty trap. It is therefore recommended that the government and

independent organisations work together to initiate programmes enabling existing and potential entrepreneurs to excel and initiate successful entrepreneurial activities. In general, there is a need for a macroeconomic environment that is friendly to labour-intensive investment, in order to generate spill-over growth effects, because entrepreneurs are more likely to invest productively, create jobs and contribute to poverty reduction.

KEY TERMS: State of entrepreneurship, entrepreneurial activity, SMME, socio-economic impact, Cape Metropole, South Africa

ACKNOWLEDGMENTS

My heartfelt gratitude goes to the Almighty God. This study would not have been completed without His grace, protection, guidance and continuous provision for all my needs.

My special thanks go to:

- My parents, Prof. Kabengele Dibwe and Dr. Mayi Muzembe for their support and dedication throughout my academic experience.
- My supervisors, Dr. Ignatius Ticha and Ms. Mamorena Matsoso for their guidance, motivation, support and constructive criticism throughout this Master programme. I was honoured to have you as my supervisors.

My thanks and appreciations also go to:

- All the respondents who participated in this study.
- My family and friends for their support, patience and encouragement.
- Ms. Fazloen Hoffman for her generous support and more importantly for believing in me.
- The CPUT Research Grant for the financial support (URF).
- Dr Corrie Uys for statistical support.
- Prof Chux and Dr Tengeh for their personal advice on the shape of this study.
- My editor Prof Gareth Cornwell
- The Faculty of Business and Management Sciences for the workshops and conference exposure.
- All CPUT lecturers who contributed to my learning process.

DEDICATION

I dedicate this work to my parents and all those who believed in me. Your presence, calls, messages and prayers kept me going. This work is also dedicated to my late loving brothers, Tshimanga Kabengele (Tshiba) and Mbuyi Kabengele (Kabose). No words can ever be enough to express how grateful I am to have had you alive. Your unconditional love and vision for the future will forever be cherished and remembered until we meet again.

TABLE OF CONTENTS

Declaration	i
Abstract	ii
Acknowledgments	iv
Dedication	iv
Glossary	xiii

CHAPTER ONE: INTRODUCTION

1.1	Background of the study.....	1
1.2	Research problem.....	2
1.2.1	Background to the research problem.....	2
1.2.2	Problem statement	3
1.3	Research questions and objectives.....	4
1.3.1	Approach to research questions	4
1.4	Methodology.....	5
1.4.1	Research design and methodology.....	5
1.4.2	Data collection technique.....	5
1.4.3	Data sources	6
1.4.4	Population	6
1.4.5	Sample and sampling procedure	6
1.4.6	Data analysis and presentation of results/findings	6
1.5	Ethical considerations	6
1.6	Delineation	7
1.7	Significance of the study and recommendation	7
1.8	Contribution and results of research.....	8
1.9	Overview of the thesis structure	8
1.10	Conclusion.....	9

CHAPTER TWO: LITERATURE REVIEW

2.1	Introduction.....	10
2.2	Theories of entrepreneurship.....	11
2.2.1	Cantillon's theory	12
2.2.2	Knight's theory.....	13

2.2.3	Schumpeter's theory.....	15
2.2.4	Conclusion on theories	17
2.3	The state of entrepreneurship in South Africa.....	18
2.3.1	Entrepreneurial activity	20
2.3.1.1	Measurement of entrepreneurial activity	21
2.3.1.2	Small businesses.....	22
2.3.1.3	The distribution of small business (smmes)	23
2.3.1.4	The operation sectors of entrepreneurial activities.....	25
2.3.1.5	Gender and ethnicity in entrepreneurial activities.....	26
2.3.1.6	The performance of entrepreneurial activities	27
2.3.2	Entrepreneurship in the later post-apartheid era (from 2005).....	29
2.4	Factors that contribute to the state of entrepreneurship	31
2.4.1	Motivation to become an entrepreneur.....	31
2.4.1.1	Push and pull factors	31
2.4.1.1.1	Pull factors.....	32
2.4.1.1.2	Push factors	33
2.4.2	Factors influencing the success or failure of entrepreneurship.....	34
2.4.2.1	Socio-cultural factors	34
2.4.2.2	Economic factors	37
2.4.2.3	Government.....	42
2.4.2.3.1	Governance indicators on governance	43
2.4.2.4	Entrepreneurial education and training	45
2.4.2.4.1	General challenges facing entrepreneurs arising from not having entrepreneurship education and training.....	46
2.5	Socio-economic impact of entrepreneurship	47
2.5.1	Employment	47
2.5.2	Innovation	48
2.5.3	Productivity	49
2.5.4	Social responsibility	50
2.5.5	Poverty reduction	51
2.6	Conclusion.....	52

CHAPTER THREE: RESEARCH METHODOLOGY AND DESIGN

3.1	Introduction.....	53
3.2	Purpose of the research.....	53
3.3	Research paradigms.....	54

3.3.1	Interpretivist epistemology	56
3.3.2	Positivism ontology	56
3.4	Research approach	58
3.4.1	Mixed approach	58
3.5	Research design/methods	58
3.5.1	Triangulation design	59
3.6	Data collection methods	61
3.6.1	Qualitative data.....	61
3.6.1.1	Interviews	61
3.6.2	Quantitative data	62
3.6.2.1	Questionnaire	62
3.6.2.1.1	The pilot study	64
3.7	Population	64
3.7.1	Research area	64
3.8	Sample and sampling procedure	65
3.8.1	Sampling procedure.....	65
3.8.2	Sampling methods.....	66
3.8.3	Determining the sample size.....	68
3.9	Validity and reliability	68
3.10.1	Data preparation.....	70
3.10.2	Data analysis.....	70
3.11	Ethical considerations.....	71
3.12	Conclusion.....	72

CHAPTER FOUR: DESCRIPTION AND INTERPRETATION OF RESULTS

4.1	Introduction.....	73
4.2	Descriptive statistical analysis	73
4.2.1	Statistical procedures	73
4.3	Results and interpretation of data	73
4.3.1	Section a: profile of respondents and their activities: the state of entrepreneurship	73
4.3.1.1	Gender of respondents.....	74
4.3.1.2	Ethnic groups.....	75
4.3.1.3	Business sector	77
4.3.1.4	Year of establishment.....	78
4.3.1.5	Entrepreneurs' function within the company	80

4.3.1.6	Educational level of entrepreneurs.....	81
4.3.1.7	Years of experience.....	82
4.3.2	Section b: factors that contribute to the state of entrepreneurship.....	84
4.3.2.1	Factors that encourage or discourage entrepreneurship.....	84
4.3.2.1.1	Pull factors.....	84
4.3.2.1.2	Push factors	85
4.3.2.2	Factors influencing the success or failure of entrepreneurship.....	89
4.3.2.2.1	Social and cultural factors.....	90
4.3.2.2.1.1	Crime.....	90
4.3.2.2.1.2	Infrastructural resources	93
4.3.2.2.1.3	Culture.....	96
4.3.2.2.2	Economic factors	99
4.3.2.2.2.1	Access to finance	99
4.3.2.2.2.2	Inflation and exchange rate.....	102
4.3.2.2.2.3	Taxation.....	104
4.3.2.2.3	Entrepreneurship education and training	106
4.3.2.2.4	Government.....	114
4.3.2.3	Section c: the socio-economic impact of entrepreneurship	118
4.3.2.3.1	Employment	121
4.3.2.3.2	Innovation.....	123
4.3.2.3.3	Social responsibility and quality of employment.....	124
4.4	Conclusion.....	125

CHAPTER FIVE: CONCLUSION

5.1	Introduction.....	126
5.2	Overview of the study	126
5.2.1	Chapter one.....	126
5.2.2	Chapter two	126
5.2.3	Chapter three.....	127
5.2.4	Chapter four	128
5.3	Key findings and implications.....	128
5.3.1	Achievement of research objectives	128
5.3.2	Key findings.....	130
5.3.2.1	The state of entrepreneurship in the cape metropole area	130
5.3.2.2	Factors that determine the state of entrepreneurship	130
5.3.2.2.1	Factors that motivate entrepreneurship.....	130

5.3.2.2.2	Factors influencing the success or failure of entrepreneurship.....	130
5.3.2.3	The socio-economic impact of entrepreneurship.....	131
5.4	Recommendations.....	132
5.4.1	Motivational campaigns and initiatives to encourage entrepreneurship....	132
5.4.2	Factors influencing the success of businesses	133
5.4.2.1	Social factors	133
5.4.2.2	Cultural factors: role models and family support	133
5.4.2.3	Economic.....	133
5.4.2.4	Institutions of higher learning	134
5.4.2.5	Government.....	135
5.4.3	Impact of entrepreneurship	136
5.5	The contribution of the study.....	137
5.6	Limitations of the research.....	137
5.7	Future research	138
5.8	Conclusion.....	138
6	REFERENCES.....	139

LIST OF FIGURES

Figure 2.1:	The link between entrepreneurship and economic development.....	19
Figure 2.2:	Entrepreneurial activities in the commercial and wider environment	20
Figure 2.3:	Smme performance, 2011 – 2016.....	28
Figure 2.4:	Pull and push factors as entrepreneurial motivation.....	32
Figure 2.5:	Governance indicators on governance.....	45
Figure 2.6:	Gdp Growth South Africa (Excluding Western Cape) Compared To Western Cape, 2011 - 2015.....	49
Figure 2.7:	The Cycle of poverty.....	51
Figure 3.1:	Foundation of research.....	55
Figure 3.2:	Concurrent strategy of triangulation	60
Figure 3.3:	Cape Metropole area detailed map.....	65
Figure 4.1:	Gender of respondents	74
Figure 4.2:	Ethnic groups of respondents	76

Figure 4.3:	Business sectors	77
Figure 4.4:	Year of business establishment	79
Figure 4.5:	Entrepreneurs' function in company.....	80
Figure 4.6:	Entrepreneurs' years of experience	82
Figure 4.7:	Necessity (push) vs opportunity (pull) entrepreneurs	85
Figure 4.8:	Nature of crime	91
Figure 4.9:	Level Of Crime in business area	92
Figure 4.10:	Access to finance	101
Figure 4.11:	Tax paying.....	104
Figure 4.12:	Recipients of entrepreneurial education and training	107
Figure 4.13:	Desire to pursue entrepreneurial education and training.....	108
Figure 4.14:	Entrepreneurs' perceptions of core competencies	109
Figure 4.15:	Government assistance	115
Figure 4.16:	Rating of government assistance.....	116
Figure 4.17:	Areas of government support.....	116
Figure 4.18:	Level of employment.....	120
Figure 4.19:	Entrepreneurs' contribution to the community	121

LIST OF TABLES

Table 1.1:	Research questions and objectives	4
Table 2.1:	Entrepreneurs in theory	18
Table 2.2:	Tea rates of south africa & GEM studies.....	21
Table 2.3:	Classification of small business	23
Table 2.4:	Smmes by province	24
Table 2.5:	Sectors of businesses operation in South Africa	26
Table 2.6:	Smme funding institutions	40
Table 2.7:	The government's contributions	43
Table 3.1:	The constituent elements of positivist and interpretivist paradigms	57
Table 3.2:	Research design vs research methodology	58
Table 4.1:	Level of educational achievement.....	81
Table 4.2:	Push factors	87
Table 4.3:	Pull factors.....	87
Table 4.4:	Crime rate.....	91

Table 4.5:	Access to infrastructural resources.....	94
Table 4.6:	Impact of infrastructural resources on the success of enterprise.....	94
Table 4.7:	Entrepreneurial culture	96
Table 4.8:	Significance of entrepreneurial culture on the likelihood of being an entrepreneur	97
Table 4.9:	Access to finance	100
Table 4.10:	Inflation and exchange rate.....	103
Table 4.11:	Impact of inflation and exchange rate	103
Table 4.12:	Tax evaluation	105
Table 4.13:	Perceived effect of entrepreneurial education and training.....	107
Table 4.14:	Level of emphasis on entrepreneurship education.....	108
Table 4.15:	Socio-economic impact of entrepreneurship	119

LIST OF APPENDICES

Appendix A:	Questionnaire.....	161
Appendix B:	Interview.....	167
Appendix C:	Ethical Clearance.....	169
Appendix D:	Descriptive Statistics.....	170

GLOSSARY

The following key terms used in this study are defined below.

Business failure: This refers to a company ceasing operations following its inability to generate profits or bring in enough revenue to cover its expenses.

Business growth: The process of improving some measure of an enterprise's success. It can be achieved either by boosting the revenue of the business through greater product sales or service income, or by increasing the profitability of the operation by minimising costs.

Business performance: A set of performance, management and analytical processes that enable the management of an organisation to achieve one or more pre-selected goals.

Cape Metropole: The metropolitan municipality which governs the city of Cape Town, its suburbs and exurbs. As of the 2011 census, it had a population of 3,740,046 (Western Cape Government, 2013: 12).

Entrepreneurship: The identification of business opportunities and the mobilization of economic resources to initiate a new business or revitalize an existing business, under the conditions of risks and uncertainties, for the purpose of making profits under private ownership (Adenutsi, 2009: 7).

Entrepreneurial activity: A skilful, profit-oriented and self-involving undertaking aimed at creating value through the modernization of production processes or the identification and exploitation of new markets or products (Adenutsi, 2009: 7).

Entrepreneur: A person who sets up a business or businesses, taking on financial risks in the hope of profit.

Entrepreneurial framework conditions: The conditions of a country's infrastructural ecosystem that enhance or hinder the creation of new businesses and thereby influence economic growth.

Inequality: A state in which not all members of a particular society are given equal access to resources and opportunities.

Necessity entrepreneur: A person who starts a small-scale business because s/he is desperate to earn a living, mostly as a result of inability to find formal employment.

Opportunity entrepreneur: A person who is not driven by the need to earn a living but who establishes a small business because s/he sees a potential market (perceives an opportunity) for a particular product(s) or service(s).

Socio-economic impact: How economic activity affects both the economy and the society.

Small business: A separate and distinct entity operating at a small, medium and micro level with one or more of the following characteristics: Fewer than 200 employees. Annual turnover of less than R64 million. Capital assets of less than R19 million (Republic of South Africa, 2003).

State: The particular condition that someone or something is in at the specific time; a reflection of how things are.

The Global Entrepreneurship Monitor (GEM): The world's foremost study of entrepreneurship, a trusted resource for key international organisations like the United Nations, World Economic Forum, World Bank, and the Organisation for Economic Co-operation and Development (OECD), providing custom datasets, special reports and expert opinion.

Poverty: The inability of individuals, households or communities to attain socially acceptable minimal standard of living, measured in terms of basic consumption needs or the income required for satisfying them.

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Entrepreneurship is key to the economy of every country, especially developing economies such as South Africa (Acs et al., 2015). Creative entrepreneurs bring about new technologies, products and services. Their ideas create new markets, develop existing ones and bring to life new jobs along the way. Schumpeter, regarded as the founder of the modern entrepreneurial idea, defines an entrepreneur as an innovator, one responsible for doing or developing things in a new way (Schumpeter, 1978: 74).

Entrepreneurial activities form the core of entrepreneurship and require entrepreneurs to identify, create and evaluate business opportunities, develop a business plan, check the availability of resources and alternative ways of borrowing, innovate and create employment for the entrepreneur himself or herself and for others (Gree & Thurnik, 2003). In this way, entrepreneurs are able to create value. The role that entrepreneurship can play in the socio-economic development context is immense. This role is even more important in developing countries such as South Africa, where the economic environment is under considerable strain, with an unemployment rate estimated to be as high as 27.7% (StatsSA, 2017), a huge incidence of poverty (60%), and a high rate of business failure leading to retrenchments (Global Entrepreneurship Monitor, 2014).

Entrepreneurship can alleviate the situation described above through the rigorous performance of its activities via large, medium, small and micro enterprises (Berry et al., 2002: 7-11). The socio-economic impact of innovation through entrepreneurship can result in a global competitive advantage, while creating jobs to sustain the population financially and increase the demand for goods and services. The start of new businesses enables the economy to produce more, raising productivity to meet the increased demand and in the process increasing the GDP. Entrepreneurs also contribute to raising the living standards of people by supplying job satisfaction and even through philanthropic gestures, assisting the population to access fundamental needs such as food, healthcare, clothing, protection and shelter (Singer, Amoros & Moska, 2014; Adenutsi, 2009: 19).

In spite of its important role, the GEM studies show a decline in South African

entrepreneurial activity by 34% since 2013, with only 7% of the adult population actively engaged in such activity (Illingworth, 2014: 1). Various factors have been identified as helping to explain the declining state of entrepreneurship in the country. These include the lack of capital or financial assistance, the lack of skills needed to develop and manage a company, high levels of crime, inadequate infrastructure and various regulatory issues (Singer et al., 2014).

In response to the state of entrepreneurship and the socio-economic state of the country more generally, South Africa has applied a number of strategies and policies aimed at improving the socio-economic situation in the country and, more especially, meeting the challenges linked to entrepreneurship. These included the national skills fund, the national empowerment fund, the growth, employment and redistribution strategy (GEAR), the Umsombuvu youth agency, small, medium and micro enterprises (SMME) development institutions, the accelerated and the shared growth initiative of South Africa (ASGISA), the new growth path and the reconstruction and development programme (RDP) and the small enterprise development agency (SEDA) (Mahadea, 2012: 2; Republic of South Africa, 2014).

In spite of the adoption of the initiatives outlined above, entrepreneurship and the development of small business in South Africa do not perform to the level required to alleviate major socio-economic challenges such as unemployment, inequality and poverty (Benedict, 2010: 13). This underperformance is highly noticeable, especially when South Africa is compared to other countries at the same level of economic development (Singer et al., 2014). Also, although the provincial and national governments are committed to supporting entrepreneurship, the underperformance means that job creation potential is not being realised (Benedict, 2010: 14). Thus, the country is making little progress with unemployment and poverty reduction, a situation that requires investigation.

1.2 Research problem

1.2.1 Background to the research problem

Post-apartheid South Africa faces various political, social and economic challenges, key among which are massive and growing unemployment and business failure. As emphasised by Clark (2014: 94), the economy has not changed much for many. These problems particularly affect the youth, who in most cases do not have the necessary qualities (from the perspective of experience, skills and education) to find employment or to identify employment opportunities in general (Herrington et al.,

2009: 12). Slow economic growth has led the South African government to give attention to the development of small businesses (SMMEs) as a key sector for transforming the country's socio-economic situation, particularly in the Cape Metropole area. In spite of this attention, SMMEs are still faced with challenges and obstacles that prohibit growth and success (Berry et al., 2002: 7).

The biggest challenge remains to provide jobs and/or economic opportunities for the 60% of youth who are unemployed (Singer et al., 2014). Entrepreneurs continue to underperform while the country experiences an increase in unemployment along the years, from 19.1% in 1994 to 27.7% in 2017 (StatsSA, 2017). The lack of economic opportunity can easily result in increased social tension (Bond & Mottiar, 2013: 288). The Cape Metropole is witnessing a rapid escalation of crime (Meyer & Van der Elst, 2014: 81-82), social movements and protests in most sectors of the economy, drawing attention to how people are unsatisfied about their economic situation in the country (Bond & Mottiar, 2013: 284). On average, five protests per day take place in South Africa, and one in those five turns violent (Meyer & Van der Elst, 2014: 81-82).

Policies implemented by the post-apartheid government have done little to reverse the trajectory of slow growth in entrepreneurial activity and the small business sector in general (Cant, 2012: 1107). It is clear that, as important as entrepreneurship is for the South African economy, it has not yet been able to liberate most people (black people in particular) from unemployment. Entrepreneurship's other impact elements such as innovation and social responsibility have also been unsatisfactory. According to Dockel and Lighthelm (2005: 54), the South African government has not been able to effectively address the poor socio-economic transformation experienced by many. By successfully promoting and improving the state of entrepreneurship, South Africa would contribute significantly toward alleviating most of the challenges it faces.

1.2.2 Problem statement

South African entrepreneurs continue to encounter major difficulties in establishing successful businesses and growing them once they are established (Bosma, Wennekers & Amorós, 2012) and this has led to the pessimistic view that the state of entrepreneurship is likely to continue to decline further. The performance of South Africa in international entrepreneurship surveys is very poor; consistently below average and has still for many years been ranked amongst those at the bottom of the table (Bosma & Levie, 2009: 21). The Cape Metropole area is not exempt from this state of entrepreneurship which has significant effects on the social and economic life of its inhabitants. The difficulties associated with entrepreneurship are amongst the

major cause of high unemployment and retrenchment which results in elevating the level of poverty in South Africa (Singer et al., 2014). This study therefore seeks to engaged with the factors that explain the inadequate progress in entrepreneurial activities or even, the declining state of entrepreneurship in the Cape Metropole area as well as socio-economic impact of this state entrepreneurship.

1.3 Research questions and objectives

In order to address the situation described in the problem statement, certain research questions and objectives have been formulated for this study. These are presented in Table 1.1

Table 1.1: Research questions and objectives

Main question	Main objective
What factors explain the state of entrepreneurship in the Cape Metropole area and what socio-economic impact does it (entrepreneurship) have?	To explain the reasons for the state of entrepreneurship and discuss the socio-economic impact it has in the Cape Metropole area.
The following sub-questions emerge:	
Sub-questions	Sub-objectives
What is the current state of entrepreneurship in the Cape Metropole area?	To identify and discuss the current state of entrepreneurship.
Which factors contribute to the state of entrepreneurship?	To identify and discuss factors that contribute to the state of entrepreneurship
How does entrepreneurship impact in the Cape Metropole area economically and socially?	To examine the impact that entrepreneurial activities have in the Cape Metropole area, economically and socially

1.3.1 Approach to research questions

Concerning the state of entrepreneurship in the Cape Metropole area, the researcher looked at key information pertaining to entrepreneurial activities, including their measurement, performance, distribution and sectors of operation, the gender and ethnicity of entrepreneurs, and the development of entrepreneurship in the current post-apartheid era (from 2005 onwards). With regard to factors that contribute to the state of entrepreneurship, the researcher first looked at what motivates someone to start a business. Secondly, the researcher investigated factors contributing to the success or failure of entrepreneurship (sociocultural factors, economic factors, entrepreneurial education and training, and the role of government). In assessing the

socio-economic impact of entrepreneurship, the researcher examined elements such as employment, social responsibilities (utility) and innovation.

1.4 Methodology

In this section, the researcher described the overall research process and the various tools and procedures used in that process.

1.4.1 Research design and methodology

Research design is defined as “the plan according to which [the researcher] involves research participants or subjects and collects information from them” (Welman et al., 2011). The selection of the research methodology and methods employed was influenced by the nature of the research and the problem statement, and by the kind of audience for whom the study was designed. The researcher made use of a mixed methods approach that involved the collection of both qualitative and quantitative data (Creswell et al., 2003: 212). From the qualitative data, the researcher was able to gain a deeper understanding of respondents’ perceptions regarding entrepreneurship in general (Patton, 2002). On the other hand, the quantitative research equipped the researcher with information on which to base an explanation of matters relating to the state of entrepreneurship, to predict some future outcomes and make certain generalisations (Leedy & Ormrod, 2005).

Triangulation was used in order to produce complementary results, highlighting different aspects of a phenomenon and the differences between what people say and what they do (Sammut et al., 2015). The researcher also had recourse to both interpretivist and positivist paradigms, viewing the same problem in different perspectives, so as to generate knowledge for discussing social reality and providing new insights (Cooper & Schindler, 2001: 13).

1.4.2 Data collection technique

The researcher made use of semi-structured interviews and both closed and open-ended questionnaires. The questionnaires enabled the researcher to explore the various views and experiences of the respondents. These views and experiences are assumed to have influenced their beliefs on matters relating to entrepreneurship. The interviews consisted of key questions that allowed the acquisition of detailed information, especially when the researcher and respondents communicated and made use of alternative or additional questions – mostly when the question was not well understood (Gill et al., 2008: 291-294). The use of questionnaires ensured that the researcher reached many people within a short space of time and obtained data

that was relatively easy to code and analyse. By administering questionnaires, the researcher was also in control of the response rate (Kruger & Welman, 2001: 159). The answers were quickly and easily quantified and gathered together in a standardized way to ensure a good measure of objectivity.

1.4.3 Data sources

The researcher physically handed out questionnaires to owners and managers, explained why and how they were to answer the questions, and gave them ample time to do so. The researcher either waited at the business premises or dropped the questionnaires off for later collection. The interviews were conducted according to the availability of entrepreneurs, some of them arranged in advance.

1.4.4 Population

The targeted population consisted of selected entrepreneurs in the Cape Metropole area.

1.4.5 Sample and sampling procedure

Sampling is an important feature of all research (Bouma & Ling, 1999: 112). A sample represents the elements of the target population (Zikmund & Babin, 2010: 695). For the purposes of this study, a [non- probability] purposive sampling method was used as it is based on the qualities of respondents - proficient and well-informed with a phenomenon of interest - and what needs to be known (Bernard, 2002; Tashakkori & Teddlie, 2003: 282). A sample of an estimated number of 68 entrepreneurs was obtained through Raosoft sample size calculator software for the following (4) major factors: the possibility that error may occur, the researcher's level of confidence, the estimated size of the population in the research area and the distribution of responses anticipated (Raosoft, 2011).

1.4.6 Data analysis and presentation of results/findings

The analysis was conducted using the three steps outlined by Ary et al. (2002: 465), in terms of which the data was organised, summarised and interpreted. Data from the questionnaires was grouped according to the research questions then, presented in tables, graphs and pie charts. Data organization and reduction was performed using a process called coding. The validity of interview data was assessed through identifying correlations with other responses given by the interviewees (Fowler, 1993: 80).

1.5 Ethical considerations

To protect the respondents who participate in research studies from any harm

or abuse by researchers, responsible authorities set rules and regulations that a researcher should consent to before undertaking a study and adhere to during the study. The researcher sought permission from the Cape Peninsula University of Technology by submitting the research instruments to the CPUT ethics committee. The researcher agreed to ensure the anonymity and confidentiality of the information provided by respondents. No questions perceived as invading the privacy of entrepreneurs were asked, such as their age or name. The respondents were invited to participate in the study voluntarily, and were neither coerced nor bribed to do so. Their dignity was respected throughout the research process.

Before the data collection began, the researcher carefully explained to the respondents the purpose and significance of the study (Cape Peninsula University of Technology, 2008: 3).

1.6 Delineation

This research was conducted in the Cape Metropole area, a region administered by the City of Cape Town municipality. The research was carried out among entrepreneurs in small (SMME) to large enterprises in various business sectors.

1.7 Significance of the study and recommendation

The drive towards economic freedom, emancipation and growth in South Africa has brought the study of entrepreneurship to the forefront within several disciplines, such as economics and finance, management, business administration, sociology, psychology and marketing. Given the constant rise in the rate of business failure, it is possible that the South African government has not fully considered nor prioritised most key research findings on measures that could positively benefit (prospective) entrepreneurs.

The study draws attention to the fact that entrepreneurship is an essential component within the economy, one which – if promoted – can reduce the unemployment rate within the Cape Metropole area, strengthen the economy and alleviate some of the challenges faced in the country as a whole. It has become evident that the government has a significant role to play in the creation of an environment conducive to entrepreneurship, to enable people to successfully undertake sustainable activities or upgrade existing ventures. The audience for academic research on entrepreneurship should not be limited to other academics but should include the government and the nation as a whole. At a time when South Africa in general and the Cape Metropole in particular are focused on turning the tide on low growth and the

failure of entrepreneurial activities, this study seeks to bring the plight of entrepreneurs to the attention of policy makers, offering insights that can contribute to the shaping of policy. It is hoped that through exposure to these research findings, the relevant authorities will make a concerted effort to develop an environment conducive to entrepreneurs.

1.8 Contribution and results of research

This research adds to the body of knowledge on:

1. The state of entrepreneurship in the Cape Metropole Area
2. Factors that determine the state of entrepreneurship
3. The socio-economic impact of entrepreneurship in its current state.

The body of knowledge produced in the study highlights the plight of entrepreneurs and explores ways in which relevant authorities can assist these entrepreneurs.

1.9 Overview of the thesis structure

The thesis is structured as follows:

Chapter Two: Literature review

This chapter surveys previous research pertaining to the subject of the study, under specific sub-headings. It is guided by the research questions and rooted in economic theories of entrepreneurship. The latter include Cantillon on risk-taking, Knight on the role of uncertainty and Schumpeter on innovation. These theories allow a deeper understanding of the role, function and present state of entrepreneurship in the economy and society. The information enables a clear understanding of the topic and title of the research, explains the research problem as identified and addresses the research questions.

Chapter Three: Research methodology

This chapter provides reasons for the choice of methodology used in this study and offers a full description of it. It details the research paradigm, the research approach, the design and methods of the research, data collection methods, population sample and sampling procedure, validity and reliability, and data preparation and analysis.

Chapter Four: Presentation and interpretation of results

This chapter deals with the results of the descriptive statistical analysis and exploration of data. It includes the results of the interviews conducted and of the questionnaires distributed to entrepreneurs and business owners.

Chapter Five: Conclusion and recommendations

This chapter presents an overview of the study as a recap to previous chapters, identifying key findings and their implications. Recommendations arising from the study are made. The overall contribution and limitations of the research are highlighted and areas for further research are suggested.

1.10 Conclusion

In brief, this chapter introduces the subject of this research and indicates its relevance. It provides some background to the study, articulates its problem statement and outlines its structure. Brief descriptions of the following are also presented: the design and methodology of the research, its sampling procedure, data analysis and presentation, ethical considerations, its delineation, and its significance and contribution to the field.

The next chapter (chapter two) focuses on the literature review relevant to the research questions.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Empirical studies show that entrepreneurship has been recognized as an important mechanism in developing a society through economic growth. Though the role of entrepreneurship is understood globally in theory, its effects can differ from country to country, depending on the level of economic development. The higher the level of economic development, the higher the possibility for entrepreneurs to take risks. In general, entrepreneurship is prominent when entrepreneurs are able to interact with the entrepreneurial environment (ecosystem) to identify opportunities that enable them to access markets and produce goods and services (Acs & Armington, 2006; Graduate Education Development Institute [GEDI], 2017: 8). Osiri et al. (2015: 1-4) observe that where there are no opportunities to be exploited, it becomes difficult (impossible in some instances) for the entrepreneurial process to take place.

The entrepreneurship environment or ecosystem is complex, comprising many different people that affect or are affected by it. Entrepreneurship functions within a business arena according to laws and regulations set by the government and other institutions (formal and informal) (GEDI, 2017: 4). Globally, the state of entrepreneurship is affected by government policies, which may advance or restrict its impact and economic growth in general. In South Africa, the structural barriers within the entrepreneurial environment do not allow new entrants to penetrate markets easily, which contributes to the slow pace of entrepreneurial activities. The output of entrepreneurial actions has not been adequate to trigger sufficient new business and job creation. Since 1994 (two decades into democracy), there is no significant progress in alleviating the unemployment and inequality challenges facing the majority of the population (especially the youth). The majority of South Africans are still unemployed, meaning that there is not enough sustainable job creation (mostly from entrepreneurs) to keep up with the rising employment demand. Of those who are able and willing to work, approximately one-third are still not participating in the formal economy and this is partially because entrepreneurs operating in disadvantaged and poor communities tend to suffer from poor service delivery and a lack of resources, which prevent them from fully contributing to alleviating the unemployment challenge (StatsSA, 2017; SAIRR, 2016).

The South African entrepreneurship and economic arena is thus characterised by a society that is highly unequal: poverty and unemployment are the lot of the majority of

the population, while only a few have decent wage employment. In addition, the education is still generally lacking in quality, especially the education that most black learners are able to access. For this reason, the major involvement of the government with education is still aimed at reducing inequality in all aspects. The problem with the education system is that it does not produce an entrepreneurial mind-set conducive to undertaking a business venture and engaging in creative and innovative activities. Without this entrepreneurial mind-set, the state of entrepreneurship will not reach its desired growth (GEDI, 2017; Dockel & Lighthelm, 2005: 54). Furthermore, the recipients of entrepreneurship education tend to be job-seekers rather than job-creators once they leave the educational system (Co & Mitchell, 2006: 348). The educational system is thus a part cause of the low total of early-stage entrepreneurial activity in South Africa (including in the Cape Metropole area).

The South African government should therefore pay attention to monetary and fiscal imbalances that create uncertainty, in order to lower the level of risk-taking by aspiring and existing entrepreneurs (Acs, 2010). Once the challenges and obstacles within the entrepreneurial environment are adequately addressed and effective measures are put in place to eradicate them, entrepreneurial activity will create employment, expand current markets, increase productivity, revitalize communities and address past social injustices (Luiz & Mariotti, 2011).

This chapter is divided into five sections, as follows:

Section 1: Theories of entrepreneurship

Section 2: The state of entrepreneurship

Section 3: Factors that determine the state of entrepreneurship

Section 4: The socio-economic impact of entrepreneurship in the Cape Metropole area

Section 5: Conclusion.

2.2 Theories of entrepreneurship

The nature of entrepreneurship and its importance in the socio-economic landscape would not be well understood without understanding certain developments in the theory that drives this field of study. The theory explains entrepreneurship and predicts entrepreneurial activity. It does so by analysing the conditions that allow entrepreneurs to identify new opportunities that could lead to the generation of profit

or/and the creation of new businesses. The theory of entrepreneurship can also serve to guide entrepreneurs' behaviour in the face of uncertainty, suggesting what measures should be taken in particular circumstances (Kuratko, 2013: 8). Dynamically, entrepreneurship has significant operational meaning. Statically, the techniques and procedures of entrepreneurship become redundant: the entrepreneur experiences no change and becomes a passive element (Hebert & Link, 1989: 44).

Derived from the French verb "entreprendre", the term entrepreneur was coined in the 18th century to refer to a person who undertakes a venture (Herrington et al., 2010: 12). Over time, entrepreneurship has since acquired new and various meanings across the world (Charlise, 2014: 4). Entrepreneurship has been interpreted by researchers in many disciplines such as sociology, psychology and economics, according to their theoretical and practical predilections (Schuetz, 2005). In the academic environment, economists dominate studies of entrepreneurship, analysing it in terms of how it contributes to economic value creation (Van Praag & Versloot, 2007: 352). From the economist's perspective, the function of an entrepreneur is to manufacture or provide goods and services to maximize profit and reduce the cost of doing business (Otuteye & Sharma, 2004). From a managerial point of view, an entrepreneur brings together all the necessary managerial and innovative resources in order to create value for consumers (Bhattacharya, 2006). In the sociological conception, an entrepreneur extends the dynamic nature of entrepreneurship and engages with activities that directly affect society (Schuetz, 2005).

The importance of entrepreneurship in economic development was first recognised and analysed by Cantillon in the 18th century in his book *Essai sur la nature du commerce en general* (Brouwer, 2002: 1). During the 20th century, entrepreneurial studies essentially identified an entrepreneur as an inventor. The researcher draws on various economic theories of entrepreneurship to analyse its social aspect (Schumpeter, 1978: 74). The theories canvassed below include Cantillon's on risk-taking, Knight's on the role of uncertainty and Schumpeter's on innovation. The researcher focuses on the strength of each theoretical paradigm in relation to the objectives of the current study and considers the differences between them.

2.2.1 Cantillon's theory

The theoretical contribution made by Cantillon is aligned with the first objective of this study, which is to identify and discuss the current state of entrepreneurship. To do so, it is first necessary to know who entrepreneurs are, what they do, where to find them,

what risks they take and how they deal with uncertainty in business. In attempting to find answers to these questions, the researcher adopted Cantillon's theory, the source of most of the ideas that economists have subsequently explored (Rocha, 2012: 4).

Cantillon focusses on the function rather than the personality of the entrepreneur, in the sense that entrepreneurs are those who bear risks under conditions of uncertainty (Hebert & Link, 1988: 21). Entrepreneurial functions include production, exchange and distribution (Hebert & Link, 1989). Cantillon sees an entrepreneur as someone whose business is to generate profit. Entrepreneurs take risks in engaging in activities of buying products at a certain (known) price and selling them for a price that is unknown in future, with the difference being a profit or a loss. The functions of entrepreneurs go beyond those of farmers, transporters, bankers and the seller in the marketplace, involving a greater range of professional activities (Hebert & Link, 1988: 42-43; Cantillon, 1931: 47-49). Within the economic system, Cantillon puts the entrepreneur at the centre and makes him the author of all exchanges and circulations of activities. Entrepreneurs bring about equilibrium by exercising their business judgement when faced with future uncertainty, while being prepared to bear the inherent risk (Hebert & Link, 1988: 42-43; Van Praag, 1999: 312-314; Cantillon, 1931: 47-49).

In practice, Cantillon's theory suggests that the concept of entrepreneurship is limitless. Its activities are not based on any given principle of age nor afflicted by uniformity. As actors behind the supply of entrepreneurship, entrepreneurs do not belong only to a particular group in society. They are everywhere, initiating their ventures and innovation in both public and private commercial or social ventures. They are diverse, found in every culture, class (high, low and middle), racial or ethnic group (black, coloured, white, and Indian), gender (male and female), physical ability (able and disabled), sexual orientation (straight and gay), age (young and old), area (township and metropolitan) and sector (formal and informal) (Davis, 2002: 3-4). Whatever differences there are between different groups in terms of their entrepreneurial ability and performance are attributable to how they are affected by factors that determine the state of entrepreneurship: those that encourage or discourage entrepreneurship and those that contribute to its failure or success, including the state of the economy.

2.2.2 Knight's theory

The contribution made by Knight's theory is aligned with the second objective of this study, to identify and discuss factors that contribute to the state of entrepreneurship. This question sought to understand an entrepreneur's behaviour, identify what

triggers an entrepreneurial activity, and what influences its growth or discontinuation, given the uncertainty of business (profit, loss and breakeven) and the obstacles encountered. In attempting to find answers to these questions, the researcher adopted Frank Knight's theory of Risk, Uncertainty and Profit, which is based on entrepreneurs' behaviour and the investment decisions of entrepreneurs.

Knight's theory portrays investment as a process of discovery in which risks are taken. Taking entrepreneurial risks can be seen as putting into practice entrepreneurial behaviour, a characteristic of human behaviour consisting in the identification and realization of new ends-means frameworks (Kirzner, 1997). Throughout the history of mankind, people over the world have somehow engaged in business creation or some sort of exchange of products and rendering of services to others, making the act of entrepreneurship a human universal. Though opportunities can be identified and intentions set, Knight stresses that not all ventures will become successful. However, to be entrepreneurially able and competent is to deal effectively with uncertainty, take risks, and learn from previous experience in order to be capacitated to decide what should be done at present or in the future (Knight, 1971: 269).

Knight sees a key attribute of an entrepreneur to be the rash self-confidence and self-belief in their ability to predict the future. Equipped with knowledge and good judgment regarding future uncertainty, the entrepreneur undertakes and secures the means to begin and manage an enterprise successfully to produce goods, not knowing what costumers' demand will be in the future (Knight, 1921). Knight's theory furthered Cantillon's ideas but put more emphasis on the dynamic functionality of entrepreneurs, in terms of which entrepreneurial behaviour is highly influenced by the uncertainty around the success of a company (Parker, 1996).

When applied to the South African context, risk-taking should be seen in a positive light and treated as an opportunity. In doing so, an aspiring entrepreneur may anticipate and experience less debilitating anxiety at first. Secondly, failure should be seen as part of the entrepreneurial process. To overcome failure will lead entrepreneurs to have better control over outcomes and a more positive view in the future (Zhao et al., 2005). A positive view of risk increases the value of entrepreneurship. It is this that predicts the individuals' entrepreneurial activities in new venture creation (Barbosa et al., 2007). Unfortunately, according to Davies (2001: 32), South Africa's existing (surviving) entrepreneurial base is neither wide nor solid. This indicates that only a few people are willing to take entrepreneurial risks.

- **Theory of organisation**

Knight's theory talks about perfect competition, or the ideal conditions that must hold in the market. The aim of perfect competition is to ensure that entrepreneurs continue to exhibit competitive behaviour in their respective industries (Tsoulfidis, 2011: 6). Knight characterizes an industry as "the system under which the confident and venturesome assume the risk or insure the doubtful and timid by guaranteeing the latter a specified income in return for an assignment of the actual results" (Knight, 1921:269). The more entrepreneurs are operating in an industry, the more vigorous their competitive behaviour becomes. The result is that their activities establish a common rate of profit across companies and industries. However, when there are a small number of entrepreneurs in an industry, their competitive behaviour tends to become monopolistic or oligopolistic, causing higher inter-industry profit rate differentials (Tsoulfidis, 2011: 6-14). Perfect competition has some consequences for industries that have a high capital output ratio and high entry/exit costs. The demand in these industries will vary, depending on the acceleration or deceleration of capital accumulation, and will be reflected more in capacity utilization than in price variation. This simply means that when demand changes in the future, these industries do not really focus on changing prices, but rather make the necessary adjustments in the rate of capital utilization and employment (Tsoulfidis, 2011: 8-14).

Understanding Knight's theoretical contributions requires one to grasp the role of judgment. This is important because judgment and intuition are the first steps an entrepreneur takes when facing uncertainty (Langlois & Cosgel, 1993: 460). People of course differ in their capacity to perceive and reason in order to hold judgments in relation to their entrepreneurial behaviour (Knight, 1921: 241). This differentiation in entrepreneurs' behaviour creates their specialization in their activities and leads to their acquiring the respective skills needed for the performance of their businesses (Langlois, 1992). In organizational forms, this specialization includes the idealized owner-manager firm (between the entrepreneur and the workers) and corporations. In the idealized owner-manager firm, entrepreneurs tend to segregate their duties and responsibilities by employing skilled individuals with the ability to manage and control duties and processes assigned to them (including the office) (Knight, 1921: 269). In corporations, judging what individuals can do is more important than focussing on the other things that surround a business (Knight, 1921: 302).

2.2.3 Schumpeter's theory

The theoretical contribution made by Schumpeter can be aligned with the third objective of this study, to examine the impact of entrepreneurial activities in the Cape

Metropole, economically and socially. As a country's economic dynamism and wealth depends upon the competitiveness of its own companies, Schumpeter's theory attempts to link entrepreneurship with socio-economic development (Tülücea & Yurtkurb, 2015: 720). His analysis construes entrepreneurship's functionality in terms of innovation and creativity. Entrepreneurship is not limited to generating jobs, it also encourages recourse to innovative and creative ways of increasing the productivity of entrepreneurship (Davis, 2002: 3).

Schumpeter regards economic development as a dynamic and discontinuous process with four dimensions in the sense that individuals invent, innovate, diffuse and imitate. Like Cantillon, Schumpeter sees the entrepreneur as the author of economic development, his actions bringing about "creative destruction" by reforming the production processes to create new and more efficient ones (Deakins & Freel, 2009: 4; Ahwiring-Obeng, 2006: 190). Innovative entrepreneurs introduce or improve goods and methods of production, open new markets, exploit the availability of other sources of suppliers, and re-engineer/organize all processes in the management of businesses (Ahmad & Seymour, 2008: 2). This creative destruction involves bringing change to the market rather than destroying and replacing existing industries with new ones (Ahmad et al., 2008: 15). In the four dimensions of processes, entrepreneurs innovate following the discoveries of scientists and inventors. As such, their activities increase the possibilities of investment, growth and employing more people (Freeman, 1987).

The most important aspects of the process of economic growth, investment and employment emphasized in Schumpeter's theory are those of diffusion and imitation. He maintains that these have a significant impact on the state of entrepreneurship and the economy in general, because of the high macroeconomic effects after an innovation in the market. The introduction of new products or technology brings about increased investment as many entrepreneurs imitate them, especially if there is a probability of profitability (Schumpeter, 1939). Without creative destruction in the market, there would be perpetual imitation.

Schumpeter thus sees entrepreneurship as essentially dynamic, with the role of entrepreneurs going beyond those of the manager and the capitalist. Management is limited to directing production under existing techniques, but entrepreneurship brings creative destruction. And while the role of the capitalist is limited to the supply of funds, the role of the entrepreneur extends further to direct the use of these funds (Schumpeter, 1934). Given these crucial functions and necessary entrepreneurial

qualities, entrepreneurs in Schumpeter's perspective are believed to have the ability to engineer the kind of large-scale systemic social change that is needed in South Africa (Davis, 2002: 4). This social change is attained by simply exploiting innovation. Due to the dynamic changes resulting from exploiting innovation, entrepreneurs earn profits, and this continues until the innovation becomes common (Schumpeter, 1934). There is thus much more to entrepreneurship than just engaging in new, profit-seeking business ventures. The latter is merely one of the many roles of entrepreneurship in the economic progress of a country (Schumpeter, 1934).

Following the National Development Plan (NDP) that sought to address the socio-economic issues which affect many South Africans, it is apparent that South Africa's economic development requires more Schumpeter-type entrepreneurs. The NDP pointed out that "transforming the [South African] economy will require reforms that lead to more competitive product markets and stronger growth in labour-absorbing sectors" (National Treasury, 2017: 22). Schumpeter's theory of competitiveness suggests that innovation and economic development are directly linked to one another. Entrepreneurship can only enable a country to reach the desired level of socio-economic development when entrepreneurs begin operating and extending their functionality along the lines suggested by Schumpeter (Schumpeter, 1934: 66). This will result in increasing productivity. The economic view of development is that increases in productivity lead to increases in levels of economic prosperity. In other words, Schumpeter's theory of innovation projects that if a country is able to increase the number of innovative entrepreneurs, growth in the economy will automatically follow (Schumpeter, 1934). The links between entrepreneurship and economic development are strong and sure.

2.2.4 Conclusion on theories

In the various theories of entrepreneurship, the entrepreneur has been defined in many ways and been assigned various roles. The concept of entrepreneurship is complex: even though it is often equated with the creation of businesses, entrepreneurs wear many faces and undertake a variety of tasks. By seeking and exploiting a business opportunity, taking risks and making a call on an unknown future, and transforming an idea to become a profitable reality, entrepreneurs make a significant contribution to the economy and society.

Table 2.1 features twelve (12) key distinct themes associated with the entrepreneur, as proposed by Hebert and Link (1988).

Table 2.1.: Entrepreneurs in theory

The entrepreneur			
Dynamic		Static	
1	Bear the risk associated with uncertainty.	8	Supplies financial capital.
2	Innovates.	9	Manages or superintends.
3	Takes decisions.	10	Owns an enterprise.
4	Leads an industry.	11	Employs factors of production
5	Organizes and coordinates economic resources	12	Performs work on a contract basis.
6	Allocates resources among alternative uses.		-
7	Engages in arbitrage.		-

Based on the theoretical contributions discussed above, the following definitions are given to enable a more dynamic understanding of the terms entrepreneur, entrepreneurship, and entrepreneurial activity. An entrepreneur is any individual whose main focus is to create value by creating or expanding an economic activity, with specific qualities that enable them to identify and exploit new opportunities in a market. The process an individual embarks on to create value in a particular industry constitutes an entrepreneurial activity, and entrepreneurship is simply the overall event that arises from an entrepreneurial activity (Ahmad et al., 2008: 9). The business arena throughout the world has to experience constant change to meaningfully contribute to economic development, and the entrepreneur is the aggressive “catalyst” for change in the world of business (Kuratko, 2013: 3-4).

2.3 The state of entrepreneurship in South Africa

It is difficult to quantify the number of entrepreneurs in a country. GEM studies suggested that there are approximately 400 million entrepreneurs across the 60 global GEM countries ((Bosma et al., 2012). These countries are grouped according to how their economy is driven by “factor, efficiency and innovation” (Singer et al., 2014). To assign these levels of economic development to each country, GEM looks at the level of GDP per capita and the shares of exports of primary goods in total exports (Bosma et al., 2009: 5). The link between the country’s state of entrepreneurship and its economic development is represented by an S-shaped curve (Acs, 2010). Entrepreneurial development may be classified into three (3) groups, namely productive, destructive and unproductive. It is the manner in which these groups are arranged and the transition from one group to the next that results in an economy moving from the lower stages to the upper stages of development (Acs, 2010). Figure 2.1 represents this graphically.

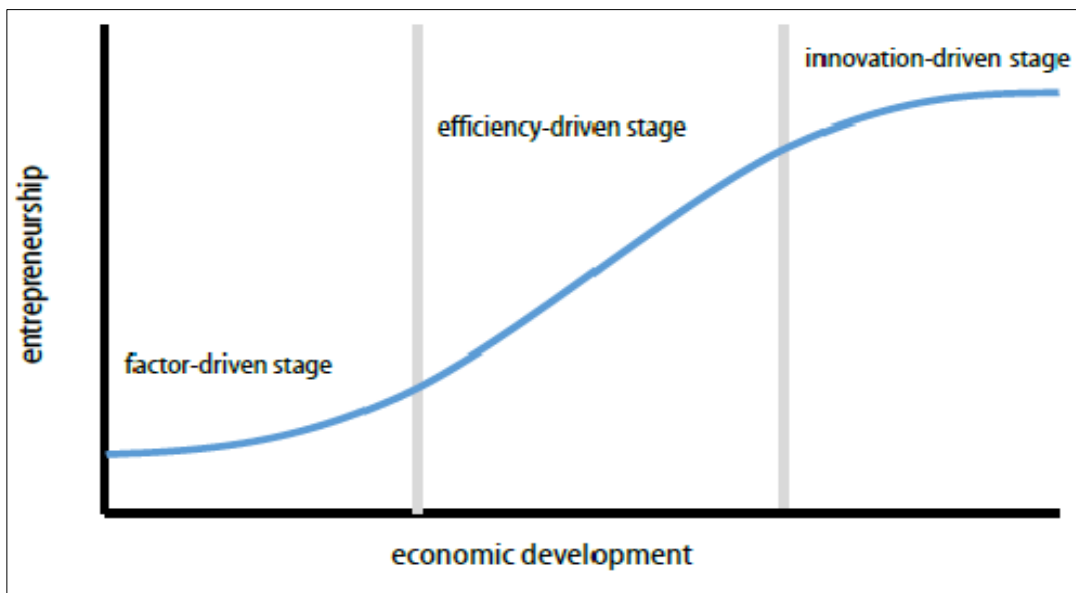


Figure 2.1: The link between entrepreneurship and economic development (Acs et al., 2015)

An economy that is factor driven generally displays a low level of economic development and requires tailored support structures to render its institutions cooperative with entrepreneurship and its infrastructure accessible; to enable macroeconomic events to be stable, and health and primary education to be effective. Most individuals at this level are motivated to become entrepreneurs by necessity, and their ventures are mostly in the agricultural sector, as is the case in Algeria and Saudi Arabia (Von Broembsen, Wood & Herrington, 2005). South Africa falls within the efficiency-driven economies, along with Egypt, China and Brazil, which rely on the industrial sector where the higher the productivity is, the greater the capital gain (Singer et al., 2014: 11). As the sector evolves toward high productivity, it creates capital through the economy of scale. The countries here must meet the basic requirements of financial market sophistication, a good education and training system, efficiency in the labour market, preparedness of technological capability and a high number of new entrants in the market (Herrington et al., 2010: 25-30). Innovation-driven economies (United States and Japan) focus on stimulating new combinations of products and markets (Bosma et al., 2009: 11). The majority of entrepreneurs in South Africa are confident that, compared to other African countries, their entrepreneurial environment is highly innovative, as it provides newness of products and services to all or some of their customers. The development of economy of scale attracts more growth, creates more employment and opportunity-based entrepreneurs (Herrington & Kew, 2016: 5).

2.3.1 Entrepreneurial activity

Looking at the dynamic conceptualisation of entrepreneurship emphasized in the conclusion to the discussion of relevant theories, the essence of entrepreneurship was understood to be that it made use of business activities that differ from relatively static management (Hebert & Link, 1988; Schumpeter, 1934). The routine of this business activity is dynamic and consists of creation and progressive change (Bruyat & Julien, 2000). Thus, there is much more to entrepreneurship than just self-employment. Its activity may be described within the commercial and wider environment and best understood using as a metaphor the two-faced Roman god Janus (Ahmad et al., 2008: 15), as described in Figure 2.2, below. The figure demonstrates how the entrepreneur's mind operates, from the creation of resources forward to marketing, with a positive attitude towards uncertainty.

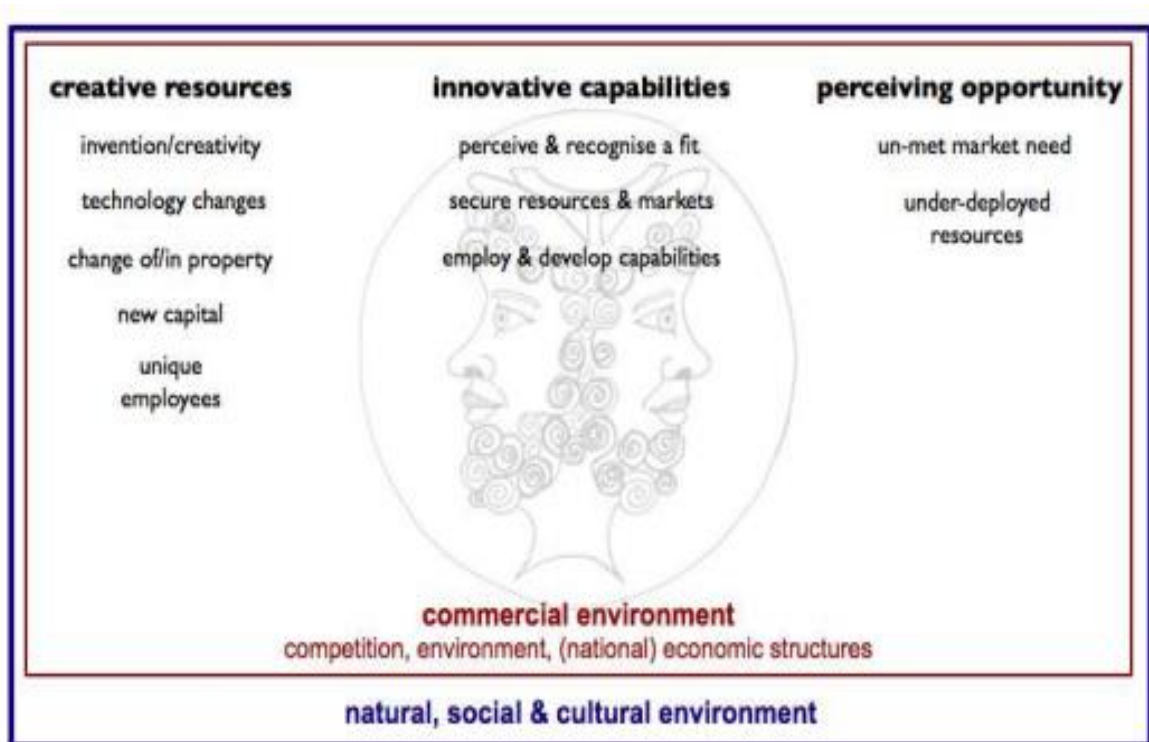


Figure 2.2: Entrepreneurial activities in the commercial and wider environment (Ahmad et al., 2008: 13)

The figure shows that the creative entrepreneur innovates by recognising a fit between creative resources and opportunity perceived. Entrepreneurs do not establish their business for any purpose other than doing business with the purpose of creating value. Their activities fall within specific industries where there is a probability of competition, considering the rules and regulations governing doing business in that

country. When entrepreneurs do business, wider environmental considerations in a country impact their activities (Ahmad et al., 2008: 13-15). These include factors that contribute to the state of entrepreneurship (entrepreneurial motivation, social, cultural and economic factors), entrepreneurship education and training, and the political system (government).

2.3.1.1 Measurement of entrepreneurial activity

Entrepreneurship is measured using the Total Early-Stage Entrepreneurial Activity (TEA), which looks at how many people in total aged between 18 and 64 years are in the process of undertaking a business venture or whose businesses have been in operation for less than 4 years (Bosma et al., 2009). Entrepreneurial activities affect economic growth and the effect is an increase in per capita income (Kelley, Bosma & Amorós, 2010: 13). While most “efficiency-driven” countries consistently show a stable TEA rate, South Africa’s poor performance raises concerns, as it remains below not only the average of the “efficiency-driven” countries but even below the average of those that are “factor-driven” (Herrington & Kew, 2016).

The level of entrepreneurship in South Africa is one of the lowest in the world. Its TEA is below the 15% expected for efficiency-driven countries and, remarkably, below all countries’ overall averages, as portrayed in Table 2.2, below (Herrington et al., 2010). Regardless of people’s self-belief in their ability to start a business, the level of entrepreneurial intention in South Africa dropped significantly by almost 30% (from 15.4% to 10.9%) (Herrington et al., 2017: 4). Table 2.2 describes the position of the South African TEA rates in the GEM countries.

Table 2.2.: TEA rates of South Africa (Herrington et al., 2017)

Year 2000s														
1	2	3	4	5	8	9	10	11	12	13	14	15	16	17/18
TEA (%)														
6.5	4.3	5.4	5.1	5.3	7.8	5.9	8.9	9.1	6.9	10.6	7	9.2	6.9	11.0
Expected TEA rate						15%								
Average TEA						11.7%								
South Africa rank						27 th out of 54								
All countries overall average rate						11.9%								

To address this situation, the South African government has stressed the importance of promoting the small business sector– mostly since the democratic transition in 1994. The promotion of the small business sector is believed to be able to combat the

high rate of unemployment affecting the majority of the population (Berry et al., 2002). Small businesses create jobs whereas, when the economy is static, large corporations shed or retrench people, which increases the level of unemployment (Du Toit et al., 2009: 50).

2.3.1.2 Small businesses

Studies of small business have been conducted by many researchers, and the definition of the term varies significantly from country to country. Globally, small business is defined using the term “SME”. Within the South African context, small business is defined in accordance to the National Small Business Act of 1996, amended by the National Small Business Amendment Acts of 2003 and 2004 (NSB Act), which includes the micro sector – hence SMME (National Credit Regulator [NCR], 2011: 24). The NSB Act defines SMME as a separate and distinct business entity managed by one owner or more which, including its branches or subsidiaries, if any, operates in any sector or sub-sector of the economy and can be classified as a micro, very small, small or medium enterprise (Republic of South Africa, 2004).

The start-up phase of SMMEs is a three-month period during which individuals identify the products or services that the firm will trade in and how it will access resources including staff. The next phase of SMMEs is a period of 3-42 months, when the entrepreneur begins to trade and compete with other companies in the market place (Republic of South Africa, 2003). However, compared to developed-country standards, South African thresholds are low. Many businesses which Americans or Europeans regard as SMMEs would be regarded as large enterprises in South Africa (NCR, 2011: 24).

The National Small Business Amendment Act of 2003 classifies SMMEs into the categories presented in Table 2.3, below.

Table 2.3: Classification of small business (Falkena, 2001; NCR, 2011: 24-25)

Enterprise density	Number of Employees	Annual Turnover (in South African rand)	Gross Assets, Excluding Fixed Property
Micro size	From 1 to 5	Not exceeding R150 000	Not exceeding R100 000
The businesses categorized as micro include little shops and those that operate from home. Micro businesses are often in the informal sector and include survivalists for whom they generate income that is below the poverty line.			
Very Small size	From 5 to 20.	From R150 000 to R500 000.	From R100 000 to R500 000,
Very small size enterprises operate in the formal sector and some make use of technology.			
Small size	From 20 to 50	From R500 000 and up to R25 million.	From R500 000 to R4.5 million.
Small size enterprises engage in more complex business practices. In general, they are more established than very small size enterprises.			
Medium size	From 100 to 200.	Starting below R4 million to R50 million.	Starting right below R2 million to R18 million.
Medium size enterprises often decentralize the power of their organizations to additional management layers.			

Businesses are vital to economic recovery. As enterprises, SMMEs have a significant role to fulfil in South Africa. The sector contributes to a country's national productivity by either manufacturing goods of value, or through the provision of services to consumers and/or other enterprises. This encompasses the provision of products, and to a lesser extent, services to foreign clients, thereby contributing to overall export performance (Berry et al., 2002: 4). The emergence and development of entrepreneurship is strongly linked to SMMEs. In most developed countries, the percentage of SMMEs in the total number of enterprises is higher than 95%, and 60% of the available workforce is employed in those companies (Schmiemann, 2008: 1-4). From a general economic point of view, these enterprises are not just suppliers, but also consumers. By positioning themselves in a market with purchasing power, SMMEs' demand for industrial or consumer goods stimulates the activity of their suppliers, just as their own activity is stimulated by the demands of their clients. Most importantly, and in a South African context, SMMEs have, at least in theory, the potential to generate employment and upgrade human capital (Berry et al., 2002: 5; NCR, 2011: 24-25).

2.3.1.3 The distribution of small business (SMMEs)

Empirical studies suggested that South Africa has approximately two-and-a-half million entrepreneurs, accounting for 7 million employees out of the 20.3 million economically active people (Department of Trade and Industry [DTI], 2015). These entrepreneurs operate in both formal and informal sectors, which means that SMMEs cannot necessarily be contrasted with the informal sector. However, in order for a

government to fully assess the contribution made by SMMEs to its economy, the South African and international definitions of SMMEs emphasize that these enterprises need to be formally registered (Mago, 2013). Table 2.5, below shows the distribution of SMMEs among the nine (9) provinces of South Africa, indicating where most SMMEs operate. The table shows that the Western Cape is the fourth (4th) leading province in terms of SMME distribution, after Gauteng, KwaZulu-Natal, and Limpopo, and reporting an increase in informal businesses and a decrease in the formal sector. However, apart from the recession in 2009, the number of SMMEs in total in South Africa has increased by only 3%, from 2.18 million in 2008 (Q1) to 2.25 million in 2015 (Q2). This is significantly less than the comparable figures for other developing countries.

Table 2.4.: SMMEs by province (SEDA, 2016: 16)

Province	2008 (Q1)				2015 (Q2)			
	Total	Formal	Informal	Other	Total	Formal	Informal	Other
WC	223 933	114976	95212	13745	230324	110107	110188	10030
EC	218 865	56579	154631	7655	197366	50670	141739	4957
NC	29 894	11450	11768	6676	20611	8534	9058	3019
FS	114 949	31040	76127	7783	96846	26224	60816	9806
KZN	418 406	102591	289347	26468	373434	74976	283165	15293
NW	109 860	25817	76855	7188	112856	27430	79153	6273
G	687 556	270093	405180	12283	785321	306231	465100	13989
M	193 259	29760	156814	6685	185399	35208	1414129	9063
L	186 101	24193	155001	6907	249663	28054	207512	14098
Total	2182 823	666 501	1420933	95389	2251821	667433	1497860	86528

Provinces:

The provinces highlighted in Table 2.4 are: **Western Cape, Eastern Cape, Northern Cape, Free State, KwaZulu-Natal, North West, Gauteng, Mpumalanga and Limpopo.**

South African economic growth is strongly influenced by the growth of businesses (mostly through entrepreneurs), which is correlated with factors such as macroeconomic growth rates, employment rates and standards of living (Carrizosa, 2006). Within the Western Cape, the Cape Metropole area is the only metropolitan area, contributing 72.0 per cent of the provincial economy in 2015 and it experienced an average GDP growth rate of 2.9 per cent between 2005 and 2015 (Quantec, 2017). This reflects a positive state of entrepreneurship in the area as many people establish their businesses in this economy.

2.3.1.4 The operation sectors of entrepreneurial activities

Throughout the world, the value of entrepreneurial activities to economies (including the small business sector) is recognized. This recognition is more important in the South African context. The small business sector does not only create jobs and increase the country's GDP, it also helps to enhance social inclusion and promote the economic participation of communities previously affected by the imbalances of apartheid (Luiz, 2002: 5). South Africa has three main sectors of operation (primary, secondary and tertiary), grouped according to their activities' effect within the economy. Primary sectors are those involved with using or extracting natural resources. The entrepreneurial activities here are mostly focused on "agriculture, forestry and fishing and the mining and quarrying sector". Secondary sectors utilize raw materials obtained from primary sectors in production, such as "manufacturing, electricity, gas and water and the construction sector". The tertiary sector is also referred to as the services sectors. Entrepreneurial activities here are mostly focused on "wholesale and retail trade, catering and accommodation; transport, storage and communication; finance, insurance, real estate, business [and personal] services" (SEDA, 2016: 19). The sectors as a whole are dominated by different gender and ethnic groups, depending on how they respond to risk, identify opportunities, and possess skills. The start-up and new firm activity is concentrated largely in the wholesale and retail sector (Herrington et al., 2017).

Though the turnover of SMMEs in the various sectors differs widely, the sectors show a relatively balanced profile in terms of industry sector participation (as highlighted in Table 2.5). The majority of entrepreneurs (944.5 thousand) operate in the domestic trade (wholesale and retail) and accommodation sector of the economy (SEDA, 2016: 19). These sectors together account for almost half (43%) of all employment in the country. Johannesburg contributes 11.3% of all employment, followed by eThekweni (8.8%), Cape Town (8.4%), Ekurhuleni (7.1%) and Tshwane (7.9%) (South African Cities Network, 2016: 100). Transportation is clearly a growth area for entrepreneurs in the country, with South Africa ranked 2nd out of 65 GEM economies for participation in the transportation sector (Herrington et al., 2016: 7). Table 2.5 presents these sectors of business operation in South Africa.

Table 2.5: Sectors of businesses operation in South Africa (SEDA, 2016: 19)

Activities	Number (2008Q1)	Number (2015Q2)				Turnover (2015Q1) R million	GDP (2015Q2) R million	Turnover/ SMME R million
		Total	Formal	Informal	Other			
Total	2 182 823	2 251 821	667 433	1 497 860	86 528	2 908 020	815 636	1.29
Agriculture	87820	56774	-	0	56774	na	35 213	na
Mining	2 696	2 199	0	2 199	0	35 256	69 421	16.03
Manufacturing	267 817	201 459	62 657	138 801	0	658 740	111 672	3.27
Electricity, gas & water	4 252	7 456	6 656	801	0	7 488	38 647	1.00
Construction	252 233	299 242	77 098	222 143	0	229 016	38 804	0.77
Trade & Accommodation	974 083	944 467	186 798	757 669	0	1 160 560	129 144	1.23
Transport & Communication	122 370	133 134	56 620	76 514	0	134 152	87 612	1.01
Finance & Business services	236 740	271 712	172 423	99 289	0	571 284	183 430	2.10
Community	227 243	305 624	105 181	200 444	0	111 424	50 982	0.36
Other	7 569	29 754	0	0	29 754	0	70 711	0.00

The economy in the Cape Metropole area is dominated by tertiary sector activities, which accounted for approximately 74.9 per cent of the local economy in 2015 and is slightly larger than the province's tertiary sector contribution during the same year, which measured 72.0 per cent (SEDA, 2016: 19). However, South Africa's established business rate is disturbingly low in general – it has declined by 26% since 2015 and is the lowest since 2011. The average for the African region is almost five times higher than South Africa's rate of 2.5%, while the average for efficiency-driven economies is more than three times South Africa's rate. Of particular concern is that South Africa has one of the lowest established business rates of all the economies that participated in GEM 2016 (ranked 61st out of 65 economies) (Herrington et al., 2017: 6).

2.3.1.5 Gender and ethnicity in entrepreneurial activities

Although women make up more than 50 percent of the world population, they own and manage significantly fewer businesses than men (Kim, 2007). In South Africa, the entrepreneurship sector is dominated by male entrepreneurs, but their TEA rate has dropped by 31%, while the female TEA rate has decreased by only 16% (Herrington et al., 2016: 7). There are clear signs of an increase in females engaging in entrepreneurial ventures. This also indicates that there is a positive business climate, welcoming women in larger numbers. The World Bank reveals that approximately half of the world's economic growth in the last decade can be attributed to the contributions of female entrepreneurs (Coughlin & Thomas, 2002). Hisrich (2005: 69) argues that although the characteristics of men and women entrepreneurs are generally very similar, women entrepreneurs differ in terms of motivation, business

skills and occupational background. In South Africa, most entrepreneurs (male and female) face problems in developing their businesses, but women face particular gender-based problems, as well as other challenges relating to domestic responsibilities. These factors have a limiting effect on their ability to generate income outside their homes (Richardson et al., 2004). The challenges that have resulted in the comparatively low participation of women in business ventures in South Africa have prevented their full economic potential from being exploited.

In terms of ethnicity, the involvement of black Africans, which declined markedly in 2015 (from 85% in 2013 and 2014 to 68% in 2015), is currently increasing in terms of TEA, while white TEA has decreased by a third (from 18% to 12%). Africans thus make up the bulk of South Africa's early-stage entrepreneurs (Herrington et al., 2017).

2.3.1.6 The performance of entrepreneurial activities

The state of entrepreneurship is directly linked to the performance of entrepreneurial activities, which are in turn indexical to the performance of the nation. Worldwide (South Africa in particular), the majority of companies are SMMEs that significantly provide employment for the entrepreneurs themselves and for the unemployed masses (Eniola & Entebanga, 2015: 335). Regardless of the SMMEs' distribution (as highlighted in Table 2.4), entrepreneurial activities are on the whole declining each year (as portrayed in figure 2.3, below). This means that South Africa is deteriorating as an entrepreneurial environment, which will decrease business confidence and raise the fear of failure for potential entrepreneurs. The (low) ratio of TEA to business discontinuance in South Africa indicates that only 1.5 per cent of entrepreneurs whose businesses exited the market in 2016 engaged in "early-stage entrepreneurial activity", a high proportion of discontinuance to business startup. Relatively speaking, the low ratio of TEA signifies that only a few entrepreneurs reach the next phase of business development. There are fewer than four established businesses for every ten early-stage entrepreneurs (Herrington et al., 2017: 6). This indicates the size of the problems to be overcome in order to sustain start-ups. Figure 2.3, depicts the performance of the various economic sectors in South Africa.

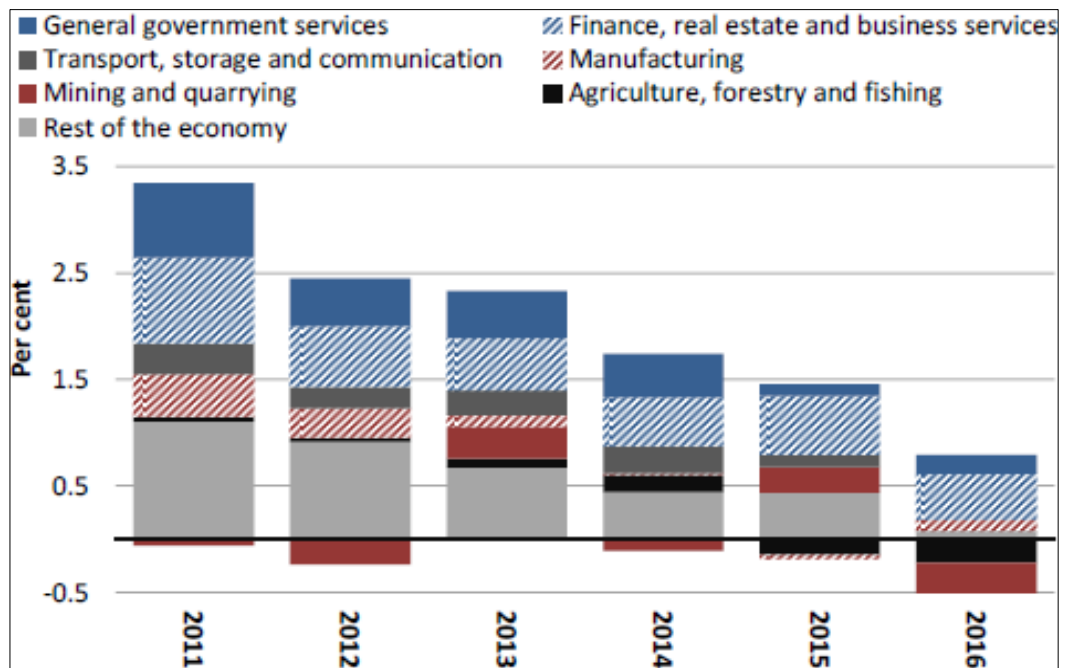


Figure 2.3: SMME performance, 2011 – 2016 (IDC, 2017)

Figure 2.3 shows that many entrepreneurs have difficulty in sustaining their businesses and there is a very high chance of businesses failing. According to Fatoki and Garwe (2010: 730), about 75% of new SMMEs do not become established businesses, while others simply do not achieve the desired growth and shrink in size. The failure rate varies from 70% to 80%, while in the fifth (5th) year of operation; it varies between 50 and 95% (Fatoki, 2011). This rate of failure rate gives a negative colouring to the South African entrepreneurial environment as it is considered one of the highest worldwide (Neneh & Van Zyl, 2012) and undermines socio-economic transformation. In 2016, 62% of businesses were unable to sustain their activities and closed (Herrington et al., 2017), while the fortunes of others continue to fluctuate. One of the consequences of failing to sustain a business in South Africa is that besides losing one's self-employment, the creation of businesses does no longer guarantee jobs for others (Herrington et al., 2016: 4).

Many factors are proposed to explain business failure. These factors can be internal (controllable by the organization) and external (uncontrollable by the organization). Among internal factors are that entrepreneurs lack the skills necessary to manage their businesses, including the relationship between employees and customers. External factors include struggling with competition, criminal activities within the business area, the unavailability of ranges of supplies or suppliers and/or funds to finance the business, and changes in the cost of doing business (Temtime & Pansiri, 2004; Ahmad & Seet, 2009).

In comparison with other developing countries, South African entrepreneurship is underperforming and this poor performance results in a reduced (if not downright poor) contribution to employment and economic growth. The failure factors of entrepreneurial activities are often analysed in reference to the past political history of apartheid, which had distorted the education, income and economic or entrepreneurial empowerment of the majority (Berry et al., 2002: 5). These factors mostly affect Africans, whom Cornish-Jenkins (2015) believes are still economically disadvantaged compared to other ethnic groups. To understand this clearly, Africans constitute the increasing 94.2% of people called 'poor' in South Africa (StatsSA, 2015: 27). The current promotion of entrepreneurship in South Africa by policy makers is therefore not only focused on its contribution to economic growth but also to solve an environmental problem of social inclusion (Ahmad et al., 2008: 5). In this view, it is of paramount importance to analyse the lingering effects of the structural phase that influenced entrepreneurship in South Africa – apartheid.

2.3.2 Entrepreneurship in the later post-apartheid era (from 2005)

With the retrenchments and outsourcing that had rapidly transformed employment into casual, contract, and short-term work, the early post-apartheid era (from 1994 to 2005) was mainly focused on reversing the legacy of apartheid. The apartheid system affected entrepreneurship for most non-white communities in three central domains: political (through racially restricted franchise), social (through a segregated society, including residences and workplaces), and in the labourmarket (Seekings & Natrass, 2005: 18). Labour-market apartheid included various measures to restrict and limit Africans accessing land, good education and training, and occupational mobility (Berry et al., 2002: 34).

Before 1994, the repressive measures of apartheid did not promote an SMME economy in the case of black-owned enterprises. The end of apartheid saw the withdrawal of international sanctions and the emergence of trade opportunities with the external world. It also gave new impetus to the encouragement of entrepreneurship and the promotion and support of SMMEs among all South Africans (but especially those disadvantaged by the apartheid system). Since then, the SMME sector has been the focus of new development policies. The strategies used to transform the economy gave rise to "Broad-Based Black Economic Empowerment" (BBBEE) (Sanchez, 2006:4; Berry et al., 2002: 34-35). However, the possibility of doing business with the rest of the world required the South African entrepreneurial environment to become competitive. But with a high unemployment rate and severe skills deficiency, things did not go well for South Africa's labour market. Entrepreneurs

have not been able to significantly reduce unemployment, partly because export growth did not strengthen the labour absorption capacity. To meet the level of international competition, South African entrepreneurs had to find ways to bring about “creative destruction” as suggested by Schumpeter, but this did not in any case benefit low-skilled jobs (Edwards, 2001).

Although South Africa has made progress in social and economic terms since its first democratic elections in 1994, its economic environment has not been considered friendly for business, nor have the people of South Africa themselves. While poverty still affects more than 60% of the population, the cost of living is way above the population yearly income, about 8.9 million people are still looking for jobs, and crime continues to peak in the cities (Brewer & Gibson, 2014: 109-115; StatsSA, 2017). Given the level of poverty in South Africa, job creation by entrepreneurs, even at low wages would make a significant contribution to alleviating poverty and narrowing inequality. However, as the economy continues to underperform with few economic opportunities, the unsustainability of businesses continues to increase unemployment. The promises of decent job creation by the government have become unrealized political agendas. Action arising as a consequence of unemployment is widely visible in the country, with some provinces worse affected than others (Mahadea & Simson, 2010: 390).

Unemployment is particularly devastating for Africans because only a small percentage of them own arable land (Seekings & Nattrass, 2005). This means that once Africans fall into unemployment they do not have subsistence farming to fall back upon, which explains the high levels of Africans living in poverty (Cornish-Jenkins, 2015). Their involvement in entrepreneurial activities will be little more than survivalist, not making much of an economic contribution.

South Africa’s failure to create sufficient jobs to address the unemployment crisis is posing serious challenges for economic and social policy. Attempts to boost youth employment through a wage subsidy scheme met with strong resistance from organized labour, which has remained implacably opposed to the idea that jobs should be created through lowering the cost of employment (Nattrass, 2014:75). The economic and social forces that emerged under apartheid did not suddenly expire with the advent of democracy. The system’s legacy is embedded in conservative institutional and social practices that continue to have powerful effects, overriding many current policy aspirations (Turok, 2001: 2351). Especially given the important role of entrepreneurs in alleviating socio-economic ills, according to the GEM (2014)

report, entrepreneurship in South Africa is currently underperforming, especially when compared to other developing countries with similar economic conditions. The Cape Metropole area has not been spared this underperformance situation.

2.4 Factors that contribute to the state of entrepreneurship

2.4.1 Motivation to become an entrepreneur

Entrepreneurial motivation is a crucial determinant of the state of entrepreneurship. Entrepreneurial motivation is defined as the motivation to undertake a business venture (Hessels et al., 2008: 403). The three aspects of motivation that can affect entrepreneurship are direction (choice of business), intensity (effort put into the business), and duration (persistence when faced with challenges and setbacks) (Locke & Latham, 2004: 22). Entrepreneurs do not necessarily have some special and unique motivation for achieving something in the world, but they apply it differently. Entrepreneurs create ventures rather than just work in them, and sometimes passion makes the biggest difference as some individuals will become entrepreneurs regardless of other employment opportunities (Carsrud & Brannback, 2009: 14-15).

There are many ways a person can be motivated to start a business. Reynolds et al. (2005) suggest that such motivation can be driven by opportunity or necessity. Unlike necessity motivation that results from market friction, opportunity motivation relates to innovation. Innovative entrepreneurs pursue entrepreneurial initiatives based on knowledge (Acs & Armington, 2006). Once entrepreneurs have taken risks to launch businesses, both opportunity and necessity TEA have a positive effect on economic growth, although the effect of necessity motivation is smaller than that of opportunity TEA.

Motivation can be characterized as push (necessity entrepreneurship) and pull (opportunity entrepreneurship), as described below.

2.4.1.1 Push and pull factors

Being pushed or pulled into entrepreneurship is largely determined by the actual state of the economy (short term) compared with the level of economic development in the long term (Hessels, 2008). The opportunity entrepreneur is driven to self-employment due to the attraction of exploiting new ideas within an environment that is economically supportive of this (Illingworth, 2014: 2). This is seen more in developed countries. Necessity entrepreneurship is more common in lower income countries and decreases with the level of economic development (Wennekers, 2005).

In South Africa, due to the high levels of unemployment, push factors are considered to be the main motivation as the majority of entrepreneurs are forced into the sector by retrenchment, job losses and frustration (Nieman & Nieuwenhuizen, 2009: 34). Figure 2.4 highlights the distinction between pull and push factors.

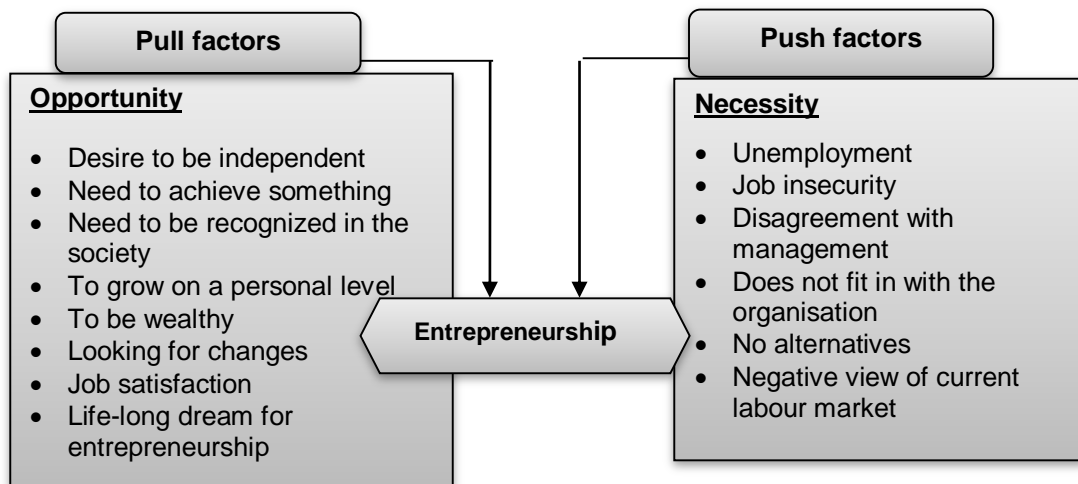


Figure 2.4: Pull and push factors as entrepreneurial motivation (Nieman & Nieuwenhuizen, 2010: 34)

2.4.1.1.1 Pull Factors

The elements that constitute pull factors are often grouped according to three aspects: autonomy, which focusses on the flexibility and freedom of entrepreneurs, wealth, which focusses on the finance (earning [extra] income) of entrepreneurs, and achievement, which focusses on social recognition and the personal vision of entrepreneurs (Liu et al., 2011: 8). These aspects are further described below.

a) **Autonomy**

This is considered to be the core element of entrepreneurship. The feeling of freedom when owning a business is a source of deep satisfaction (Cromie & Hayes, 1991) as it enables an entrepreneur to have control over the full operating cycle of the business (Zhu et al., 2011: 3). However, autonomy alone cannot fully motivate entrepreneurs to develop the various competencies required to execute the founder role effectively (Zhu et al., 2011: 3). The desire for independence and greater flexibility should not always be linked with the intention to grow, or with the decision about what kind of business to engage in. Though independence is a core motivating element, it does not guarantee growth in business unless it is accompanied by other necessary competencies (Wiklund et al., 2003; Cassar, 2007: 93).

b) Increase income

When an individual is motivated by desire for an increased income, he/she already has a primary source of income and is able to take independent and alternative decisions towards becoming an entrepreneur (Adenutsi, 2009: 6). More often than not, the desire to increase one's income is a result of not being well paid, or when one's income does not cover some important expenses. This leads to job dissatisfaction, which in South Africa sometimes results in wage disputes that lead to strike action. In most cases, employers cannot meet the employees' demands and are sometimes forced to retrench those who are not willing to continue working, while the latter then threaten those who are still working. Thus, engaging in an activity that makes it possible to earn extra income becomes crucial. Strikes continue to spread, and their effect as a result of work stoppages has significant ramifications in the labour market, with a loss recorded in the labour economy in 2016 of about R161m in wages (a 5.2% increase over 2015) (Department of Labour, 2017). The need to increase income, and the unfortunate way in which most people go about it – through demonstrative actions such as protests and marches, which can result in people being killed, injured and arrested (SAIRR, 2013) – simply demonstrates the urgent need for socio-economic transformation for the majority in South Africa (Organization for Economic Cooperation and Development [OECD], 2013). Most South Africans are currently not satisfied with their salaries and to embark on an entrepreneurial activity could be seen as a positive choice to increase income.

c) Achievement

The need for achievement applies mostly to those who have achieved autonomy and financial maturity and are often at a specific age. This is not the case for many people in South Africa.

2.4.1.1.2 Push factors

Entrepreneurs motivated by necessity are mostly found in developing countries (as is the case of South Africa), and their businesses fall within the small business sector (Winn, 2004, cited in Kirkwood, 2009: 349). The elements that constitute push factors are often grouped according to the following two aspects:

a) Unemployment

This is the inability of a job seeker to obtain a position in any given enterprise in any sector of business. Many South Africans are unemployed (27.7%), and the labour force participation rate is decreasing – by 0.8% from 2015 to 2016 (58.7% to 57.9%) (StatsSA, 2017)– and is expected to continue to do so.

The economy – which is measured in terms of gross domestic product (GDP) – has according to the latest figures decreased by 1.2% (compared to 1.3% in the previous period) (StatsSA. 2017). This means that the goal of job creation to improve the socio-economic situation of the population is still far from being realised. The lack of employment opportunities therefore forces people to find other ways to survive. To embark on small business activities then becomes an escape and refuge for many South Africans, regardless of how challenging it is.

b) Job insecurity

This concerns the expectations a person has of continuity in a job situation (Davey et al., 1997). Over the past decade, employees in many countries have been subjected to far-reaching changes such as organisational restructuring which have resulted in most cases in job-cutting (Schreurs et al., 2010). Many people do not feel safe in their employment, as job insecurity has become the reality in South Africa. For the individual who has been retrenched or has witnessed it in a company, entrepreneurship provides a desirable path toward avoiding the possibility of another layoff and the uncertainties of future employment.

2.4.2 Factors influencing the success or failure of entrepreneurship

Around the world and within South Africa, entrepreneurial activities are influenced to fail or succeed according to how certain political, socio-cultural and economic factors affect the environment (Herrington et al., 2010: 83). These factors are discussed below.

2.4.2.1 Socio-cultural factors

These factors characterize a society in terms of its values, customs and lifestyle, and raise the question: to what extent specific social and cultural norms encourage an entrepreneurial spirit (Herrington et al., 2010: 84). Included hereunder are culture, access to physical public infrastructure, and increasing crime and violence.

a) Culture

Culture – which includes elements such as role models and family support – is one of the main reasons why South Africa has failed to entrench an entrepreneurial culture among its people. It has been suggested that it takes the form of a collective fear of failure (Khumalo & Mutobola, 2014). As entrepreneurship involves elements such as risk-taking, uncertainty and innovation, common questions that come to entrepreneurs' minds in South Africa include the likes of: "what if I fail? Then what? Will I succeed?" These questions add up to a "high fear of failure", felt by those who

perceive failing to be unacceptable and negative in all aspects (Wood & Bischoff, 2013: 180). Consequently, these aspiring entrepreneurs are filled with worry, and hesitate to make a first step towards progress or adapting to change due to the fact that they lack the capacity to deal with failure. Role models can inspire and motivate, raising levels of confidence, providing guidelines for action and hands-on support or advice. This can help ensure not only success but also perseverance on the part of many entrepreneurs (Gibson, 2004: 149; Nauta & Kokaly, 2001: 95; Agupusi, 2007: 15).

Fear of failure aside, culture can influence the development of entrepreneurship in South Africa in two main ways (Davidsson & Wiklund, 1997) cited in Krueger, 2013: 704). These comprise cultural support for those entering business, and the sharing of values and ways of thinking that arise from experience. These aspects lead to legitimization of an entrepreneurial career in the eyes of society. More people will recognize and value entrepreneurship, from a younger age. This creates a favourable base for entrepreneurship, encouraging positive attitudes towards entrepreneurship that could result in more people taking risks (Krueger, 2003).

Culture may exert its influence at different stages of the entrepreneurial activity (Krueger, 2013: 704), but initially by reducing the fear of failure which affects risk-taking and innovation. However, due to its colonial and apartheid history and culturally heterogeneous society, culture in South Africa is assumed to influence entrepreneurship differently among the different ethnic groups (Urban, 2006: 172).

b) Access to public infrastructure

This factor concerns ease of access to available physical resources that allow entrepreneurs to communicate and use utilities, transportation and land or space for their entrepreneurial activities (Herrington et al., 2010: 84). Infrastructure resources contribute to raise the level of business operation for many entrepreneurs who provide their services across regions or extended areas (Development Bank of Southern Africa [DBSA], 2012: 6). The South African railway network allows entrepreneurs to easily circulate their goods or merchandise, thus potentially influencing the success of businesses (DBSA, 2012: 61-87). On the other hand, accessing natural capital like water and electricity has become increasingly difficult for businesses, most of which depend on them (Aronson et al., 2006). The South African water utilities industry has experienced fluctuation between decline and weak volume growth in recent years and is predicted to decline further (Green Cape, 2017). Eskom's failure to meet the demand for power has resulted in the country experiencing a series of "load shedding"

or power interruption incidents and price hikes. Many businesses were and still are affected by these situation (DBSA, 2012: 59-61). Yet, compared to its African counterparts, South Africa remains a better place to establish a business. Many other countries suffer from a deplorable state of public infrastructure, including unreliable transportation systems, decrepit roads and permanent “load shedding”, all of which undermine the performance of their entrepreneurial activities (Wilkinson, 2000: 201).

c) Increasing crime and violence

Crime and violence have afflicted South Africa since the transition to democratic rule (Louw, 1997). This is due to the economic stagnation that still persists today, following on the exclusion of many Africans during apartheid from the formal educational system and resulting in high levels of poverty (Waller & Sansfacon, 2000).

Crime such as robbery, vandalism, burglary and theft can have direct and indirect impacts, which may affect both the entrepreneur and the aspiring entrepreneur. The latter could directly lose or have their property and capital damaged. Active entrepreneurs would incur expenses for repair, leading to lower profit and less capital for reinvestment. In general, the direct effects of crime can push an existing company (depending on its size) to closure or immediate bankruptcy (Lawrence & Sundaram, 2013).

Indirectly, existing entrepreneurs in high crime locations may incur crime prevention and maintenance costs by using CCTV surveillance, employing security officers on the premises or armed response, and insurance premiums. Potential entrepreneurs may forego business opportunities altogether out of fear that the high risk of losing business assets will make their investment unsustainable, or having estimated that the costs necessary for prevention will be too high relative to the expected revenues. Obviously, potential or actual entrepreneurs may also fear facing personal injury or even murder if incidents of theft are accompanied by physical violence (McDonald, 2008; Fatoki & Garwe, 2010).

Crime (such as theft, robbery and vandalism) is one of the major challenges faced by entrepreneurs in South Africa, especially those operating small businesses. South Africa spends more than R110 billion per year on its efforts to combat crime. In his budget of last year, the previous minister of finance Malusi Gigabaset aside R93.8bn to fund the police, courts and prisons (R43.8bn) and defence and state security (R54bn) (National Treasury, 2017: 5). However, though crime may negatively affect existing entrepreneurs, crime prevention may also create business for potential

entrepreneurs, especially in a high crime rate country such as South Africa. These include those who provide services relating to video cameras, security doors and locks, as well as security personal (Fatoki & Garwe, 2010). In the light of this situation, how and to what extent crime impacts on economic growth becomes particularly important (Goulas & Zervoyianni, 2015: 286). It is clear that this and the other socio-cultural factors mentioned are highly important in driving or inhibiting entrepreneurship.

2.4.2.2 Economic factors

The effects of economic factors vary among companies operating in different industries and locations around the country (Fatoki, 2010: 732). These factors include inflation and exchange rates, access to money/financial assistance, access to markets, labour force, taxation, business environment, access to technology, government, and entrepreneurial education and training. These elements are described below:

a) The business environment

A conducive business environment plays a crucial role in the performance of businesses as it includes all the internal and external factors that influence their existence (Smith, 2007; Delmar & Wiklund, 2008). The state of the South African business environment depends on how economic development and institutions interact with one another. This relationship is very important because it can affect the access to financial assistance (at all stages of business) and other resources, the quality of governance, and more importantly the perceptions of entrepreneurs towards entrepreneurship (Acs et al., 2008: 219). Due to their ability to determine economic behaviour, institutions in South Africa and around the world can affect the supply and demand of entrepreneurship directly or indirectly. The government has the obligation to adjust the environment and its policies to enable entrepreneurs to fulfil their entrepreneurial needs as well as encourage other individuals to follow the entrepreneurial path as role models (Co, 2004: 97).

b) Access to markets

This refers to the extent to which a country's conditions for trade are open for import substitution and free competition for goods and services (Herrington & Kew, 2010: 84). Access to markets in South Africa can be analyzed along three axes: physical access to markets (distances and costs), the structure of the markets (the asymmetry of relations between farmers, market intermediaries and consumers), and producers' (lack of) skills, information and organization (their understanding of the market, prices

and bargaining) (International Fund for Agricultural Development, 2003). Access to markets is determined by information about:

- Products' availability, quality and prices
- Trustworthiness in counterparties' transactions
- Confidence in market conducts such as in the form of knowing how the market is regulated (by government or voluntarily).
- Costs involved in market access (Magingxa et al., 2009: 49).

In large areas of South Africa, no development or growth can be expected in the absence of significant improvements in the access to market set-up, especially that serving people in the rural areas (Magingxa et al., 2009: 48). It is crucially important, for instance, to improve smallholder access to produce markets as this can easily influence success.

c) Inflation and exchange rates

Research suggests that inflation and the exchange rate can affect supply and demand regarding entrepreneurship (Vermeulen, 2015: 1). Lower inflation and exchange rates will benefit import and export businesses, or just locals selling imported products. Higher inflation rates will however distort the pace of overall economic activity in any community due to increased macroeconomic uncertainty, which can also decrease the value of savings (South African Reserve Bank, 2016).

The inflationary process influences future entrepreneurial activities in various ways. The most direct way is that it affects the real rate of return and the expected rate of future inflation. This impacts on the cost of doing business as well as on the cost of living for both the entrepreneur and their employees (Du Plessis et al., 2015: 527). South African inflation has been up since late 2010, reflecting the effect of higher global prices for food and fuel, but remains below the mid-point target range of 3% – 6% set by the central bank (South African Reserve Bank, 2016). This situation puts pressure on the economy of the country, including entrepreneurial activities, while at the same time negatively affecting the distribution of income (Du Plessis et al., 2015: 527).

d) Labour force

The urgent need to address unemployment has been a consistent theme throughout the post-apartheid period, but little progress has been made. Employment has not made up for the expansion of the labour force as the unemployment rate is still high and estimated at anywhere from one-third to one-half of the working age population. It is expected to rise further (Ntuli & Kwenda, 2014: 324).

New entrepreneurial activities require access to skillful individuals who can help companies to sustain growth. The South African labour force however is undermined by high growth in the numbers of unskilled and low-skilled individuals, who sometimes render semi-skilled and skilled workers too costly to be hired. Due to the scarcity of employment opportunities, accepting an employment offer often leads to underpayment (Mahadea, 2008: 732). The labour force could influence success if it were filled with skilled individuals and experts. Once hired, they often boost the efficiency and effectiveness of a company. The labour force can equally be a negative influence when employers have to employ low-skilled individuals as the only option. In this case, the productivity and performance of businesses are lower than they should be.

e) Access to money/financial assistance

This refers to the availability of financial resources, equity, and debt, (including grants and subsidies) for new and growing businesses (Herrington et al., 2010: 84). All businesses require financial resources in order to start trading and to fund growth (Cassar, 2004). However, it is a known fact that entrepreneurs rely initially on self-financing. Generally, they have four key funding requirements, including initial infrastructure investments, lumpy operations costs, expansions, and unexpected opportunities or necessities requiring quick access to funds. Operating a business without adequate financial assistance results in significant challenges to start-up businesses (Bowen et al., 2009: 16). For established businesses, the inaccessibility or unavailability of finance poses a major constraint on growth.

Whether business owners can access adequate and appropriate finance to grow or start a business is a particular concern for policymakers. In order to reach a more successful TEA, financial institutions and the government have a major role to play. The following table indicates some of the major institutions in a position to provide funding to entrepreneurs in South Africa.

Table 2.6: SMME funding institutions (DTI, 2010)

INSTITUTIONS	ACTIVITIES
Small Enterprises Development Agencies (SEDA)	This institution helps develop different kinds of businesses and collaborate with other support structure to include provision of non-financial services.
Khula Enterprises	This institution provides and facilitates “seed-capital” to small businesses. The institution also collaborates with other support structure to offer various financing products and programmes.
National Empowerment Fund (NEF)	This institution focuses mostly on rural and poor or disadvantage communities provides funding ranging from R250 000 to R10 million.
Industrial Development Corporation (IDC)	This institution provides funding from R1million and does not depend on the government to generate its funds.
The South Africa Micro Finance Apex Fund (SAMAF)	This institution focuses on micro and survivalist enterprises operating mostly in disadvantage areas, providing funding up to R10 000 with the idea of reducing poverty in these areas.
The Enterprise Information Centre (EIC)	This institution increases the possibility of wealth creation, transformation and empowerment for small businesses. It is one of the support base of SEDA as they share the same goal.
Umsobomvu Youth Fund	Since its establishment in 2001, this institution facilitates and promotes job creation and skills development for the youth.
National Youth Development Agency: National Youth Fund	This institution focuses on survivalists and offers funding up to R100 000.

The difficulty of accessing finance remains a particularly significant constraint: for instance, in 2015, almost half of all failed businesses identified this as the reason for failure (Herrington et al., 2016: 7). It must be asked whether the institutions listed above are effective enough in their approach to reduce business owners’ challenges in accessing finance. Due to their conservative nature, South African banks and lenders mostly fund established businesses and rarely provide finance at the start-up stage (Falkena, 2001). This is one of the biggest contributors to the failure of business plans, and is mostly attributable to entrepreneurs’ lack of:

- Credit history (including blacklisting)
- Collateral (inadequate)
- Financial institutions’ acceptable business
- Skills to conduct proper market research and viability in their business idea.
- Ability to access markets that are vibrant (Singer et al., 2014; Falkena, 2001).

In general, the provision of finance by banks and other financial institutions in South Africa depends on the current economic environment. This economic environment is challenged by the high number of unemployed people, the low growth rates of businesses, inflation and volatile exchange rates. These factors negatively impact on the willingness of commercial banks to extend credit to new businesses. The unavailability of debt finance to potential and existing entrepreneurs can easily

influence the failure of businesses. In addition, it affects the profitability of businesses in terms of sales and revenues, making it difficult for new businesses to use debt efficiently and respond to it effectively (Wall Street Journal, 2014; OECD, 2013).

f) Taxation

Taxation is a compulsory levy or fee imposed on taxable entities (individuals and/or businesses) in a particular economy (Hendricks & Bruwer, 2015: 90). Taxation is payable by both natural persons (human beings) and non-natural persons (businesses). Entrepreneurs are subject to tax compliance. Evading tax compliance leads to punishment from the government, which could result in business shut down (Lederman, 2003). Most South African businesses are subject to the following forms of taxation:

- Value added tax (VAT)
- Capital gains tax
- Corporate income tax
- Personal income tax
- Unemployment insurance fund
- Skill development levy, and
- Provisional tax (SARS, 2015).

Because of the strict legislation pertaining to taxation, most South African businesses, particularly SMMEs, have to incur compliance costs in order to fully comply with such legislation, and this has an adverse influence on their overall sustainability (Smulders & Naidoo, 2013). On the procedural level, the compliance costs include requirements for registration and licensing. On the operative level, the compliance costs are continuous and include taxes and financial reporting. Not knowing how to handle tax returns, most SMMEs require the services of accountants and auditors. These services in return cost a tremendous amount of money – depending on the size of the business. Although compliance costs apply equally to big companies, it could be argued that the latter can afford to pay tax-related expenses, or even bring this service in-house, unlike small businesses (Co, 2004: 90). In summary, tax compliance costs may hinder the profitability of businesses and the ease of doing business.

g) Access to technology

Technology is increasingly becoming important to companies of all sizes. Technology does not come cheap; the cost that entrepreneurs incur includes the purchase, installation and maintenance of computer hardware and software. Easy access to technology maximizes business opportunities (Phillips & Wade, 2008). Most businesses require technology, but limited funds might make it difficult for some

entrepreneurs to purchase the necessary technology. Technology can facilitate entrepreneurship development in the following ways:

- Assist with the identification of new ideas and opportunities
- Facilitate selection for venturing and help in assemblage of resources
- Help entrepreneurs to advertise their businesses and the products and services they provide
- Bridge the gap between research and development (R&D) and commercialization
- Make the entrepreneurs' skills development programmes more easily taught and learned
- Create awareness through a wide database of knowledge sources
- Increase the efficiency, mobility and smooth management of enterprises
- Improve communication systems and tools that build and strengthen the relationship between customers, entrepreneurs and suppliers (Kumar, 2014: 1020-1024).

Given the above benefits, for those that can afford it, the incorporation of technology in business is crucial for facilitating growth.

2.4.2.3 Government

Broadly speaking, the role of the South African government is first to bring about political stability, which will in turn create an environment conducive for business, an environment that allows entrepreneurs to have confidence in the face of uncertainty, to invest and grow. Secondly, the government can help by reducing or eliminating corruption at all levels, as it decreases the overall quality of governance within a country. The negative effect of corruption in the South African business arena is that it brings down investment decisions, the productivity of companies, and national economic growth in general (Fogel et al., 2006; Manolova et al., 2008). Lastly, the government can assist by fighting crime, as the effect of crimes such as robbery and vandalism is to increase the fear of doing businesses in a particular area. Fighting crime creates peace and order in society and helps entrepreneurs to feel secure enough to fully extend their activities into areas where they could not operate before. Thus, the government has multiple key roles to play in the development of entrepreneurial activities in the business arena.

On the positive side, since the early post-apartheid period (from 1994), the government has put in place some of the most progressive legislative measures aimed at redressing the legacy of apartheid labour. These measures include the Labour Relations Act (1995), the Employment Equity Act (EEA) (1998), the Skills Development Act (1998), Broad-Based Black Economic Empowerment Act (BBBEE) (2003) and the Promotion of Equality Act. These rules and policies have been at the centre of the post-apartheid government's determination to remove unfair

discrimination and create access to skills training and development (Horwitz, 2013: 2436).

The table below highlights some of the government's socio-economic achievements since 1997.

Table 2.7: The government's contributions (Bed et al., 2004: 25)

Year	Contribution
1997	<ul style="list-style-type: none"> • An increase in Black employment in senior managerial positions from 5% to 7.3%. • An increase in Black professionals from 6.2% to 15.3%.
1998	Good connectivity of electricity for houses and businesses 31% to 63%.
1999	<ul style="list-style-type: none"> • The creation of many health institutions (clinics and hospitals). • The facilitation of pupils to access education; an additional 1.5 million pupils recorded entering the education system • More Black people became in control of businesses from 1% to 5.5%.
2000	More people (about 9 million) had access to water.

In addition, the new national focus for small business development lies in improving 3 (three) key areas (Illingworth, 2014: 1):

1. Help SMME owners and entrepreneurs with access to markets.
2. Educate and give them the necessary skills to ensure that they successfully start and grow businesses.
3. Help with access to finance and preserving of the country's reputation.

Regionally, entrepreneurship and enterprise development have been a central focus in the Western Cape, where the provincial government has invested R45m (\$3.8m) through programmes that assist potential and existing entrepreneurs to grow. These programmes mainly assist with procurement support and access to finance. The investment is clearly justified by a decrease of the unemployment rate in the province compared to other provinces. Through this promotion of entrepreneurship, the province has assisted over 1,000 emerging businesses in the Cape Metropole area (including townships) (City of Cape Town, 2016: 84).

2.4.2.3.1 Governance indicators on governance

There is no doubt that South Africa has created ways to support the creation of business activities (Singer et al., 2014). However, when it comes to assisting businesses, the South African government's financial and human resource capabilities are limited (Cilliers & Aucoin, 2016: 5). It is argued that opportunities to create wealth are not equally available to the majority, who still feel excluded (Murwirapachena & Sibanda, 2014: 2). In other words, there is a perception that only those related to or within the government entourage benefit from any kind of new

legislation aimed at improving the socio-economic situation of the society. As Bradford (2007: 95) puts it, the rest continue to operate in the lower league of the working class without a salary sufficient to meet their basic needs. This highlights how unequal the country remains, conditioned by its political history, marked by the co-existence of extreme wealth and widespread poverty.

Critics have suggested that present labour standards include excessive red tape and institutional barriers that make it difficult to dismiss employees who are unproductive (Wood & Bischoff, 2013: 567). Though it is agreed that workers should be protected, employers may end up adopting strategies that affect working conditions and employment opportunities. Little has been done and achieved since the end of apartheid; the current entrepreneurial environment is still faced with the same inhibiting factors that negatively influence growth and development (Herrington et al., 2017; Department of Trade and Industry [DTI], 2004). These factors were and still are:

- Low educational level of business owners
- Lack of business space and water
- Lack of innovative activities
- Lack of entrepreneurial skills
- No other option for survival
- Unemployment
- The lack of business growth
- Lack of financial assistance
- Rigid government regulations
- Lack of risk-taking capacity.

The above factors also challenge the effectiveness of governance and control of corruption in South Africa. As stated by the World Bank (2015), these indices have declined since 1996, from 79% to 65% in 2014 (governance) and from 78% to 54% (corruption). The governance situation is displayed in Figure 2.5



Figure 2.5: Governance indicators on governance (World Bank, 2015)

Figure 2.5 demonstrates how government effectiveness deteriorated over a period of 17 years. Failure to deal effectively with the country’s socio-economic challenges is likely to provoke demands for radical action, which, if not met, might trigger destabilizing violence and open political rifts that disrupt normal legislative processes (StatsSA, 2015: 27). While the deplorable political and economic situation in South Africa affects social stability, it also plays a key role in driving away foreign and domestic investment (mostly from entrepreneurs), reducing social cohesion, paving the way for more populist policies and isolation from the international community (Cilliers & Aucoin, 2016: 6).

2.4.2.4 Entrepreneurial education and training

This is in relation with incorporating training associated with the creation and management of new, small or growing business entities in each level of the education and training system (Herrington et al., 2010: 84). The nature of entrepreneurial education and training is complex but it is aimed at developing entrepreneurs, providing them with the knowledge, skills and values required to reach their goal (Hynes, 1996: 10). The longer the entrepreneur is in operation, the more experience s/he gains, along with the capacity to learn from it for future business decision making (Delmar & Shane, 2006).

There are two ways in which entrepreneurship education and training can be given: people can be taught about entrepreneurship as a phenomenon, or their skills can be

developed to enable them to become an entrepreneur. Educational institutions can play a crucial role in stimulating entrepreneurship via three action-based or action-oriented basic activities (Klofsten, 2000; Rasmussen & Sorheim, 2006):

- Activities that will help with the creation and maintenance of “enterprising culture”
- Providing students with separate courses in entrepreneurship and
- Offering specific training programmes for those willing to undertake entrepreneurial ventures.

When entrepreneurs are educated and trained to start and manage their business ventures, the skills and knowledge acquired will prepare them to be responsible, able to take risks, solve business problems, have better judgment of the future and learn from outcomes (Bbenkele & Ndedi, 2010: 5; Hisrich et al., 2008: 58). But unfortunately a high proportion of the South African business environment is characterized by under-investment in entrepreneurship education, training and experience (the constituents of human capital) (Berry et al., 2002: 61). The development of an entrepreneurial economy requires training and educating individuals to identify opportunities and manage these opportunities (Hynes, 1996: 10). An absence of entrepreneurial education and training can lead to a low level of performance of business activities and low entrepreneurial capacity in a country (Berry et al., 2002: 64). These challenges are discussed in the section below.

2.4.2.4.1 General challenges facing entrepreneurs arising from not having entrepreneurship education and training

The performance of the entrepreneurship sector is directly affected by the following barriers (adapted from Fleury, 1994). These barriers are divided into the 5 (five) aspects of research, technology, resource management, leadership, and growth, as discussed below.

Research barrier – Most entrepreneurs in South Africa are unable to investigate rigorously the economic arena in terms of the kind of market they are getting into, the demand for the kind of products and services their business will offer, the targeted customers and profitability of business in a particular area, and alternative ways of raising funds if business sustainability becomes a challenge.

Technology barrier – Some entrepreneurs lack knowledge of how to take full advantage of information systems, and are often unaware of what computer systems might be suitable for making their operations more efficient.

Resource management barrier – Entrepreneurs often do not have the managerial ability to deal with resources, especially finance. Some entrepreneurs do not know how to reduce their business operating costs and incur unnecessary expenses which detract from the profitability of their companies.

Leadership barrier – Entrepreneurs often lack decision-making skills and the knowledge to positively manage employees. They do not know how to implement and change strategies that can lead to competitive advantage, or how to be positive about risk-taking.

Growth barrier – This relates to marketing. In most cases, SMMEs lack advertising expertise, which prevents them from compiling good sales portfolios, leading to poor after-sales follow-up.

2.5 Socio-economic impact of entrepreneurship

Entrepreneurship affects all members of society and is important to individuals, organisations, and governments. Increased entrepreneurial activity in South Africa (including the Cape Metropole area) would in all probability have a positive impact. For society, entrepreneurs create employment and enable access to products and services. For the economy, entrepreneurs increase the GDP through raising productivity. However, the impact of entrepreneurship could also be negative. For example, when a business encounters financial and other challenges that threaten its survival, the result is job cuts and more unemployment (among other problems). This could retard the economic development of the country.

The key elements of entrepreneurship comprise the following:

2.5.1 Employment

A central concern of the Cape Metropole Area is to create an economically enabling environment in which investment can grow and jobs can be created. Only by being employed can people make the most of their lives and attain dignity (City of Cape Town, 2016: 10). Entrepreneurs establish new businesses, but the chief impact of their activities is felt in the creation of employment. The higher the productivity of entrepreneurs, the bigger this impact can be. Mutezo (2005) observes that in order to decrease the level of unemployment in South Africa, about 300,000 new jobs must be created annually. In doing so, entrepreneurs also promote capital formation by mobilising the idle savings of the public, using their own as well as borrowed resources for setting up their enterprises. The activity of SMMEs accounts for about

60% of the labour market and 75% of businesses in Cape Town, producing 50% of the city's economic output (StatsSA, 2017). With the generation of more activity (including in less developed areas), on both small and largescales, numerous job opportunities are created for others. Entrepreneurs can in this way help remove regional disparities and decentralize economic activities by stimulating the creation and distribution of wealth equitably (Cooper, 2003: 21-36).

In South Africa and many other countries, employment and poverty reduction is a key focus for their development strategies. The aim is to facilitate and sustain business growth (Herrington et al., 2017: 26). Given that the operation of SMMEs nationally occupies a significant portion (90%) of the South African business market, and given their contribution to the GDP (36%) and employment (60%), entrepreneurship contributes substantially to poverty alleviation, both as a result of new business formation and through the growth of existing SMMEs (Munshi, 2009; StatsSA, 2017). Therefore, it could be said that the positive stimulation of the economy depends to a great extent on the sustainability of these businesses (Bruwer & Coetzee, 2016).

2.5.2 Innovation

In developing countries, policy makers usually have a number of approaches to assisting entrepreneurs. More often than not, these approaches involve improving entrepreneurs' ability (skills, education and innovation) and motivation (from necessity to opportunity) (Naude, 2013: 14). Around the world, globalization has forced entrepreneurs to compete internationally, obliging countries to lower trade barriers and reduce import tariffs. This is driving entrepreneurs to (continue to) innovate and improve their businesses, to keep up with market change and remain competitive (Mohsam & Van Brakel, 2010). Innovative entrepreneurs introduce new ideas or new techniques and produce new goods and services, often a combination of these. The process of innovation results in the creation of additional businesses along the way, leading to social change through improving people's standard of living (Audretsch & Keilbach, 2004: 605-616).

Developed economies such as those of the US and Europe have a greater capacity for innovation than those that are efficiency- or factor-driven (Wennekers, 2005). In South Africa, the labour market is dysfunctional, while at the same time the market itself is characterized by the weak competition of products, which hinders growth and employment (OECD, 2013: 2).

2.5.3 Productivity

The impact of entrepreneurial activities reflects in their contribution to South Africa's GDP, either by providing services or manufacturing products (Abor & Quartey, 2010: 223). This contribution occurs when an entrepreneur is able to discover and exploit opportunities in a way that can enhance growth in the market. The products and services are produced according to the size of each enterprise, but mostly on a large scale for the purpose of import and/or export trade (Cooper, 2003: 21-36). According to the DTI (2015), the small business sector is very active in South Africa as it enables about 47% of those who are otherwise unemployed and so are economically inactive, increasing the country's GDP by 42%.

Economic growth in the Western Cape has consistently outperformed the other provinces for many years now. Figure 2.6, below, shows GDP growth in the Western Cape in comparison to South Africa as a whole.

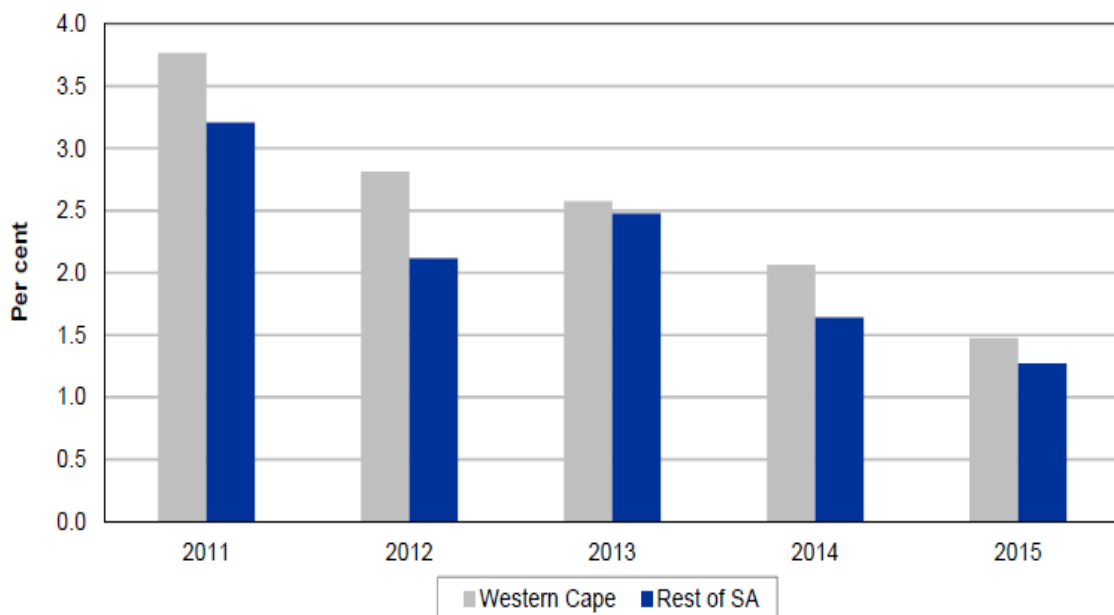


Figure 2.6: GDP growth South Africa (excluding Western Cape) compared to Western Cape, 2011 - 2015 (StatsSA, 2017)

Empirical studies suggest that the province's outstanding performance is primarily due to the presence of a fast-growing tertiary sector, finance, insurance, real estate and business services. Also, because it has no mining sector presence, the province is less exposed to swings in global commodity prices (StatsSA, 2017). However, patterns of growth have varied substantially. Currently, South Africa is going through a difficult economic transition: the long-term average rate of GDP growth, which had

decreased by 4 percent a decade ago, has fallen again by 2 per cent (National Treasury, 2017: 1). Generally speaking, the unstable state of the economy also hinders the development of new businesses.

Employment creation can easily be attained through a healthy high productivity sector. However, in comparison with other efficiency-driven economies (like that of China), where the unemployment rate is decreasing, South Africa's unemployment rate has increased to an average of 25.41 percent from 2000 to 2017 (StatsSA, 2017). In general, this indicates that economic activities are not performing to their full capacity in the country. The country needs strong economic growth to make inroads into unemployment (mainly through entrepreneurship), but the economy continues to perform below potential, with the result that the socio-economic impact of entrepreneurs is limited, even minimal.

2.5.4 Social responsibility

In relation to ethical issues, entrepreneurs' actions and their economic decisions must contribute to the common good and reflect responsibility within the societal and environmental context – leading to fair trade rather than free trade (Van Praag & Versloot, 2007: 354-355). This contribution includes job placement that is in line with equity considerations. Entrepreneurs should contribute towards uplifting the socio-economic welfare of their local communities. As noted by Kyambalesa (1994: 201), this includes:

- Supporting the efforts of their communities to assist disadvantaged members of society
- Contributing generously to programmes that aim to educate those with limited means
- Assisting municipal authorities and other institutions to combat crime and create employment opportunities for all
- Charging fair prices for their goods and services, as the majority of households have low incomes that diminish their access to those goods and services (StatsSA, 2017; StatsSA, 2015).

In the Cape Metropole area, entrepreneurs can not only contribute to creating more businesses, thereby increasing the number of employment opportunities, they can also improve the quality of that employment (utility). The two (2) key features of the improved quality of employment are remuneration and job satisfaction. The quality of employment is measured by how well employees are paid within a company and rewarded with other benefits, including health insurance, UIF and a pension scheme (Van Praag & Versloot, 2007: 354-355). Job satisfaction is measured by how good the working conditions and environment are for employees, including (though not limited to) a good relationship with management, transparency and the freedom to express one's views. Unfortunately, many entrepreneurs operating in the SMME sector lag

behind in terms of the remuneration of employees compared to what they would have earned in a large company or non-entrepreneurial company such as the various arms of government.

2.5.5 Poverty reduction

In theory, any level of entrepreneurial activity would make a valuable contribution to breaking the cycle of poverty in a society. But according to GEM studies, South Africa is still ranked lower than most developing countries, meaning that the promotion of entrepreneurship to alleviate socio-economic distress has not been successful. Thus, while entrepreneurship can reduce poverty and unemployment, its impact on these conditions is currently minimal in South Africa. Low productivity results in financial and entrepreneurship limitations, which in turn result in low earnings, making it hard for households to access entrepreneurs' goods and services. This situation also hinders household or business capital accumulation for the purpose of investment in entrepreneurial projects. The inability to invest in or for an entrepreneurial venture means that its income will remain low and its chances of breaking the cycle of poverty become very slim (Adenutsi, 2009: 10). Figure 2.7, below, depicts the cycle of poverty.

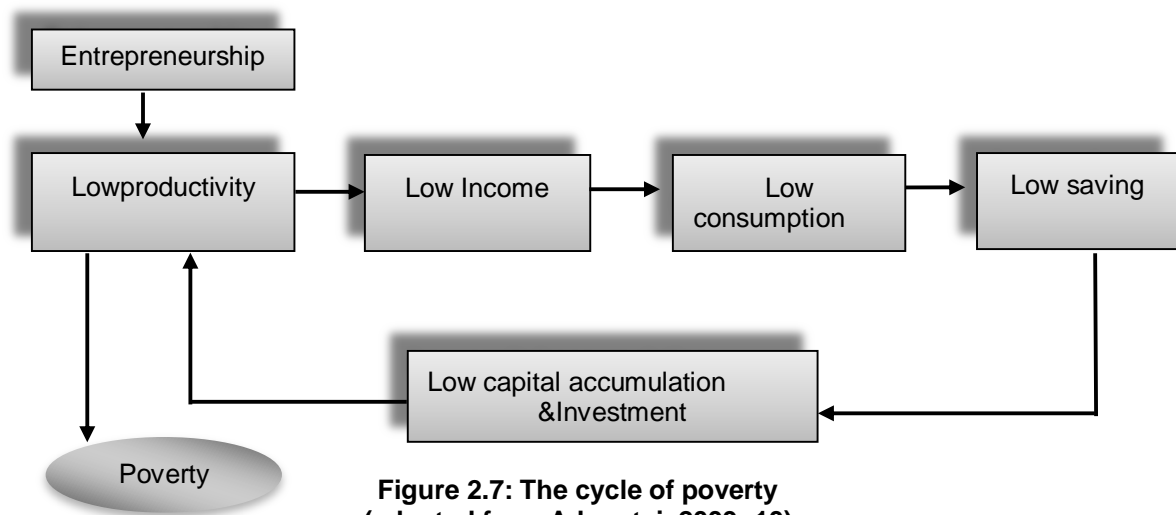


Figure 2.7: The cycle of poverty
(adapted from Adenutsi, 2009: 10)

Given the necessary opportunity and access to all aspects of an entrepreneur-friendly context (the initial capital required, a positive investment attitude and culture, R&D and technology, entrepreneurial resource availability at a later stage, a productive economic environment), entrepreneurs should be able to perform to their full potential and improve the economic status of society by providing products and services including quality food, healthcare, education & training, shelter & protection and

clothing. The cycle of poverty can then be broken and households will be able to escape from the low-income trap (Adenutsi, 2009: 10).

2.6 Conclusion

There is no doubt that entrepreneurs are needed in every economy and society, not least in the Cape Metropole area of South Africa. As suggested by empirical studies, entrepreneurship does not only give rise to a prosperous economy and employment opportunities but unites people of all races and backgrounds to work together to fulfil a company's objectives. Yet, a country can diminish the positive impact of entrepreneurship through a harsh entrepreneurial environment that is poorly governed, high regulation and constant criminal activity. A conducive environment to entrepreneurship is a necessity in South Africa if the country is serious about fighting the high rate of unemployment and reducing poverty. Unless this environment is created, it will be very difficult for entrepreneurs to operate at their full capacity and realize their potential as the main source of employment opportunities and chief catalyst for economic growth. Recognizing the importance of entrepreneurship leads one to conclude that "an economy is the effect for which entrepreneurship is the cause".

The chapter that follows describes the research methodology utilized in this study.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

In the previous chapter, the researcher reviewed literature relevant to the study in accordance with the research questions and problem statement. This chapter undertakes a description and discussion of the design and methodology of this research.

3.2 Purpose of the research

In its response to the main research question - what factors explain the state of entrepreneurship in the Cape Metropole area and what socio-economic impact does it (entrepreneurship) have? -, this study is descriptive and explanatory by nature. Neuman (2006: 33) found that descriptive and explanatory approach can be used in a single study. The main difference between the two approaches is the notion of 'cause'. In a descriptive research, the researcher describes, explains and interprets conditions, practices, structures, differences or relationships that exist and opinions held (Marlow, 2005: 333). Explanatory research focuses on identifying causes, finding relationships between factors, determining effects on behaviour of a social phenomenon, and predicting how one phenomenon will change or vary in relation to another variable (Neuman, 2006: 35-36).

The use of the descriptive approach was based on the fact that the (deplorable) socio-economic conditions or problems facing the majority of people in the Cape Metropole area can easily be analysed, observed and described as they are - the "what and how" dimension of this study. As noted in empirical studies, the slow or lack of socio-economic transformation was observed and partially attributed to the bad performance of entrepreneurial activities (see figure 2.3). The explanatory purpose of this study complemented the descriptive purpose but sought to understand and explain the reasons – the "why" dimensions - of the phenomenon under investigation such as those factors that caused the inadequate progress in entrepreneurial activities or even, declined the state of entrepreneurship (Cooper & Schindler, 2001: 13; Neuman, 2007: 17; Punch, 2005: 15). Thus, both approaches enabled the researcher to have a rich description and explanation of phenomena which have led to increase the validity of findings.

3.3 Research paradigms

Gill and Johnson (1997: 178) define a paradigm as “a perspective from which distinctive conceptualisations [world views] and explanations of phenomena are proposed” - in ontologically and epistemologically fundamental ways (Lincoln & Guba, 1990). The choice of research paradigm is therefore crucial for a research study as it sets down the intent, motivation and expectations for the research.

Quantitative and qualitative researches have different views of human behaviour. The quantitative research assumes that cognition and behaviour are highly predictable and explainable. All events are fully determined by one or more causes. In qualitative research, human behaviour is viewed as being “fluid, dynamic, and changing over time and place”. Individuals construct their different realities or perspectives which influence how they ‘see’ or understand their worlds, what they see as normal and abnormal, and how they should act (Salmon, 2007; Johnson & Christensen, 2014).

Mixed method research typically features a combination of qualitative and quantitative data, which makes it difficult for the researcher to find a paradigm compatible with both (Guba, 1990). However, three alternative approaches have been developed by researchers to deal with this issue: an a-paradigmatic stance (this approach ignores paradigmatic issues altogether and is in a sense paradigm free); a multiple paradigm approach (a researcher is not confined to using one paradigm only and can use alternative paradigms for a single project); and a single or dominant paradigm approach (a researcher can have one single paradigm that accommodates both the quantitative and qualitative research) (Teddlie & Tashakkori, 2003; Cresswell & Clark, 2007).

The objectives of this study prompted the researcher to opt for a multiple paradigmatic approach. Distinguishing between ontology (the nature of reality) and epistemology (how we gain knowledge of it) (Tuli, 2010: 104), the researcher faced three basic philosophical assumptions or positions: positivism, realism and interpretivism (Bryman, 2008). The researcher opted for a positivist ontological paradigm (reality is objectively existent), but an essentially interpretivist epistemological perspective (what knowledge we gain about reality depends upon how we go about looking for it, i.e. it is essentially subjective): see Figure 3.1, below.

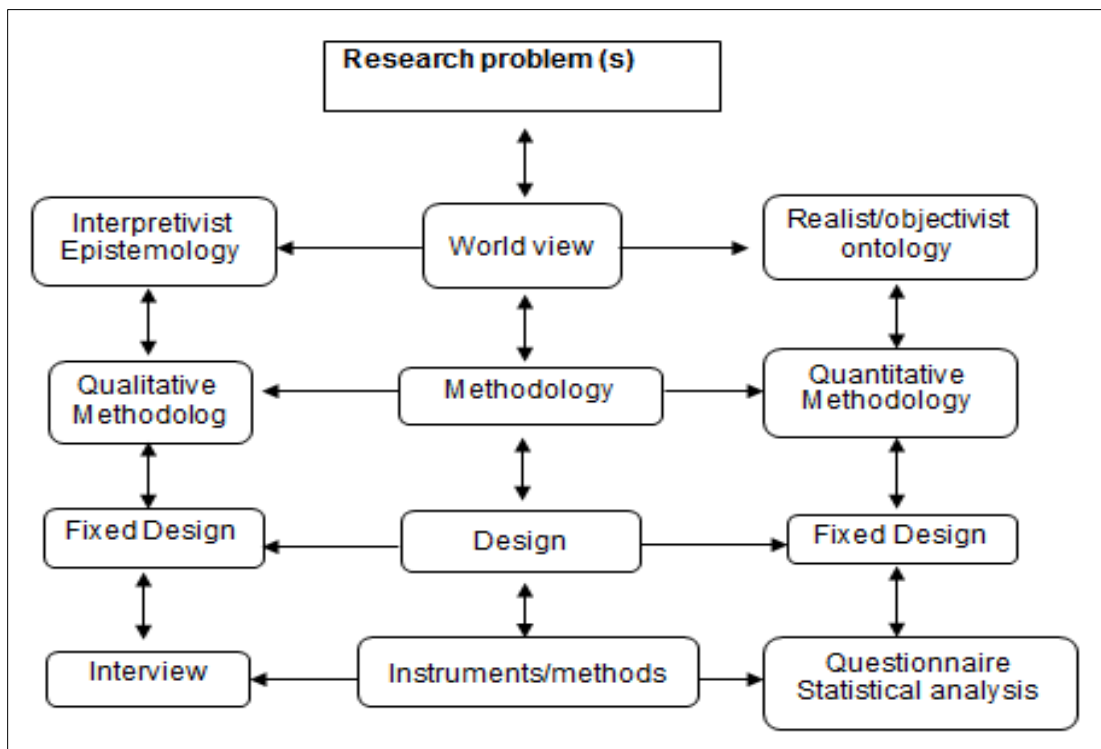


Figure 3.1: Foundation of research
(Adapted from Tuli, 2010: 104)

The Figure above shows that the type of research methodology chosen by most researchers is either ontologically or epistemologically orientated or both, and this guides the choice of research design and methods and data collection techniques (Tuli, 2010: 104). The use of a multiple paradigm approach is considered appropriate due to the dimensions of the research questions and the research problem identified in this study. The researcher was able to understand both the subjective (individual), inter-subjective (cultural), and objective (causal) realities in South Africa and Cape Metropole area in particular (Antwi & Kazim, 2015: 223). Thus, the combination of qualitative and quantitative methods has a positive value in the conceptualisation of human behaviour.

Many may argue that reference to both positivist and interpretivist paradigms is contradictory (Burrell & Morgan, 1979), but other researchers have shown that using multiple paradigms can result in a negotiated complementarity of different world views and assumptions (Kelemen & Hassard, 2003). The interpretive phase of the research allowed the respondents to fully express their thought or views on factors contributing to the state of entrepreneurship. The positivist phase allowed for the collection of hard data.

3.3.1 Interpretivist epistemology

In terms of this paradigm, the researcher sought to determine how things really are and how they really work. The main focus is to achieve 'true knowledge' and its justification (Cantrell, 2001). In other words, the nature of the investigation is interpretive and the purpose of the investigation is to understand a particular phenomenon for a particular population (Farzanfar, 2005) such as entrepreneurs in the Cape Metropole area. Thus, different methods may be used to gather knowledge that is sensitive to context (Neuman, 2003) such as observations and/or interviews. Knowledge was gathered meaningfully to understand and interpret the experience of the participants (Allan, 1998). The latter were encouraged to speak freely and understand the researcher's quest for insight into a phenomenon that they have experienced. The interviews revealed individuals' attitudes, perceptions, experience and opinions in relation to entrepreneurship in their respective sectors and area.

In determining factors that motivate and influence the success or failure of entrepreneurship, this paradigm approach suggests that the reality is more complicated and nuanced than it first appears. As noted by Bassey (1990), every human mind may have a different perception of what is real. Though many South Africans economic conditions in the Cape Metropole area – the lack of employment or economic growth – are easy enough to see, this paradigm entails that there could be different interpretations as to what the reality is – why things are the way they are, and why they are so slow to change. The reality could be the result of many aspects (forces, conditions) rather than just the inadequate progress in entrepreneurial activities.

The interpretive paradigm underpins the qualitative side of this research. Its strength lies in its ability to engage with the complex situations facing South African entrepreneurs with subtlety. It has enabled the researcher to interact with many individuals in different cultures and sectors of society (Black, 2006: 309-320) through interviews, face to face interactions that reveal what entrepreneurs perceive to be reality.

3.3.2 Positivism ontology

Drawing on this paradigm, the researcher sought to not only explain but predict what happens in the social world 'by searching for regularities and causal relationships between its constituent elements' (Burrell & Morgan, 1979). This will help to generalize the understandings of social reality as faced by South African entrepreneurs that came to light from the qualitative data obtained via the interpretivist

paradigm. Positivism underpins the quantitative side of this research, focusing on statistical analysis and generalizable findings (Mack, 2010: 6). The data collected here lends itself to numerical expression and interpretation through statistical analysis (Allan, 1998:2).

The researcher used positivism ontology to make manageable the complex social issues visibly manifest in phenomena such as unemployment, crime and business discontinuances. As this paradigm can also be used to predict what may happen in future, it also enabled the researcher to make recommendations for improving the situation. Since some key entrepreneurial framework conditions are still not effective, the research assessed whether South African entrepreneurship is at risk of declining further in future. If so, the resultant inability to create jobs for the increasing population and job insecurity for those working could be socially devastating. This scenario is supported by current statistics showing that South Africa recently recorded the highest unemployment rate in 13 years: from 24.7% in 2004 to 27.1% in the last quarter of 2016 (StatsSA, 2016).

Embracing both paradigms assumptions was for a specific purpose in providing a distinct means of producing unique knowledge in order to attain to the main objective of this study (Taylor & Medina, 2013: 1). Therefore, it enabled an understanding of entrepreneurs' experience. By describing and explaining what entrepreneurs encountered before and during their entrepreneurial enterprise, and backing this up with questionnaire data, the researcher was able to predict what could happen if entrepreneurial framework conditions were not improved. Table 3.1 records the main features of the research paradigms that framed this study. The use of both paradigms was important as it served to increase the reliability of the study.

Table 3.1: The constituent elements of positivist and interpretivist paradigms (Hussey & Hussey, 1997: 54; Corner, 1991)

Positivist ontology	Interpretivist epistemology
Hard science	Soft science
Involves instruments	Communicate and observe
Collect (specific and precise) data quantitatively.	Collect (rich and subjective) data qualitatively.
Uses large sample size.	Uses small sample size.
Test theories	Generates theories
The essence is to know relationships, the cause and effect	The essence is to know and discover meaning
Uses number to analyse data	Analyses data with word
Highly reliable	-
-	High validity
Generalisation is from sample to population.	Generalisation is from one setting to another
Logistic and deductive reasoning	Inductive and dialectic reasoning

3.4 Research approach

In this study, the researcher used a mixed-method approach, for reasons that are discussed below.

3.4.1 Mixed approach

At its core, this approach allows researchers to use more than one method or worldview in a study (Teddle et al., 2003). The approach makes use of both quantitative and qualitative data (Creswell et al., 2003: 212). To employ such an approach contributes to the process of generating new models of assessment for understanding and interpreting data (Dunning et al., 2008). Although many researchers argue that the use of mixed approach often raises difficulties when one attempts to articulate how the two elements (quantitative and qualitative) relate to one another (Tashakkori & Creswell, 2007), not being confined to a single method allowed the researcher to draw on the strengths of each method to complement the other at every step of the research process. This enabled the research questions to be attended to in a broader way. The researcher was able to examine the past, add knowledge, ensure the understanding of complex phenomena, test and generate new ideas, and make predictions concerning the state of entrepreneurship (Newman, 2003; Johnson & Onwuegbuzie, 2004).

3.5 Research design/methods

Research design consists of a detailed plan that guides a research study in order to achieve the research objectives (Aaker et al., 2003: 71). The process of design, if done correctly, can save time and money which can help the researcher to acquire and interpret the data as quickly as possible (Cant et al., 2005: 46). Methods refers to techniques that are common to most sciences (Babbie & Mouton, 2001). Indeed, research has been defined as a 'procedure that includes the application of several systems and techniques in order to generate precise knowledge by using independent methods and procedures' (Welman & Kruger, 2001). Because the terms are sometimes confused, the differences between them are illustrated in Table 3.2, below.

Table 3.2: Research design vs research methodology (Babbie & Mouton, 2011: 75)

Research design	Research methodology
The main focus is the finished product.	The main focus is the research process.
Starts from looking at the research problem or question.	Starts from looking at the specific task at hand.
Identifies and analyses the logic of the research.	Analyses each step and procedure used in the research process.

The researcher used the mixed-method approach to effect a triangulated research design, as discussed below.

3.5.1 Triangulation design

This is a well-known result of mixing methods (Creswell, 2003). It refers to combining several perspectives in a systematic way which goes beyond just confirming results. Through the multiple paradigms chosen, triangulation was able to improve the validity of this research and produce complementary results, highlighting different aspects of a phenomenon and exploring differences between what people say and do (Sammut et al., 2015). Denzin (1978) has identified four types of triangulation that a researcher can use in a study. The research procedures employed in the current study are characterized in terms of these methods, below.

- **Data triangulation:** The researcher used a range of data sources and data sets in this study, comprising questionnaires and interviews. Data was gathered concurrently via different methods– qualitative and quantitative – from different sources.
- **Investigator triangulation** (not applicable to this research): Given the fact that this was an individual piece of research, the researcher did not make use of team members to bring in different perspectives. Nevertheless, the researcher used other researchers' articles and books to gain knowledge of matters relating to the topic.
- **Theory triangulation:** The researcher used different economic theoretical viewpoints, such as those of Cantillon, Knight and Schumpeter, to help determine and define the nature of entrepreneurship and interpret a single set of data.
- **Methodological triangulation:** The researcher used qualitative and quantitative methodologies to study a single problem or phenomenon (i.e., address the main research question).

Tashakkori and Teddlie (1998) argue that the design of a mixed method study can be categorized as “equivalent status” as opposed to “dominant/less-dominant designs” (that is, when qualitative and quantitative methods are used equally or when one is more prominent than the other). Another distinction made is between the collection and analyses of data which can either occur concurrently (same time) or sequentially (after the other). Sequential designs usually involve multiple phases of data collection during which either the qualitative or quantitative data are collected first. The findings of the first phase may influence those of the second phase which could result in

basing any comparison (Creswell, 2003; Onwuegbuzie & Collins, 2007: 291). The settings of the research questions and purpose of this study predetermined a concurrent triangulation model where the data are collected and analysed in one phase with equal weight, although the quantitative sample size was bigger than the qualitative - equivalent status.

Traditionally, concurrent triangulation design is known for a convergence model where integration occurs during the interpretation phase. This convergence allows confirmation or corroboration of findings which provides richer insight into the subject matter and also increases the internal and external validity of the study (Denzin, 1978; Rossman & Wilson, 1991; Creswell, 2003). Figure 3.2, below highlights the concurrent convergence of triangulation design.

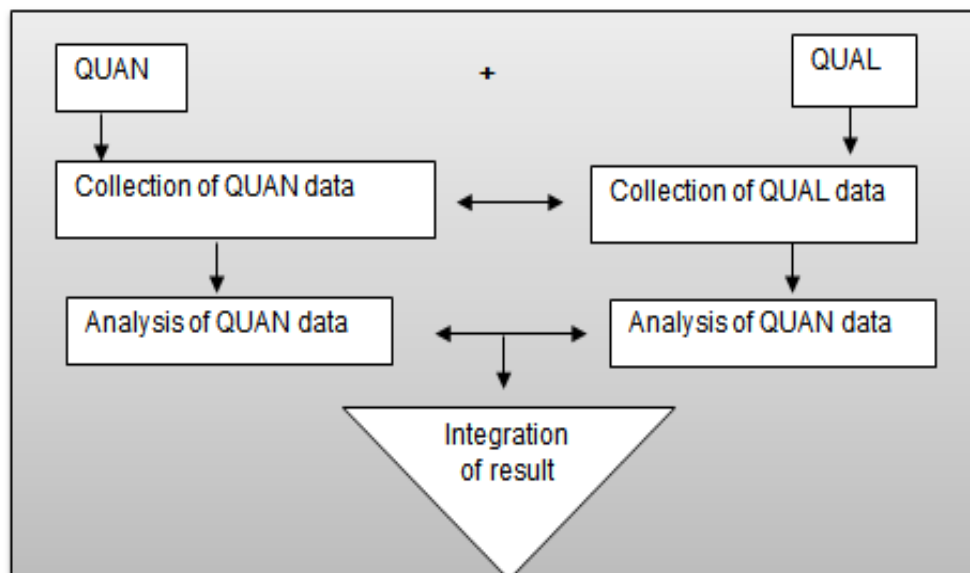


Figure 3.2: Concurrent strategy of triangulation (Creswell, 2003)

The qualitative and quantitative approaches are still regarded by many researchers as incompatible for knowledge construction (Teddlie & Tashakkori, 2003). But in this study, they combined to yield knowledge that is both experiential and nuanced, and clear and accurate, on the state of entrepreneurship in the Cape Metropole area, on its socio-economic impact, and on the reasons for the current state-of-affairs. A concurrent approach was preferred because of the changes that could occur in the course of the study and the potential impact of time on the changes.

3.6 Data collection methods

Data collection is an integral part of the research process (Heaton, 2004: 37). The methods used to collect data in this study were interviews and questionnaires, as discussed below.

3.6.1 Qualitative data

The researcher begins by accepting that there is a range of different ways of making sense of the world. It is therefore concerned with discovering the meanings that respondents attach to reality, that is, with trying to understand their view of the world (Jones, 1995: 2). In this study, the researcher used interviews to collect data representing the respondents' understanding of social events (Hayhow & Stewart, 2006: 476).

Interpretative analysis was conducted in order to understand and/or explain the information (Hayhow & Stewart, 2006: 478). The method does not result in numerical information, but is designed to give real meaning to a phenomenon by involving the researcher directly in the process (Gilqun, 1992). The importance of the qualitative side of the study is the ability it created to directly interact with respondents through interviews in order to capture the multiple meanings of their experience of the matter being studied. Using the quantitative method alone would not have served the purpose of this study, because it only establishes the "what" or size of the problem, whereas qualitative methods answer the "why" and "how" (Mays & Pope, 1999).

3.6.1.1 Interviews

The researcher used semi-structured interviews (see Appendix B). This type of interview is non-standardized so that the interviewer can ask additional questions or rephrase questions for better mutual understanding (Gray, 2004: 217). Other strengths attributed to semi-structured interviews include the following:

- They allow the interviewer to connect with the interviewee in all aspects (including their emotions).
- The interviewer can probe.
- They can generate deeper information.
- They strengthen the validity of the interpretation of the result.
- They can occur via telephone (audio or video).
- A high response rate can be attained.
- They allow for exploration and confirmation of findings (Johnson & Turner, 2003: 308).

The interview comprised 12 key questions and was divided into 4 sections (a, b, c and d). Before the interviews were held, the researcher presented the interviewees with a clear idea of why they were being interviewed, the estimated length of the interview

and reasons for recording the interview sessions (Gillham, 2000: 38). The researcher interviewed a total of ten (10) entrepreneurs and each interview was held at the entrepreneurs' business premises during or after working hours. The interview was structured as follows:

Section A

This introductory section sought to capture the respondent's position, function and the number of employees in the company. In general, three (3) questions were asked by the researcher in this section.

Section B

In this section, two (2) major questions were asked. The researcher wanted to ascertain which factors encouraged or discouraged entrepreneurship.

Section C

In this section, five (5) questions were asked. The researcher wanted to identify factors influencing the success or failure of entrepreneurship.

Section D

In this section, one (1) major question containing 4 sub-questions was asked. The subject was the socio-economic impact of entrepreneurship.

3.6.2 Quantitative data

The quantitative data in this study was anchored in the positivist paradigm. The researcher used questionnaires for data collection with the intention of projecting the results to a wider population (Cooper & Schindler, 2003: 45). The data collected allowed the researcher to generalize or make inferences, so as to determine the probability that the conclusions found could be replicated within the larger population (Creswell, 2002).

3.6.2.1 Questionnaire

A questionnaire is a formalised set of questions presented to respondents in order to obtain information (Cant et al., 2005: 147). The researcher used a questionnaire (with open-ended and closed-ended questions) as a tool to collect data. The questionnaire was compiled in English in order to be accessible to respondents from all language backgrounds, and formulated in such a way that it could collect relevant information pertaining to each objective of the study without discouraging those willing to participate in it (Cant et al., 2005: 147)

The questionnaires enabled the collection of reliable and valid information. Additional reasons for using a questionnaire included the fact that it:

- Ensured that information from different respondents was comparable
- Was fast and efficient in terms of data processing
- Was economic in terms of money and time
- Allowed for anonymity, which enabled the respondents to be honest in their responses (Cooper & Schindler, 2003: 48).

The questionnaire used to collect data consisted of 36 questions divided into 4 sections, which all contained sub-questions. The questionnaire (see Appendix A) was physically handed to owners or managers of companies in the Cape Metropole area. Each questionnaire contained a cover letter guaranteeing the anonymity of the respondents and providing other information about the research. Each section of the questionnaire is described and discussed below.

Section A

In this section, 7 questions were asked. The researcher focused on general information: respondents were requested to state their gender and ethnic group, sector of business and year of establishment, highest educational achievement, number of years they had been entrepreneurs and number of employees. The overall objective was to profile the entrepreneurs.

Section B

This section covered factors that encourage people to become or discourage people from becoming entrepreneurs. Four (4) questions were asked about the motivation behind becoming an entrepreneur. By ranking their answers 1 to 5, respondents were asked to respond to 9 sub-questions on factors that pull and 5 sub-questions on factors that push people into entrepreneurship.

Section C

This section covered factors that influence the success or failure of entrepreneurship. This section was divided into 6 sub-sections. The first 3 sub-questions included social, cultural and economic factors. The intention was to obtain information relating to the physical security of the business, access to infrastructure, role model inside or outside of the family, experience of accessing finance to start or in the course of doing business, inflation and exchange rate, tax system. Secondly, the section focused on the nature of government support, and lastly, entrepreneurial education and training. In all, 22 major questions were asked of the respondents.

Section D

This section focussed on the impact that entrepreneurship has on the Cape Metropole Area. The researcher sought information relating to the creation of businesses, innovation and the social responsibilities of entrepreneurs.

3.6.2.1.1 The pilot study

A pilot study involving 10 entrepreneurs was conducted, to assist the researcher to determine initial data in order to perform a sample size calculation for a larger trial (Ross-McGill et al., 2000). The questionnaire was tested in the pilot study for any problems, such as questions that might seem ambiguous. After obtaining feedback from the respondents and undertaking further analysis, the questionnaire was further refined by the researcher to produce the final version that was checked by the supervisor before being distributed to participants. This ensured that the questionnaire comprised appropriate, well-defined, clearly understandable questions presented in a consistent manner (Lancaster et al., 2002: 309).

3.7 Population

This refers to specific people in a particular area from which a sample for research is taken (Babbie & Mouton, 2001).

3.7.1 Research area

This research targeted entrepreneurs in all sectors of business in the Cape Metropolitan area. Cape Town is the capital and biggest city in the Western Cape, as well as where all legislative and policy decisions take place (City of Cape Town, 2016). A map of the Cape Metropole appears as Figure 3.4, below.



Figure 3.3: Cape Metropole area detailed map

In terms of employment, the city has 1 294 239 working people, 405 989 unemployed, 81 433 discouraged from finding work, and 822 549 not economically active. Ethnically, the population comprises 42.4% Coloured, 38.6% Black African, 15.7% White, 1.4% Asian or Indian, and 1.9% other cultures (City of Cape Town, 2016).

3.8 Sample and sampling procedure

Sampling is the selection of some elements in the population to represent the whole population, in order to address the research objectives (Cooper & Schindler, 2003).

3.8.1 Sampling procedure

Quantitative data was used to make statistical generalizations, that is, generalizing findings and making inferences from a representative statistical sample to the population from which the sample was drawn (Onwuegbuzie & Collins, 2007: 283). Qualitative data rather lends itself to analytic generalizations (Miles & Huberman, 1994). The two orientations were combined to allow the researcher to generate complementary databases that include information that has both depth and breadth regarding the phenomenon under study (Teddlie & Yu, 2007: 85). The researcher

made use of a parallel sample design, which specifies that the samples for the qualitative and quantitative components of the research, although different, are drawn from the same population of interest (Onwuegbuzie & Collins, 2007: 293). The sampling design facilitated internal and/or external generalizations, and its procedures were:

- Relevant to the study and research questions
- Enhancing the generalizability of the findings
- Able to describe and explain viably
- Ethical, and
- Feasible (Curtis et al., 2000: 1003).

The following section examines the sampling method used in the study and the reason for choosing it. It also describes the sample size selected and explains how the sample size was calculated.

3.8.2 Sampling methods

There are two major types of sampling methods, probability and non-probability sampling. The use of each of the two methods depends on the researcher's sampling selection involving randomization.

3.8.2.1 Probability sampling

This method uses a random process and assigns to each population element a known non-zero chance of selection (Bryman & Bell, 2003: 199). This random process entails that the researcher should at first; construct a sample frame – a set of source materials from which the sample is selected - and then select a sample from it (sample frame) using a random number generation computer program (Zikmund, 2002; Israel, 1992: 2). This methods aims to eliminate subjectivity and obtain a sample that is both unbiased and representative of the target population (Kitchenham & Pfleeger, 2002: 18). Zikmund and Babin (2010: 426) identify four major techniques of probability sampling where the following probability can occur:

- **Simple random sampling:** Participants are chosen using random number table or computer generated list of random numbers.
- **Stratified random sampling:** Participants are divided into various sub-groups (strata) sharing common characteristics like age, sex, race, income, education, and ethnicity.
- **Cluster sampling:** Participants are divided into clusters or groups, usually geographic areas.
- **Systematic random sampling:** The selection of the first subject is done randomly and then the subsequent subjects are selected by a periodic process

The use of probability sampling method was not feasible in this study as it requires a sample frame or database of the desired population that the researcher could

randomly select entrepreneurs from. In the process, using this method may induce higher costs for a researcher (Bernard, 2002). Given the multitude of entrepreneurial activities in the Cape Metropole area operating at different levels, a precised number of entrepreneurs was unknown to the researcher and to some organisations in place.

3.8.2.2 Non-probability sampling

In this method, members of what would have been the target population may have zero chance of inclusion – not randomized (Lucas, 2014: 394). This method acknowledges relying on human judgment and thus accepts the possibility of being biased – supposedly in the interests of the research data to be obtained. Instead of randomization, participants are selected because they are easily accessible (Proctor, 2000: 90; Zikmund & Babin, 2010: 423). However, a researcher can have some justification for believing that they are representative of the population (Kitchenham & Pfleeger, 2002: 18). Thus, the attributes of the researcher using this method are based on his knowledge, judgement, and expertise to bring about quality in the study. At the same time, many researchers found non-probability methods to be convenient and economical (Israel, 1992: 2). Non-probability sampling is categorised as follow:

- **Convenient sampling:** Participants are selected as per their own convenience – available and willing to take part in the study.
- **Purposive sampling:** Participants are selected per the researcher's judgment in relation to the purpose of the study.
- **Quota sampling:** A certain characteristic of a population sample is represented to the exact extent that the researcher desires – similar to stratified random sampling.
- **Self-selection sampling:** The participants who are interested in the topic self-select themselves to partake in the study.
- **Snow-ball sampling:** The population is hidden or hard to reach. Information provided by the initial respondents allows additional respondents to be obtained (Acharya, Prakash, Saxena & Nigam, 2013: 303-333).

Based on the objectives of this study and the unavailability of sample frame, the researcher found best to use [non-probability] purposive sampling method because it focuses on people with particular characteristics who are better placed to assist with the relevant research. In other words, it is based on the qualities of respondents - proficient and well-informed with a phenomenon of interest - and what needs to be known. Despite its innate bias, this sampling method can provide reliable and strong data. The researcher found people within the area of study who could and were willing to provide the information by virtue of knowledge or experience; tackling all required angles to achieve a greater understanding - heterogeneous sampling (Bernard, 2002; Tashakkori & Teddlie, 2003: 282). Through the use of the research approach and design and, physiological assumptions in this study, sampling bias was minimised.

3.8.3 Determining the sample size

In quantitative studies, a large sample size is often an option to allow generalisations to be made. Qualitative research is useful in the process of 'filling in the gaps between correlations' with rich and thick description (Lincoln & Guba, 2003). Due to its labour intensive, many researchers found analysing a large sample in qualitative studies to be time consuming and often simply not practical (Mason, 2010). In most cases, the number of participants depend on the nature of questions being asked, study design, quality of data and shadowed data (when participants can relate their experience to those of others (known to him) (Morse, 2000: 3-5). The principles of qualitative studies is categorised in two aspects: when there is no additional issues to be identified – code saturation – and when there is no further insights to gain - meaning saturation (Hennink, Kaiser & Marconi, 2017). The researcher achieved a meaning saturation by selecting experienced participants to assist with the study at hand. The characteristics of participants enabled saturation at a low level of 10 semi-structured interviews.

The quantitative sample was done through making use of Raosoft sample size calculator software for the purpose of the following variables:

The margin of error: This is the level of error that can be tolerated in the study. The researcher used a 10% margin of error.

The confidence level: This expresses how much tolerance of uncertainty can exist in a study. Cooper & Schindler (2006: 478) describe the confidence level as the probability that the results will be correct. The allowed confidence level in business research varies from 90% to 100%, and the researcher worked with a 90% confidence level in this study.

The expected response distribution: The software estimates a return of 50% when calculating the sample size (Raosoft, 2011).

The sample size recommended by the program was 68.

3.9 Validity and reliability

In line with the interpretive paradigm, the researcher aimed to authentically capture the lived experiences of people (Denzin & Lincoln, 2005: 19). This may raise questions about the reliability and validity of the study. Testing the reliability and validity of a study aims to show that the study was conducted with rigour and that its findings are

trustworthy (Helena & Michael, 2006: 41). In this instance, the researcher tested for two kinds of validity:

- **Explanatory validity:** This is comprised of two validities, positivist and interpretivist. Seeking this validity improved the accuracy with which phenomena were described and the interpretation of results (Maxwell, 1992).
- **Generalizability:** The mixed research methods used allowed the researcher to generalize findings (Gelo et al., 2008: 273).

At the same time, in order to avoid overdue emphasis on the quantitative aspect of the research process (Onwuegbuzie & Johnson, 2006: 51), terms relating to validity and reliability were re-conceptualized to conform with the qualitative dimension of the research (Lincoln & Guba, 1990). Thus:

- the quantitative concept of internal validity – replaced with credibility
- the quantitative concept of external validity – replaced with transferability
- the quantitative concept of reliability – replaced with dependability
- the quantitative concept of objectivity – replaced with confirmability.

To confirm these new concepts, the researcher adopted an integrative quality model that according to Teddlie and Tashakkori (2006) consists of:

- **Within-design consistency:** The triangulation design used was consistent with the research questions.
- **Design suitability:** The mixed method approach was appropriate to address the research questions.
- **Design fidelity:** Quality and rigor were adequately implemented in the research processes.
- **Analytic adequacy:** The techniques used to analyse data were appropriate for addressing the research questions.

The researcher collected data using both questionnaires and interviews, which enhanced the reliability of the data and the results (Creswell, 2014). This triangulated design in concert with other elements strengthened the validity of the research in terms of data collection and findings. The study is credible, transferable, dependable (consistency) and confirmatory.

3.10 Data analysis and preparation

This is the phase that ensues after data collection and is described as “the application of reasoning to understand data that have been gathered” (Zikmund & Babin, 2010: 66). The qualitative and quantitative data sets were analysed concurrently so that the researcher could mix them into one single result. Before analysis, the researcher prepared the data in the manner described below.

3.10.1 Data preparation

The way in which data is prepared can determine how good or bad the analysis will be (Sreejesh et al., 2013). After the collection process, the researcher processed, analysed and interpreted the data. To achieve a thorough and accurate analysis, the data was validated, edited, coded, entered and cleaned (Cant et al., 2005: 150; Roberts-Lombard, 2002: 149). These steps are discussed below.

Validation: In this process, the researcher sought to confirm that the interviews were actually conducted as specified. In other words, the process seeks to ensure that the interviews were administered properly and completely (Reddy & Acharyulu, 2008: 219). The researcher recorded the interview sessions to make sure of this.

Editing: This process involves checking for errors that occur when and after questionnaires have been filled in (Sreejesh et al., 2013). The researcher adopted a field editing approach, which means that it occurs both at the time when the field questionnaire is in progress and when it has been completed and received (Reddy & Acharyulu, 2008: 220). The questionnaires were checked thoroughly for ambiguities, omissions, inconsistencies and other errors.

Coding: In this process, the researcher categorised the data and assigned the category numbers using Microsoft Excel (Sreejesh et al., 2013).

Data entry: The researcher entered coded data into statistical software in order to transform the raw data into meaningful information (Cant, 2005: 161).

Data cleaning: Irrespective of the package used to enter the data, it is important to do a final error check of the data (Reddy & Acharyulu, 2008: 223). A data cleaning process was done before analysis.

Verification: In this process, the researcher used mechanisms to incrementally contribute to the rigour of the study (Morse, 2002: 17). Thus, a verification process was completed in this study.

3.10.2 Data analysis

This is the application of reasoning to understand the data that have been gathered and involves determining consistent patterns and summarizing the relevant details revealed in the investigation (Zikmund et al., 2013: 68). The data was broken down into its fundamental parts to obtain answers from it to the main and sub research

questions. The quantitative data consisted of numerical information, gathered through questionnaires, while the qualitative data was non-numerical information, gathered through interviews. Because of its narrative nature, the first step in analysing the qualitative information was to reduce or simplify the information: the process of data reduction (Spiggle, 1994: 492). Then, the qualitative data was organized using Word while the quantitative data was organized via Excel and the statistical package for Windows version 19 (IBM SPSS Statistics) for analysis and interpretation. At the end, the researcher produced charts and tables to illustrate the analysis.

Within a mixed methods framework, the researcher analysed the data following five (5) of the seven (7) stages conceptualised by Onwuegbuzie and Teddlie (2003). These are:

- **Data reduction:** The researcher reduced the dimension of the qualitative data.
- **Data display:** The qualitative results were described narratively and the quantitative described statistically.
- **Data transformation (optional):** The researcher did not convert quantitative data into narrative information or qualitative data into numbers.
- **Data correlation:** The researcher correlated the qualitative data with the quantitative data.
- **Data consolidation:** The researcher did not combine the quantitative and qualitative data to create new data sets.
- **Data comparison:** The researcher compared qualitative and quantitative data.
- **Data integration:** The results were merged in the interpretation phase to produce a final product. This enabled the researcher to make some overall generalizations regarding certain aspects of the study.

3.11 Ethical considerations

Ethics consists of “moral principles, norms or standards of behavior that guide moral choices about behavior and our relationship with others” (Roberts-Lombard, 2002: 19; Cooper & Schindler, 2003). Conforming to ethical standard begins when the data is being collected and continues through the process of analysis and beyond (Saunders & Thornhill, 2007). The researcher relied on the public (the population of entrepreneurs) to gather data and produce a research output, in the process observing the following ethical principles:

Informed consent: The nature and direction of the research was explained to the participants before they were handed a questionnaire or interviewed. The participants' involvement in the research was entirely voluntary, as they were informed that they could if they wished decline to participate in the research. In this way the principle of respect for the autonomy of the research subjects was observed (Polit & Hungler, 1999; Holloway & Wheeler, 2002).

Confidentiality and anonymity: The researcher assured the participants of full confidentiality and anonymity, assuring them that the source of the data being captured would not be identified (McHaffie, 2000: 51-61). In instances where the exchange could not comply with conditions of complete anonymity – such as when interviews were conducted – the principle of confidentiality was upheld (Streubert & Carpenter, 1999). This information was captured in the covering letter, as described below.

Covering letter: An ethic clearance certificate (see Appendix C) was issued by the Faculty of Business and Management Science and the Research Committee at the Cape Peninsula University of Technology, granting the researcher permission to conduct this study in accordance with the university ethical requirements as determined by national legislation. An appropriate covering letter issued by the university was distributed with the questionnaires in order to legitimize the data collection process, and motivate and encourage the respondents to cooperate with the researcher. All information gathered is reported in the study in a general anonymous fashion, in line with the code of ethics. In sum, the researcher sought permission from the participants to collect data and informed them in advance that they were not obliged to continue with the interview or questionnaire and could withdraw from the process at any time.

3.12 Conclusion

In this chapter, the research methods and approach used in the study were described in detail. The methods of sampling the population and collecting, preparing and analysing the data were discussed. Compliance with ethical requirements was emphasized, and measures taken to ensure validity and reliability were identified.

The following chapter offers a description and interpretation of the results.

CHAPTER FOUR

DESCRIPTION AND INTERPRETATION OF RESULTS

4.1 Introduction

In this chapter, the research results are described and interpreted. The quantitative data was collected from the responses recorded on 67 out of 68 questionnaires administered, while the qualitative data was based on 10 semi-structured interviews. In the interpretation phase, data is translated into integrated and meaningful findings. The latter respond to the main objective of the study, which sought to examine the state and socio-economic impact of entrepreneurship in the Cape Metropole area, and explore reasons for these states of affairs. Section A of the questionnaire approached the state of entrepreneurship through the respondents' demographic information; section B focused on factors contributing to the state of entrepreneurship, factors that both discourage and encourage entrepreneurship, and factors that influence its success or failure. Section C dealt with the socio-economic impact of entrepreneurship in the Cape Metropole area.

4.2 Descriptive statistical analysis

The aim of such analysis is to collect, organise, and present data in a way that enables the quick and direct provision of information (Burns & Burns, 2008: 7). Descriptive statistics enabled the researcher to convert the raw data into useful and meaningful information.

4.2.1 Statistical Procedures

For the quantitative data analysis, the researcher used SPSS - Statistical Package for the Social Sciences - software with the help of the university's statistician. Conversely, given its nature and sample size (interviews with 10 respondents), the qualitative data was analysed narratively without the aid of software, but in such a way as to lend itself to interpretation that complements the quantitative data findings.

4.3 Results and interpretation of data

4.3.1 Section A: Profile of respondents and their activities: the state of entrepreneurship

In this section, the researcher presents and discusses information about the demographic profile of the respondents. This includes gender, ethnic group, business sector, the company's year of establishment, position and function of the respondent

in the company, level of education or qualifications, and years of experience as an entrepreneur.

The results are presented and interpreted below.

- **Qualitative results**

The qualitative results are based on interviews conducted with 10 entrepreneurs (8 Whites, 1 Coloured and 1 Black). The majority (9) of the entrepreneurs were males, and most had more than 11 years of experience in the running of their businesses as owners/mangers. Most of them were also holders of a university degree, and most established their businesses in the latter post-apartheid period (from 2005 onwards). It should be noted that the researcher did not deliberately interview more White entrepreneurs in the Cape Metropole Area. The researcher encountered fewer established African entrepreneurs (which may be a reflection of the actual situation), and even fewer of these were willing to take part in this study.

- **Quantitative results**

4.3.1.1 Gender of respondents

This section sought to capture the gender division in the entrepreneurship participation rate. Figure 4.1 shows the gender of entrepreneurs.

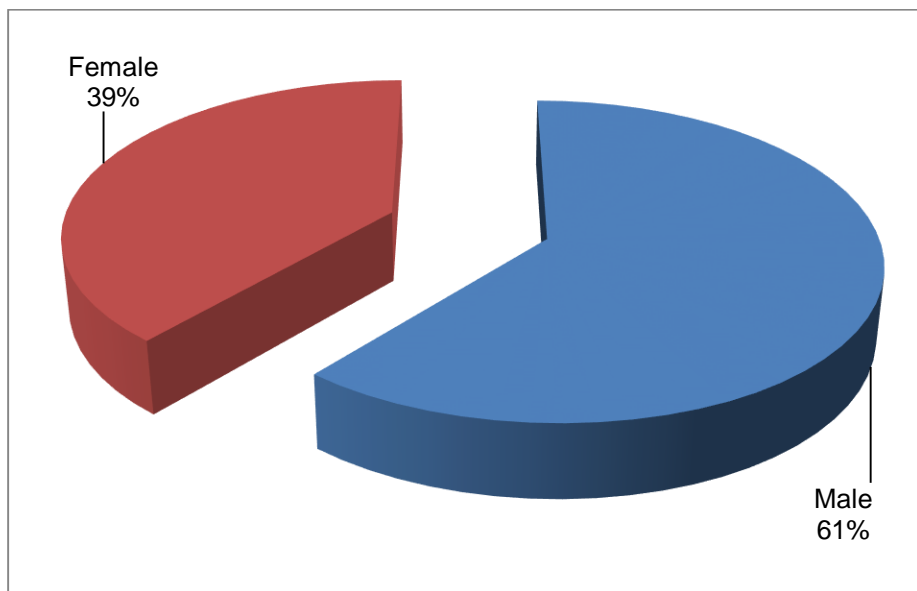


Figure 4.1: Gender of Respondents

The results indicate that 39% of respondents were female and 61% were male.

- **Interpretation of qualitative and quantitative results**

There is a clear indication that men are more involved in entrepreneurial activities than women, with far fewer women seemingly prepared to take the initiative and embark on a business venture. With only one woman out of ten respondents, the qualitative results also demonstrated the low rate of participation of women in business. In accordance with findings of Kim (2007), it is clear that although the world population is dominated by women, their presence in entrepreneurship is considerably smaller than men's. Given the commitment to fight gender inequality set out in the South African constitution (Herrington et al., 2009: 41), it was important to analyse the reasons for this low rate of participation so that suggestions could be made on how the situation can be remedied.

The gender gap of 22% highlighted in Figure 4.1 could be attributed to the difficulties that women face in becoming entrepreneurs. As noted by GEM (2016: 34), women assume more domestic responsibility; they often do not or cannot further their education (particularly in developing countries); they have fewer business-orientated networks in their communities, which means a low level of entrepreneurial female role models; they often believe that they lack the confidence to achieve success in business. These factors prevent the majority of women from undertaking an entrepreneurial activity or taking advantage of entrepreneurial opportunities.

4.3.1.2 Ethnic groups

South Africa is known for being diverse and multicultural. Ethnic identity is assumed to influence the tendency towards engaging in entrepreneurship. The importance of ethnicity in this study is based on issues of culture, with a growing body of literature arguing that culture influences economic and management behaviour and entrepreneurship (McGrath et al., 1992; Hofstede, 2001). The ethnicity of the respondents in this study is displayed in Figure 4.2

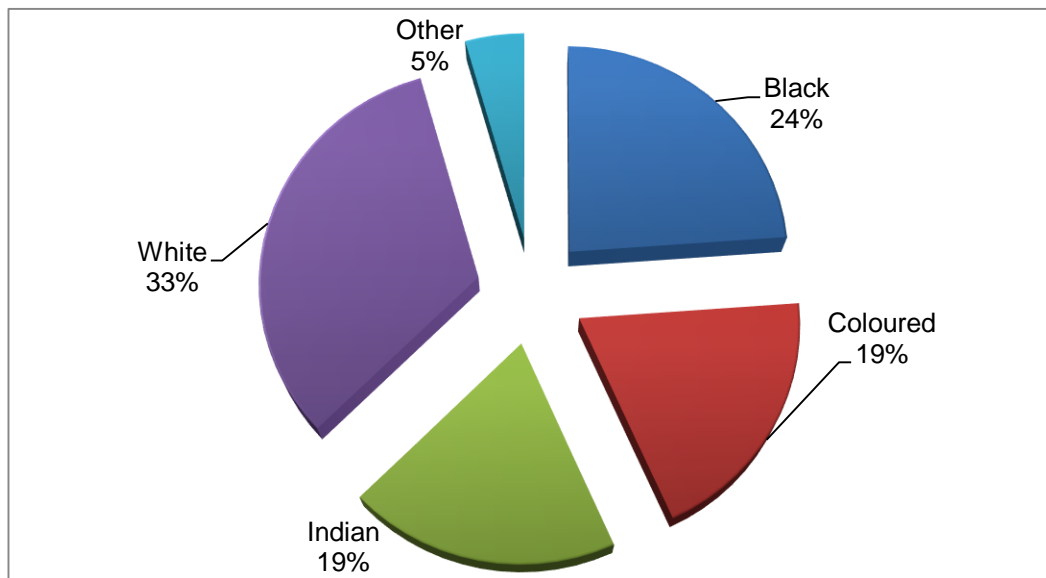


Figure 4.2: Ethnic groups of respondents

Among the respondents, 33% were White, 24% Black, 19% were Coloured, 19% were Indian and 5% belonged to other ethnic groups.

- **Interpretation of qualitative and quantitative results**

There is a significant difference between the various ethnic groups in terms of how people engage in entrepreneurial activities in different ethnic groups in South Africa (including the Cape Metropole area). Figure 4.2 indicates that there are more White persons (32%) in the Cape Metropole area undertaking entrepreneurial activities than any other ethnic groups, followed by Blacks, Coloureds and Indians. This evidence was further supported by the qualitative results, which suggested that most businesses were owned by Whites because eight of the ten interviewees were white. Although this may not accurately reflect the current proportions of Black and White entrepreneurs, some plausible explanations for this situation may be found in South Africa's historical roots (Urban, 2006: 182).

The first explanation is the apartheid system, which did not promote entrepreneurial activities on the part of any races other than Whites (Seekings & Natrass, 2005: 18). This situation did not benefit the country after the demise of apartheid in raising the total early-stage entrepreneurial activity (TEA) rate, as it bequeathed a lack of confidence among the rest of the population in respect of undertaking business ventures (especially for the youth). Thus, the majority of the youth (Blacks and Coloureds) do not participate in entrepreneurship as required by an efficiency-driven economy that relies on the industrial sector (Herrington et al., 2010: 25-30). This low

rate of participation negatively affects the Total Early-stage Entrepreneurial Activity (TEA) and generally hinders the development of entrepreneurship.

Another explanation for the low participation in entrepreneurial activities among Blacks and Coloureds is that entrepreneurship is not necessarily seen as a legitimate or desirable occupation in South Africa (due to the traditionally strong culture of wage labour, combined with affirmative action policies) (Urban, 2006: 175). At the same time, affirmative action policy requirements have served as a motivating factor for skilled individuals in the ethnic group designated as White to seek more entrepreneurial opportunities because of the struggle to find a job in the corporates (Herrington et al., 2017: 35). On the other hand, most skilled Black persons (unlike in the period before the implementation of these policies) have enjoyed the security of being able to find employment.

These are among the reasons for the situation that the results portray, that the state of entrepreneurship is dominated by White persons in the Cape Metropole Area.

4.3.1.3 Business sector

This section examined the different economic sectors in which the respondents were engaged in entrepreneurial activities, as illustrated in Figure 4.3, below.

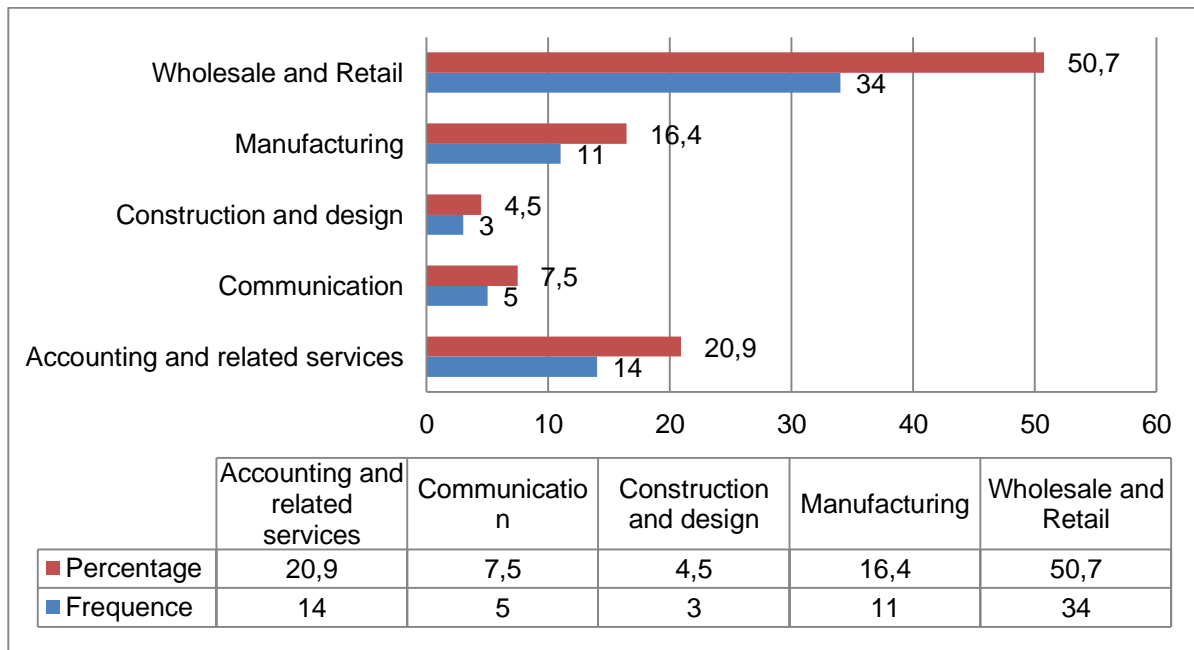


Figure 4.3: Business sectors

Among the respondents, 50.7% operated in wholesale and retail, 20.9% in accounting and related services, 16.4% in manufacturing, 7.5% in communication and 4.5% in construction and design.

- **Interpretation of qualitative and quantitative results**

Figure 4.3 indicates that the state of entrepreneurship is dominated by the retail and wholesale industry, which is very active and accounts for over half the sample of people engaged in entrepreneurial activities in the Cape Metropole Area (Herrington et al., 2016: 7). Reasons for the popularity of the wholesale and retail industry are varied. First, the sector provides products and services that are part of the daily needs of society, meaning that the entrepreneur can easily and quickly sell products and generate profit. The sector involves products catering to basic needs such as food and beverages, toiletries, medical goods, clothing, footwear, equipment and appliances useful in homes (National Treasury, 2012: 4-26). Secondly, the industry is easier and cheaper to start up and run compared to other sectors because it does not require (highly) skilled and permanent employees. The fewer the employees, the less the costs incurred by the employer in terms of wages and benefits.

Though important, accounting and related services (20.9%) and other sectors make a lesser contribution to entrepreneurial activities in the Cape Metropole Area. This is because jobs in these sectors require high-level skills (notably, of the type that South Africa needs to compete in the global economy). However, given the low levels of education and skills in South Africa – particularly in maths and science – these sectors remain inaccessible to most potential entrepreneurs (Herrington et al., 2016: 34). Given the dominance of the retail and wholesale sector, a poor sales performance could negatively affect the state of entrepreneurship in general. However, the performance of any existing industry depends to a large extent on macro-economic events in the country (which include the economic, political, legal, social, cultural, social, and natural settings) (Ahmad et al., 2008: 13). When the economy is unstable, as is the case in South Africa, empirical studies suggest that the performance of the various business sectors is likely to fluctuate, depending of course on the kind of economic forces impacting them (Budget review, 2012: 4)

4.3.1.4 Year of establishment

This section sought to determine how long the businesses selected for the study had been in operation. To determine the changing state of entrepreneurship over time, the study distinguished between the number of business start-ups in the early period of

democracy (1994-2004), and those in the later period of democracy (2005 – to now). The year of establishment according to this distinction appears in Figure 4.4, below.

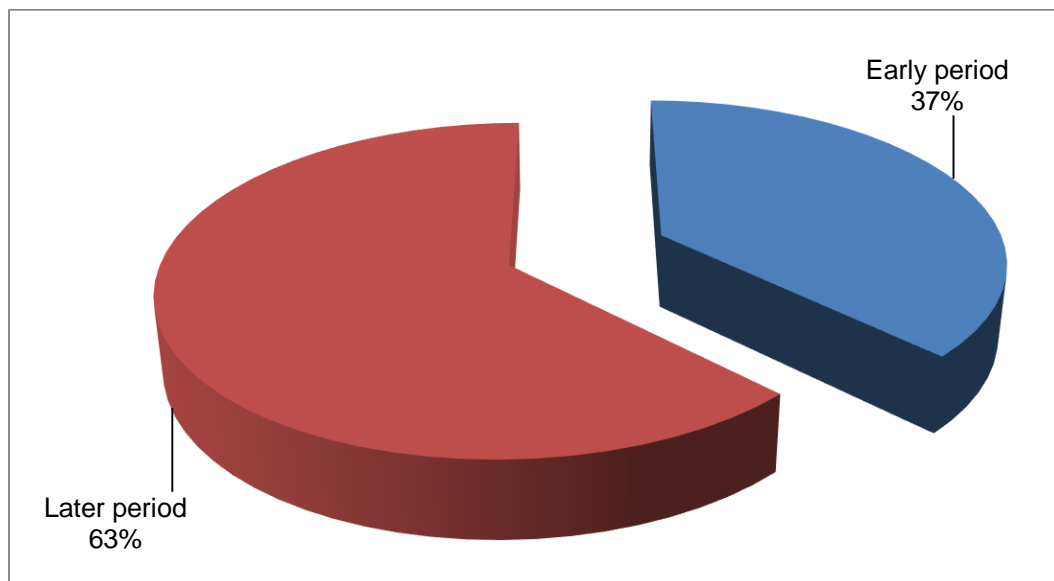


Figure 4.4: Year of business establishment

63% of businesses were established in the later period and 37% in the early period of democracy.

- **Interpretation of qualitative and quantitative results**

The qualitative results and Figure 4.4 indicate that more companies were established in the later period (63%) (from 2005 onwards) than in the early period of democracy (37%) (from 1994 to 2004). One of the reasons for the low level of business establishment in the early period is that the entrepreneurship terrain was shaped partly by the ANC experiencing difficulty in integrating the country with its economy into “globalisation” while at the same time addressing the legacy of apartheid. When apartheid ended, inequality was entrenched in South African society and among the worst in the world. This was the result of inadequacy in the educational system, isolation from the international economy and policies that favoured capital over labour (Burger & Woolard, 2005: 453). The situation as shown in Figure 4.4 can be attributed partly to the fact that, while entrepreneurship was encouraged and supported, many in the country did not have the necessary skills in the earlier period to successfully engage in entrepreneurial activities.

In an attempt to reverse the legacy of apartheid, the government introduced a series of policies consisting of fiscal prudence, trade reforms and the deregulation of various

sectors of the economy, reforming the economy and creating an environment more conducive to growth (Bhorat & Cassim, 2014: 7). Thus, the possibility of establishing a successful business was stronger in the later period (especially for previously disadvantage communities), indicating a more positive climate for entrepreneurship.

4.3.1.5 Entrepreneurs' function within the company

This section sought to establish respondents' responsibility and role in the company. The researcher attempted to check whether or not entrepreneurs are hands-on, that is, participate fully in the daily running of business operations in any of the capacities illustrated in Figure 4.5, below.

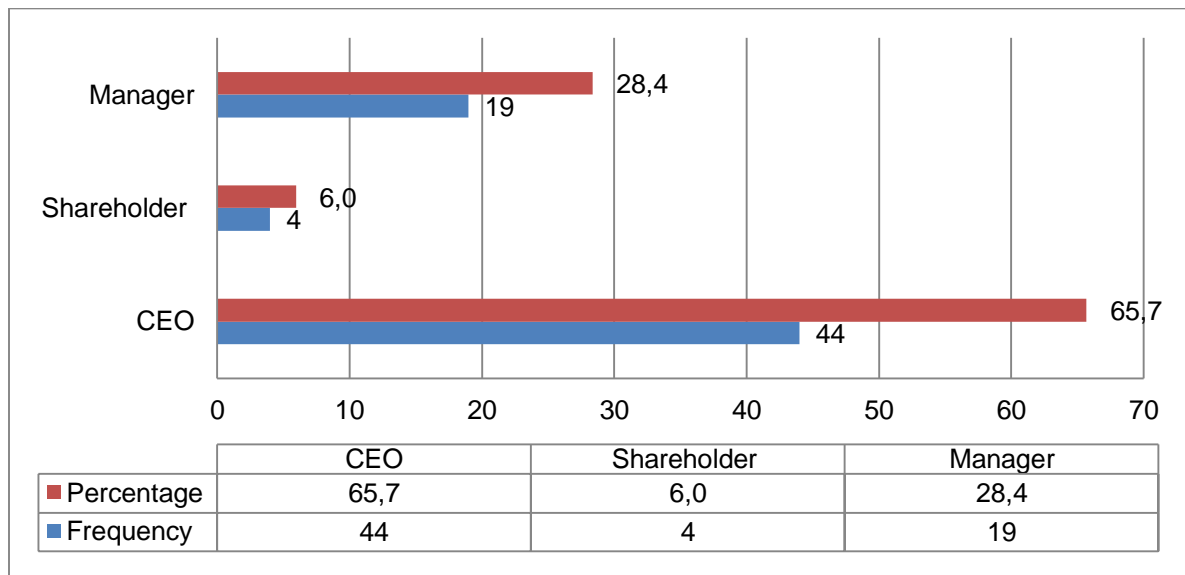


Figure 4.5: Entrepreneurs' function in company

65.7% of respondents were chief executive officers (CEO), 28.4% were managers and 6% were shareholders.

- **Interpretation of qualitative and quantitative results**

Whether one is hands-on or participates fully in the daily running of a business often depends on the size of the business, though the extent of each entrepreneur's involvement will in any case vary. Following the theoretical contributions of Schumpeter on innovation and creativity, Knight on risk, uncertainty and profit and Cantillon on the function of entrepreneurship, it is evident that entrepreneurs have a variety of roles and functions in economic development. Given this broad scope, it is understandable that some entrepreneurs opt to place managers under their supervision, so that as CEOs, they can be freed to pursue other endeavours (in

relation to the expansion of their business). Others prefer a more managerial role, working directly with employees in order to identify the challenges the business is facing or consistently bring about required changes. Participation in the daily running of a business does not fully measure the entrepreneur's involvement in the business. However, it is reasonable to suggest that those who constitute the 28.4% in managerial roles as shown in Figure 4.5, including those involved in the qualitative study, are more likely to understand the particular ins and outs of the business, and this has implications for success that are directly linked to the state of entrepreneurship.

4.3.1.6 Educational level of entrepreneurs

The purpose of this section was to ascertain the level to which entrepreneurs are educated, and to evaluate the importance of formal education for the state of entrepreneurship. Participants' levels of educational achievement are highlighted in Table 4.1, below.

Table 4.1: Level of educational achievement

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	High School	12	17.9	17.9	17.9
	First Degree	28	41.8	41.8	59.7
	B Tech	19	28.4	28.4	88.1
	Honours	6	9.0	9.0	97.0
	Masters	1	1.5	1.5	98.5
	Doctorate	1	1.5	1.5	100.0
	Total	67	100.0	100.0	

The educational levels of entrepreneurs were distributed as follows: 41.8% were holders of first degree, 28.4% had a B Tech and 17.9% were holders of high school diplomas. A further 12% held postgraduate qualifications (from honours to doctorate).

- **Interpretation of qualitative and quantitative results**

The relationships that exist among educational levels, entrepreneurial activity and the state of entrepreneurship is immense. The qualitative results showed that the majority of respondents were holders of a university degree, while Table 4.1 indicates that 82.1% of the entrepreneurs had post-senior certificate qualifications. This education and training appears to have given the entrepreneurs an advantage by enabling them

to make better decisions and predictions in their activities (Forbes, 2005). Whilst formal education is not the essence of entrepreneurial success, it greatly enhances the prospect of success. It also enhances positive entrepreneurial thinking and action, which naturally translates to much-needed employment creation (Nicolaidis, 2011: 1044). The 12% who might be considered highly educated individuals would no doubt have developed the perspectives to enable them to set ambitious goals for their companies. It is believed that the years of education enabled them to acquire and make good use of crucial information to benefit their businesses. Setting aside uncontrollable factors that can affect a company (political, macroeconomic, etc.), Table 4.1 suggests that successful South African entrepreneurs are sufficiently educated to develop a positive approach to internal factors affecting the success of their businesses (such as managing the strengths and weakness of internal operations, recognising potential opportunities and threats from outside the company).

4.3.1.7 Years of experience

This section explored the length of time that the respondents had been entrepreneurs. Knowledge gained by the entrepreneurs through experience determines (at least in part) the selection of opportunities to explore, pursue, and continue in the presence of uncertainty (Minniti & Bygrave, 2001). It was therefore important to understand whether entrepreneurs with more experience had more realistic expectations of success. Participants' years of experience are shown in Figure 4.6, below.

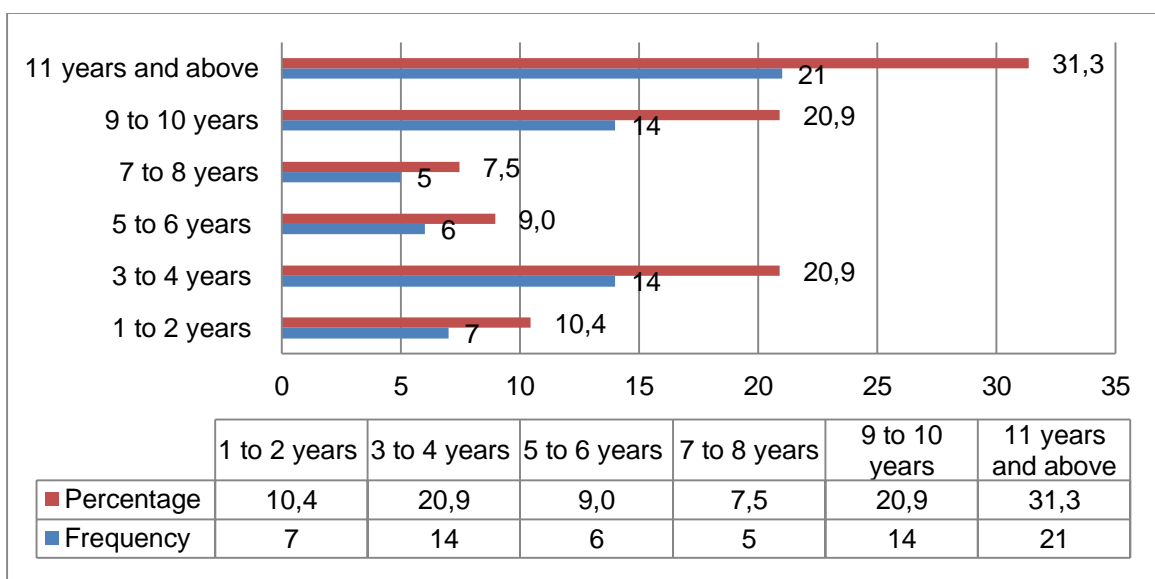


Figure 4.6: Entrepreneurs' years of experience

The Figure shows that 31.3% of entrepreneurs had more than 11 years of experience, 20% had 9 to 10 years of experience, a similar percentage had 3 to 4 years of experience, while 10.4% had 1 to 2 years of experience, 9% had 5 to 6 years of experience and 7.5% had 7 to 8 years of experience.

- **Interpretation of qualitative and quantitative results**

While in business, entrepreneurs gain knowledge through experiment (Kirzner, 1997). The qualitative results and figure 4.6 showed that the majority of respondents (31.3%) had more than 11 years of experience. It could therefore be said that the researcher was able to get information from experienced entrepreneurs who were knowledgeable about their businesses and environment. This probably means that these entrepreneurs have acquired sound entrepreneurial judgment and evaluative capacity, which positively affects the state of entrepreneurship through their ability to identify and exploit new business opportunities (Corbett, 2005).

With greater exposure to information, experience and understanding of the socio-economic environment, these entrepreneurs can reduce the uncertainty of business performance (Hayek, 2002). Figure 4.6 also shows that entrepreneurs (through the knowledge, abilities and skills acquired from experience) in the Cape Metropole Area are able to develop resilience, which replaces a negative perception of future uncertainty with positivity and optimism (Ayala & Manzano, 2014: 127). Education (Table 4.1) and knowledge gained through experience (Figure 4.6) create the human capital in this context, unless the entrepreneur acquired entrepreneurship education and training (Ucbasaran et al., 2008: 153). Many researchers have studied human capital in terms of entrepreneurs' inputs and outputs, from when they decide to start a business venture to its eventual size (Bosma, 2004). The effects emanating from human capital are significant to the state of entrepreneurship, enabling entrepreneurs to identify or create and pursue business opportunities, and equipping them with skills that ensure survival (Ucbasaran et al., 2008:153).

The first objective of this study has been met in this section. The results provided a clear overview of how things are in the Cape Metropole Area, which is distinguished by the following:

- There is a preponderance of White male entrepreneurs undertaking businesses
- Many businesses operate in the retail and wholesale sector, followed by accounting and related business services.
- There appears to be greater entrepreneurial capacity to establish a business during this period (later post-apartheid period) compared to the early decade of democracy
- Entrepreneurs are in general well educated.

- Many entrepreneurs appear to be sustained in business by the knowledge and experience gained during the course of their business ventures.

Though Figure 4.4 showed an increase in business establishment in the more recent decade of democracy, GEM indicators was used to compare South Africa's TEA to other efficiency-driven economies. According to reports, South Africa's TEA has fallen consistently below the required average, even below factor-driven countries, while the TEA rates for most of these other countries have remained fairly stable (Herrington et al., 2010: 35). Thus, it could be said that the state of entrepreneurship in South Africa presents a picture of underperformance when compared with other efficiency-driven economies. This point is further explored when addressing the last objective of this study (the socio-economic impact of entrepreneurship). Generally, it must be remembered that the environment shaping the economy affects the dynamics of entrepreneurship within any given country. This leads us on to discussion of the second objective of this study (factors that contribute to the state of entrepreneurship), in the following section.

4.3.2 Section B: Factors that contribute to the state of entrepreneurship

4.3.2.1 Factors that encourage or discourage entrepreneurship

Involvement in a business venture results from a decision rooted in necessity or opportunity, known generically as push and pull factors. This section sought to determine whether entrepreneurs were pushed or pulled into entrepreneurship. The qualitative research result is described below.

- **Qualitative results**

The respondents' responses were as follow:

4.3.2.1.1 Pull factors

Entrepreneurial background:

Respondents 2 and 7 stated that after acquiring work experience from their previous employment, they felt ready to start something on their own. Though experience and the readiness played a key role, respondent 7 further stated that his motivation was mainly the passion to become a boss, and he knew he had the potential to be one.

Respondents 3 and 4 were motivated by parents who were also in business. Respondent 4 pointed out that given the difficulty of running a business, he decided to join a company that had capacity for growth and develop it.

Respondent 6 stated that he started his business as a hobby. After he found out that there were not enough suppliers in the market, he made a business out of it. Respondent 8 stated that he had a dream to become an entrepreneur and went for it.

4.3.2.1.2 Push factors

Entrepreneurial background:

Respondent 1 was motivated to start a venture after quitting his job due to discontentment with management. Respondents 5, 9 and 10 stated that they had no other option than to start an activity that could lead to an income to help with expenses.

- **Quantitative results**

The degree of development of an economy determines the extent to which necessity and opportunity serve as factors turning citizens into entrepreneurs (Illingworth, 2014: 2). Given the fact that different people have different socio-economic challenges and reasons for engaging in business ventures, it was important for the respondents to indicate whether what motivated them personally was perceived as necessity or opportunity. The results are illustrated in Figure 4.7, below.

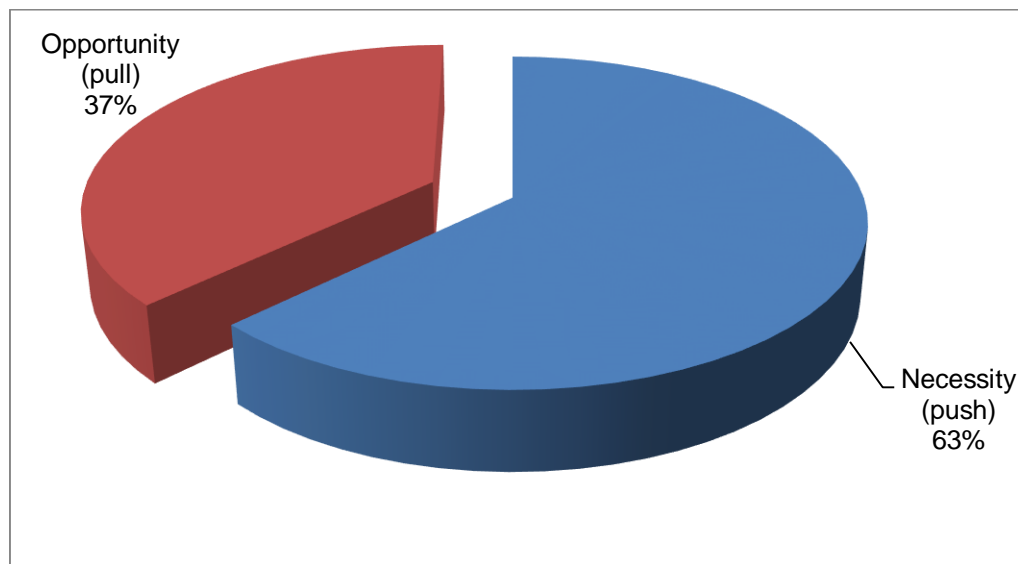


Figure 4.7: Necessity (push) vs opportunity (pull) entrepreneurs

The results were distributed as follows: 63% of entrepreneurs were necessity motivated and 37% of entrepreneurs were opportunity motivated.

- **Interpretation of qualitative and quantitative results**

Contrary to the qualitative results, figure 4.7 indicates that the involvement of most respondents in entrepreneurship in the Cape Metropole area was more out of necessity than opportunity. Differentiating the two sources of motivation is important because each tends to affect the way in which an entrepreneur can run his or her business (Hessels et al., 2008). The results were aligned with Reynolds et al. (2001), who found that in developing countries (like South Africa) there is higher presence of entrepreneurs motivated by necessity than by opportunity. Reynolds et al. (2001) claimed that it is more probable to find people becoming more engaged in entrepreneurial activities in countries characterized by high income inequality. In South Africa, the Gini inequality coefficient ranges from 0.660 to 0.696, which the World Bank (2015) ranks as among the highest in the world. Thus, placing in parenthesis the qualitative research results, which suggested that more entrepreneurs were motivated by opportunity, the researcher's understanding is that the majority of entrepreneurs in the Cape Metropole area are motivated by necessity.

Sufficiency and quality of entrepreneurship is often linked to the motivation of entrepreneurs (Verheul & Van Stel, 2007). In the case of South Africa, where many people are motivated more by necessity than opportunity, and especially in the Cape Metropole area where the population increased by 45% from 1996 to 2011 and is expected to grow yearly (StatsSA, 2016), the following two scenarios may unfold: in the necessity scenario, though more businesses can be established as illustrated in figure 4.4 (63%), entrepreneurs' income is reduced due to competition and the drop in product prices. Entrepreneurs may turn to survivalist pluriactivity. This means that they do not stick to one activity when demand for it declines or stops. They tend to undertake different, new activities until the demand for them stops too. Business ventures associated with pluriactivity are mostly seasonal and in agricultural production, where the demand is temporary (Kodithuwakku, 1997). Alternatively, an entrepreneur may find that s/he has no choice other than to continue with the business s/he has started. In this case, the entrepreneur is stuck and does not have the capacity to invest in another business venture and his or her income only covering his or her basic needs.

In the opportunity scenario, on the other hand, entrepreneurs are well placed in terms of engaging in a new business due to capital accumulation (Rosa et al., 2006: 2). In this way, the entrepreneurs can have a significant impact on the socio-economic life of society and the country in general.

In order to identify the motivating factors that entrepreneurs perceived as necessity or opportunity, respondents were asked to rank on a scale from 1 (being lowest) to 5 (being highest) what pushed or pulled them into creating business ventures. Table 4.2 shows the factors that pushed individuals into entrepreneurship.

Table 4.2: Push factors

	1 Lowest	2	3	4	5 Highest	Total
I was unemployed	83.1%	1.5%	3.1%	3%	9.2%	100%
I was retrenched	88.1%	3%	0%	0%	9%	100%
I was not certain about my job security	80.3%	7.6%	3%	6.1%	3%	100%
Financial demands from my family	34.8%	21.2%	15.2%	9.1%	19.7%	100%
I was not satisfied with my job	71.2%	7.6%	6.1%	9.1%	6.1%	100%
I wanted to cover my expenses	28.8%	21.2%	10.6%	15.2%	24.2%	100%

The need to cover expenses was found to be the factor that pushed most people to entrepreneurship (at 24.2%), followed by the financial demands from families at 19.7%. Both unemployment and retrenchment constituted 9%, while 6.1% were not satisfied with their job and 3% uncertain about the security of their job.

For those respondents led by opportunities, Table 4.3 shows what pulled them to create business ventures.

Table 4.3: Pull factors

	1 Lowest	2	3	4	5 Highest	Total
I desired to be financially independent	16.7%	7.6%	13.6%	18.2%	43.9%	100%
It has always been my dream	54.5%	15.2%	10.6%	6.1%	13.6%	100%
Awareness campaigns	81.8%	9.1%	1.5%	4.5%	3%	100%
I needed to be self-employed	22.7%	15.2%	16.7%	15.2%	30.3%	100%
It is a family tradition	77.3%	3%	3%	4.5%	12.1%	100%
I wanted to increase my income	30.3%	15.2%	27.3%	10.6%	16.7%	100%
I wanted to gain social status.	74.2%	15.2%	7.6%	3%	0%	100%

The desire to be financially independent and self-employed were found to be the factors that pulled most respondents to entrepreneurship, at 43.9% and 30.3%

respectively, followed by the need to increase income (16.7%). 13.6% wanted to fulfil their lifetime dream, 12.1% had followed a family tradition, and only 3% were pulled by awareness campaigns. None of the respondents were drawn towards entrepreneurship by the need to gain social status.

It is very seldom that entrepreneurs will start businesses for the immediate purpose of creating employment, or of innovating and growing the economy (Shane, 2003). It is rather their actions and judgments in respect of risk and uncertainty that lead to these results, the consequences of having been pushed or pulled towards entrepreneurship. Given the high unemployment rate (27.7%) and further job losses facing South Africa (StatsSA, 2017), empirical studies suggest that unemployment and retrenchment are the key push factors, forcing people into any kind of entrepreneurial activity that offers income. However, contrary to that perception, table 4.2 shows that (24.2%) of entrepreneurs in the Cape Metropole Area initiated business ventures to cover expenses and (19.7%) to meet the financial demands of their families (close or extended). Their activity will of course also serve to ameliorate their living conditions. Although there are concerns in South Africa about the job security in view of the fact that many businesses are subject to changes such as organisational restructuring (especially in large companies) (Schreurs et al., 2010), neither job insecurity nor job dissatisfaction motivated many entrepreneurs to establish their businesses in the Cape Metropole area, as these factors scored only 3% and 6.1%, respectively.

Pull motivation as demonstrated in Table 4.3 included the desire to be financially independent or autonomous (43.9%), to be self-employed (30.3%) and to increase their income (16.7%). However, unless these desires are accompanied by certain competencies, empirical studies have found that aspiring entrepreneurs are not necessarily able to create a viable business. Autonomy alone is venture-irrelevant and cannot motivate an entrepreneur to develop the various competencies required to attain the desired success (Wiklund et al., 2003; Cassar, 2007: 93).

The results in Table 4.3 also indicate that people in the Cape Metropole area are not sensitised to the concept of entrepreneurship as only 3% of respondents were pulled to become entrepreneurs through awareness campaigns. They also seem to lack passion for entrepreneurship, as only 13.6% claimed to have always had it in their dreams. A consequence of lacking entrepreneurial passion is that once a project fails to meet the entrepreneur's expectations, s/he tends either to give up or to switch to another project in the hope that the expectations will be met. To this entrepreneur, the most important desire in an entrepreneurial life is to become an independent business

owner rather than to be dedicated to the one specific business and making it work (Zhu et al., 2011: 4). His or her interest in maintaining a business will decline when faced with challenges and setbacks (Cardon et al., 2005). On a more positive note, there is a clear indication that opportunity-motivated entrepreneurs have entrepreneurial families, with 12.1% wanting to follow in their footsteps as part of a tradition (this will be further discussed in the next section). Family tradition should not be confused with peer pressure, which is regarded as a necessity motivation.

In general, the results revealed that entrepreneurial motivation was behind some but by no means all decisions to establish a business. Amit and Muller (1995) found that businesses started by entrepreneurs as a result of push factors are less successful (financially) than those built upon pull factors. There is therefore a need for more opportunity motivated entrepreneurs in the Cape Metropole area. Research suggests that this can in part be met by a well-established and progressive economy. Entrepreneurs in the opportunity category are more likely to take advantage of their knowledge-based opportunities and develop them into new products. This increases knowledge spill-over and has a positive impact on economic performance (Audretsch & Keilbach, 2008). Necessity entrepreneurs tend to possess fewer endowments of human capital and entrepreneurial capability (Reynolds, 2005). Also, Campbell et al. (2010) have shown that certain regulations can cause friction in markets and force workers into survivalist entrepreneurship or businesses creating few jobs and generating little wealth. On the other hand, the more people are pulled into entrepreneurship, the more business growth they can achieve, thereby contributing to the socio-economic development of the country.

The following section focuses on the second aspect that contributes to the state of entrepreneurship, factors that influence its success or failure.

4.3.2.2 Factors influencing the success or failure of entrepreneurship

In this section, the researcher examines social and economic factors. As much as these factors can clearly facilitate or hinder entrepreneurial activities, they may also play a role in positively or negatively shaping entrepreneurial intentions (Franke & Luthje, 2004).

4.3.2.2.1 Social and cultural factors

This section sought to examine social challenges that affect business activities. The first factor for scrutiny is crime.

4.3.2.2.1.1 Crime

Post-apartheid South Africa has faced many challenges, but the growing incidence of criminal activity represents one of the most difficult challenges facing the country (Demombynes & Ozler, 2005).

- **Qualitative results**

Respondents' answers regarding the effect of crime on their businesses were as follows:

Respondent 1 stated that though he had installed 24-hour security cameras, about R100 000 worth of goods were stolen, while clients suffered muggings.

Respondent 2 stated that his business was secured in the business compound but computers were stolen from the office after working hours, resulting in the loss of important data.

Respondents 3, 5 and 6 stated that they had not experienced any criminal activity in their businesses. In fact, respondent 3 claimed that he felt much safer at his business premises than in his home.

Respondent 4 stated that burglars were always breaking into his business to steal tools, but since the company deals with heavy equipment, the place ended up being vandalised. Consequently he acquired an armed response alarm.

Respondents 7, 8, 9 and 10 stated that they encountered petty crime, where staff members (including managers) used the company's goods without permission and even stole from the company, which was affecting profit. Those who were caught had their contracts terminated and were replaced.

- **Quantitative results**

The quantitative results are presented in Table 4.4

Table 4.4: Crime rate

	Yes	No
Have you experienced any criminal activity in and/or around your business?	62.7%	37.3%
Are there measures in place to secure your business?	71.6%	28.4%
Is crime a major constraint in doing business?	28.4%	71.6%

The results show that 62.7% of respondents have experienced criminal activity in and/or around their businesses while 37.3% have not. Among all the entrepreneurs, 71.6% have measures in place to secure their businesses while 28.4% do not. A similar percentage (28.4%) claimed that crime was a major constraint to doing business while 71.6% were opposed to that idea. The nature of the criminal activity experienced is shown in Figure 4.8, below.

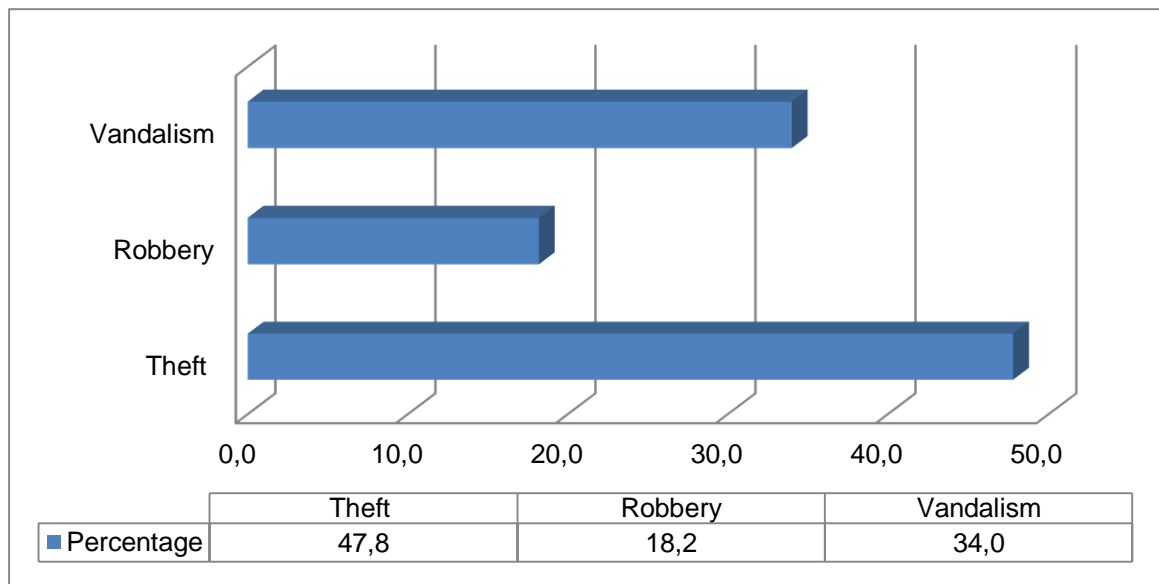


Figure 4.8: Nature of crime

A total of 47.8% of respondents experienced theft, 34% vandalism and 18.2% robbery. To analyse the level of crime in the entrepreneurial environment, all respondents were further asked to rate the level of crime in the areas where their businesses were located from their personal experience. The results feature in Figure 4.9

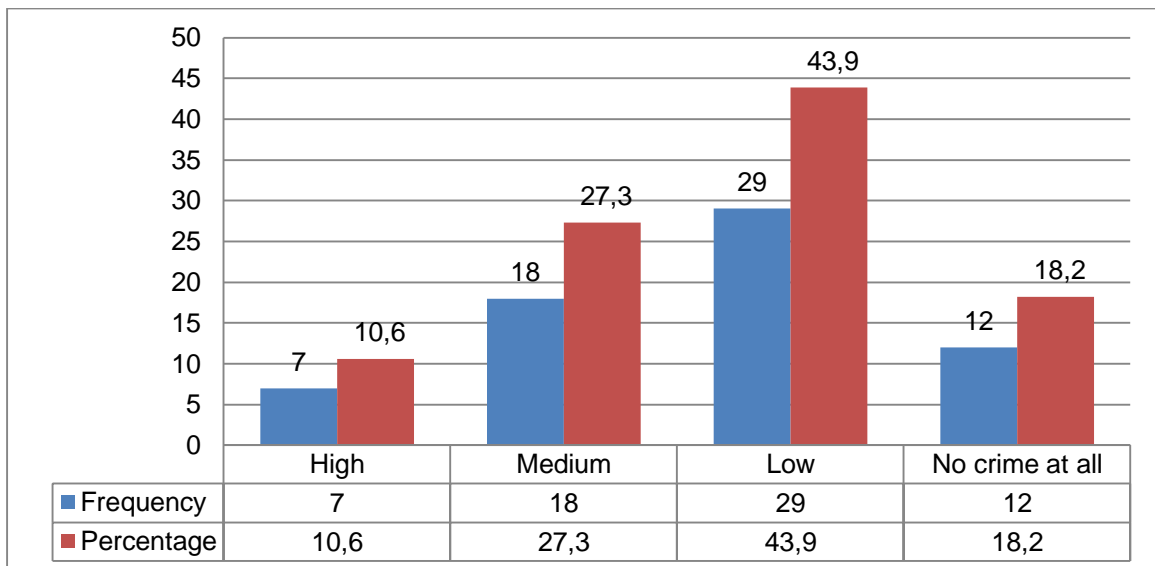


Figure 4.9: Level of crime in business area

The level of crime in their area was low, according to 43.9% of respondents; 27.3% stated that crime was at a medium level, 10.6% claimed that crime was high, while 18.2% had experienced no crime at all.

- **Interpretation of qualitative and quantitative results**

Crime in South Africa is mostly attributed to the daunting economic and social challenges facing many people, key among which is the lack of opportunity for advancement (Waller & Sansfacon, 2000). The challenges include social and economic exclusion, limited access to resources and unequal access to employment and good education. Socio-economic exclusion is often rooted in the country's failure to create more jobs for the growing number of job-seekers, leading to high extended unemployment (Mohamed, 2014: 13). This situation has not spared the Cape Metropole area, creating a high probability of crime. Thus, 62.7% of respondents have experienced criminal activity in and/or around their businesses. In fact, the Western Cape has the second highest level of criminal activities, 21.6%, following Gauteng's 28.5% (StatsSA, 2017).

Entrepreneurs in high and medium crime locations, which accounted for 10.6% and 27.3% the respondents, respectively, may have to take further crime prevention measures, at a cost. Crime prevention maintenance costs are highlighted in the quantitative results as CCTV cameras, security officers and armed response alarms. Although 71.6% of respondents stated that crime has not really been a major constraint to entrepreneurship in the Cape Metropole area (as depicted in Table 4.4, above), crime prevention and security maintenance increases the cost of operating a

business, negatively affecting its sustainability and success, especially a SMME. As pointed out by Lawrence & Sundaram (2013), in the event of theft or damage, entrepreneurs incur costs for repairs, which may lead to lower profits and make less capital available for reinvestment.

Although it has been suggested that crime (regardless of its form) is one of the major factors that affects businesses negatively in South Africa (Maas & Herrington, 2006; Isaacs & Friedrich, 2007), Figure 4.9 offers a different perspective on crime in the Cape Metropole area. The majority of respondents (43.9%) stated that their business environment is unaffected by crime. In fact, interviewed respondent 3 felt much safer at his business premises than at home. The low rating of the effect of crime on entrepreneurship reflects in part the fact that among all the criminal activities described in Figure 4.8, theft is the most cited and at a level that most entrepreneurs found to be manageable. Theft is described in the qualitative results as petty crime, with respondents 7, 8, 9 and 10 saying that staff members (including managers) used companies' goods without permission and even stole from the company, affecting profit margins. The measure that most entrepreneurs take with those caught stealing from the company is to fire them, which may not require police intervention.

However, the crimes portrayed in Figure 4.8 such as theft (47.8%), robbery (18.2%) and vandalism (34%) are incidents that reduce investment and may even take the life of a successful (or prospective) entrepreneur. Obviously, severe damage to property and loss of capital could even push an existing company (depending on its size) into immediate bankruptcy. In some instances, Fatoki and Garwe (2010) found that it also leads to business interruption. Thus, crime (regardless of its form) affects the state of entrepreneurship negatively and contributes to the failure of businesses in the Cape Metropole area and South Africa in general.

The second factor identified in the area of social aspects was infrastructure resources, which are discussed in the section below.

4.3.2.2.1.2 Infrastructural resources

Infrastructural resources in this context refers to communications, utilities, transportation, land or space, electricity and water. An adequate supply of these infrastructural resources is considered essential for economic development as they play a key role in enabling existing and aspiring entrepreneurs to launch their businesss and operate the way they intened to (World Bank 2003).

- **Qualitative results**

The majority of respondents commenting on physical infrastructural resources were positive: there was a good communication network with suppliers, adequate roads and transport utilities for goods and employees to reach businesses on time. Despite the restrictions on water use and the hike in electricity bills, many businesses were still surviving. However, a few respondents complained about the frequency of construction work on the roads, which sometimes caused heavy traffic and delays. Another entrepreneur claimed that access to infrastructural resources in terms of entering a market was much better for established businesses, and can take years for newcomers to achieve.

- **Quantitative results**

The quantitative results are represented in Table 4.5

Table 4.5: Access to infrastructural resources.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very good	32	47.8	47.8	47.8
	Good	32	47.8	47.8	95.5
	Poor	3	4.5	4.5	100.0
	Total	67	100.0	100.0	

An equal percentage of respondents – 47.8% – indicated that they had very good or good access to infrastructural resources, while only 4.5% rated it as poor. In order to clearly determine the importance of infrastructural resources for entrepreneurial activities, respondents were further asked to rate on a scale from 1 to 5 (lowest to highest) how these infrastructure resources impacted on their businesses. The results appear in Table 4.6, below.

Table 4.6: Impact of infrastructural resources on the success of enterprise

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	1	1.5	1.5	1.5
	2	3	4.5	4.5	6.0
	3	11	16.4	16.4	22.4
	4	20	29.9	29.9	52.2
	5	32	47.8	47.8	100.0
	Total	67	100.0	100.0	

A total of 47.8% of businesses are very positively impacted by good access to infrastructural resources for the daily activities of their businesses, 29.9% also found that access to infrastructural resources made a reasonably positive impact on the performance of their businesses, 4.5% claimed to not really depend on infrastructural resources, while 1.5% did not see access to infrastructural resources as having any impact on their businesses at all.

- **Interpretation of qualitative and quantitative results**

As illustrated in the qualitative results and Table 4.5, physical infrastructural resources are key indicators of economic development, with 47.8% of respondents claiming that business performance was seriously aided by accessibility to infrastructure. Among such resources, the transport sector (roads, railways and ports) plays a key role as it contributes massively to South Africa's competitiveness in global markets. This was supported by the qualitative results, with the majority of respondents saying that the roads and transport utilities are able to deliver goods and employees to businesses on time. In accordance with the Development Bank of Southern Africa [DBSA] (2012: 11), the results (table 4.5 and 4.6) support the perception that the transport sector is the engine for economic growth and social development, as it enables South African entrepreneurs to expand their services locally and easily connect them to neighbouring or overseas countries, stimulating exports (DBSA, 2012: 11). In terms of communication, mobile technologies have been pervasive in South Africa since 2008, enabling entrepreneurs to communicate with suppliers and partners at any time and place, and to pay employees online (DBSA, 2012: 87).

Easy access to infrastructural resources should serve to reduce barriers to start-ups in that it facilitates connectivity, interaction and the exchange of the knowledge and ideas that can fuel entrepreneurial ventures (Audretsch et al., 2015: 221). In line with the views of Wilkinson (2000: 201) as well as the results displayed in Table 4.5 and the qualitative results, we can conclude that entrepreneurs are satisfied with the physical infrastructural resources in the Cape Metropole area.

In respect of those respondents who are dissatisfied with access to physical infrastructure, as highlighted in Table 4.5 and 4.6, one explanation is that South Africa has, since 2007, faced power and water supply problems (DBSA, 2012: 59-61). Electricity "load shedding" and restrictions on water use have resulted in substantial operational inefficiencies and led to price hikes. Though businesses affected by this have by and large survived, impeded access to these resources may negatively affect business profitability, lowering the probability of growth and possibly leading to failure.

The third factor studied in the area of social and cultural aspects is culture, as discussed below.

4.3.2.2.1.3 Culture

Cultural norms are emphasized as the major strength of entrepreneurial orientation and seem to be the differentiating factor between higher and lower levels of entrepreneurial activity (Minniti & Bygrave, 2003). The researcher approached entrepreneurial orientation by focusing on the influence of role models and support both inside and outside the family, and how this triggers the entrepreneurial decisions of the respondents. A role model is an individual who sets an example to be emulated by others, who may stimulate or inspire others to make certain (career) decisions and achieve certain goals (mostly based on their success). A particular entrepreneur could be a role model, ranging from famous people to former colleagues or family members (Wright et al., 1997).

- **Qualitative results**

Respondents 1, 2, 3, 6, 7 and 8 declared that they did not have an entrepreneurial role model inside or outside of their families, and maintained that they were not affected by this. Respondent 2 observed that though he had friends who were already entrepreneurs, they did not strike him as role models.

Respondents 4, 5, 9 and 10 claimed to have been influenced by role models. Respondents 4 and 5 had followed in the footsteps of their fathers, while respondents 9 and 10 had learnt from their previous boss. The respondents believed that the influence of role models had been significant, especially prior to the establishment of their business.

- **Quantitative results**

The quantitative results are reflected in Table 4.7, below:

Table 4.7: Entrepreneurial culture

	Yes	No
Were you raised around entrepreneurial family members?	43.3%	56.7%
Did you have an entrepreneurial role model outside of your family before becoming an entrepreneur?	35.8%	64.2%

A total of 43.3% of respondents were raised in an entrepreneurial family, while 56.7% of respondents were not. Over a third, 35.8%, had a role model outside of their family

before becoming entrepreneurs, while 64.2% had not. In order to assess the impact of entrepreneurial orientation on businesses, respondents were further asked to highlight the significance of that orientation in the entrepreneurial space, as illustrated in Table 4.8, below.

Table 4.8: Significance of entrepreneurial culture on the likelihood of being an entrepreneur

	Very Significant	Significant	Slightly significant	Insignificant
Raised around entrepreneurial family members	13.4%	28.4%	3%	1.5%
Not raised around entrepreneurial family members	1.5%	9%	7.5%	38.8%
Having an entrepreneurial role model	9%	22.4%	6%	3%
Not having an entrepreneurial role model	3%	4.5%	9%	46.3%

Among those who were raised around entrepreneurial family members, 28.4% stated that it was significant to have been raised among them while 1.5% discerned no significance at all. Of those who were not raised in an entrepreneurial family, 38.8% deemed it insignificant and only 1.5% found it to be crucially significant.

The results also showed that 22.4% of those who had entrepreneurial role models found it significant while 3% saw no significance at all. Correspondingly, 46.3% of those who had no role models thought this insignificant while 9% claimed that it was very significant.

- **Interpretation of qualitative and quantitative results**

As depicted in Table 4.7, being entrepreneurially oriented (43.3%) led to an acceptance of uncertainty and risk taking (Cantillon and Knight's theory). Such people tended to be supportive of the creativity and innovation underlying entrepreneurial action (Hayton & Cacciotti, 2013: 709). In addition, Lindquist et al. (2013: 270) report that the presence of a parent who is entrepreneurial increases the chance of the child becoming an entrepreneur by 60%. S/he provides the opportunity to acquire human capital (experience and knowledge), to share a similar preference for entrepreneurial activities, and to transfer financial capital (Fairlie, 2002). Thus, 43.3% of respondents raised around entrepreneurial family members developed a keen entrepreneurial spirit, which is a good marker for success. Regarding role models inside the family, in line with the findings presented in Figure 4.1, the qualitative results point to the low

participation of women in entrepreneurship, as 20% of respondents spoke of following in the footsteps of their fathers alone.

As noted from other empirical studies, culture was found to influence entrepreneurship through two main mechanisms. Table 4.7 indicates that the majority of respondents (56.7%) were not raised around entrepreneurial family members and had no entrepreneurial role models outside of their family before becoming an entrepreneur (64.2%). These results are in line with those of Krueger (2003) in suggesting that South Africa (including the Cape Metropole area) does not have a supportive entrepreneurial culture that could legitimates entrepreneurship in the society. An entrepreneurial career is not widely valued nor even recognized within families, and this results (in some instances) in a high fear of failure, with people hesitant to undertake entrepreneurial ventures. Secondly, the Country does not have a culture that fosters the distribution of pro-entrepreneurial values and patterns of thinking, which means that few individuals evince psychological traits and attitudes that are consistent with entrepreneurship.

Noting the effects of the apartheid system, which discouraged the majority from entrepreneurship and created a culture of working for others in South Africa (Berry et al., 2002), one must conclude that role models could play a crucial role. However, as important as role models can be, Table 4.8 demonstrates that the majority of entrepreneurs do not seem to have recognised the significance of having an entrepreneurial role model inside (46.3%) or outside of their family (38.5%). Given the fact that information was obtained from experienced and competent entrepreneurs, two opposing views of this situation are possible. In one view, it requires a high level of human capital to see the importance of role model presence (Bosma et al., 2012). An entrepreneur should possess a certain level of knowledge and skills to be able to value, interpret and apply (external) knowledge (such as role model influences), which many may not have.

In the second view, entrepreneurs with considerable human capital can neglect the importance of role model presence. Individuals with higher levels of human capital believe that they are confident and competent enough to start successful businesses without the influence and inspiration of role models inside or outside their families (Hartog et al., 2010).

The second factor that influences the success or failure of entrepreneurship is the economic context, which is discussed in the section below.

4.3.2.2.2 Economic factors

This section explores how economic factors impact on the success or failure of entrepreneurial activities. The first such factor is access to finance.

4.3.2.2.2.1 Access to finance

Banks are the major source of finance for many entrepreneurs. Access to financial services can help new entrepreneurs survive beyond the first year and assist enterprises to innovate at a faster rate (Ayyagari et al., 2011). Finance also allows existing businesses to exploit growth and investment opportunities, and achieve a larger equilibrium size. Businesses can safely acquire a more efficient productive asset portfolio where finance is in place, and they are also able to choose more efficient organizational forms such as incorporation (Demirgüç-Kunt et al., 2006).

- **Qualitative results**

The qualitative results were as follows:

Respondents 1, 9 and 10 stated that they had encountered major difficulties in accessing finance. They started their companies with their own savings and had to work very hard to get established.

Respondent 2 observed that access to financial resources was not easy, especially for himself as a non-south African. Only his energy and personal resources enabled him to survive the early stages.

Respondents 3 and 8 noted that they were yet to receive any financial assistance from banks.

For respondents 4 and 5, however, access to finance had never really been a problem. Respondent 4 said that though he was sufficiently secure financially to have established a business without any financial help, the request for funding from a bank was inevitable at some point and it had worked out in his favour. Respondent 4 emphasised on how hard and long the process of getting finance was.

Respondent 6 stated that he had to sell everything he had in order to get the necessary capital. This was not easy and the funds were never enough, but he managed to make the business work from there. He had never approached a bank or any other organisation for assistance, because he would have been reluctant to incur interest-bearing debt.

Respondent 7 also maintained that finance was the biggest problem in starting his company as no one wanted to help him. According to him, the problem was that financial institutions are basically unwilling to help people, especially entrepreneurs. They regarded him simply as a financial risk, asking so many questions that they effectively exhausted his chances of getting any finance. Apart from the banks, he did not know of any financial institutions that could help entrepreneurs at any stage of their businesses.

- **Quantitative results**

The quantitative results are presented in Table 4.9, below, which lists the questions asked.

Table 4.9: Access to finance

	Yes	No
Have you required a business loan or any sort of financial help in the course of your business?	76.1%	23.9%
Have you applied for a business loan or any sort of financial help in the course of your business?	68.7%	31.3%
My application for a business loan was successful	52.2%	47.8%

A total of 76.1% of respondents required a business loan or financial help of some kind in the course of business, while 23.9% had not. A slightly lower percentage, 68.7%, had applied for financial help, while 31.3% had not. 52.2% claimed their application had been successful while 47.8% had been unsuccessful. In order to evaluate the level of accessibility of finance, the experience of the respondents – including those that did not require any sort of financial help in the course of their business– is illustrated in Figure 4.10

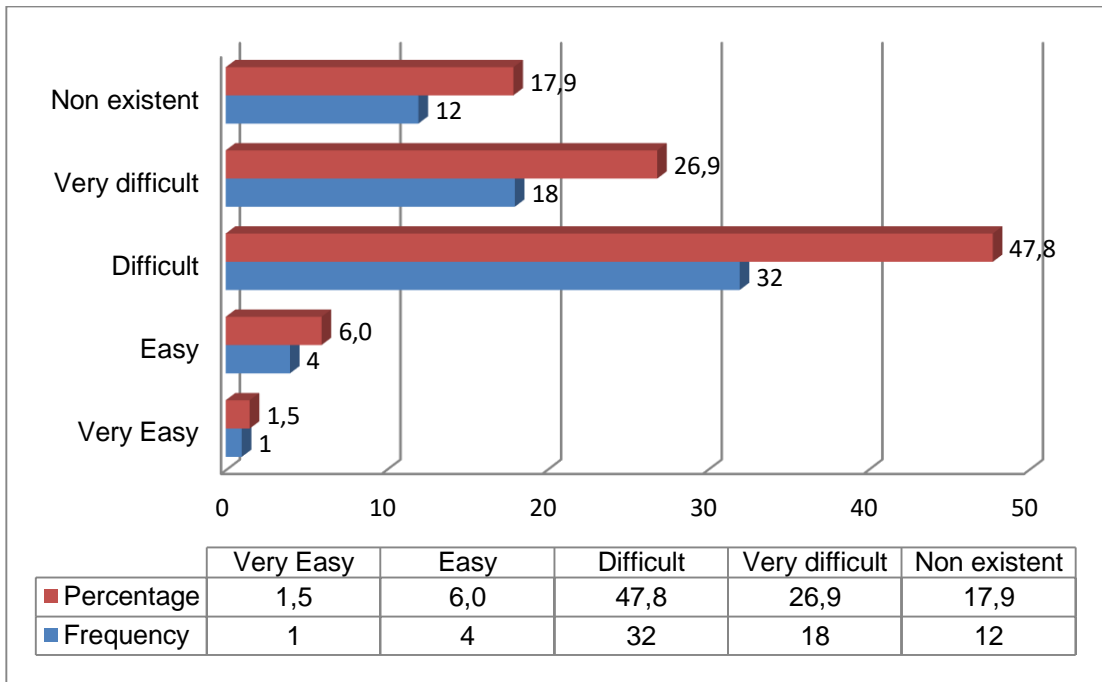


Figure 4.10: Access to finance

Only 7.5% of respondents claimed that accessing finance was very easy or easy, while 74.7% had found it difficult or very difficult. A further 17.9% found access to finance non-existent.

- **Interpretation of qualitative and quantitative results**

Table 4.9 indicated that the majority of entrepreneurs (76.1%) required access to finance, while 68.7% had applied for a business loan or other kind of financial help in the course of conducting their business. Other studies have found that obtaining financial assistance is one of the most difficult obstacles that potential and existing entrepreneurs face (Herrington et al., 2016: 49). This is supported by the statistics presented in Figure 4.10, where the experience of a large majority of 74.7% of respondents was that access to finance was difficult or very difficult.

Contrary to the findings of previous empirical studies, many entrepreneurs in the Cape Metropole area who took part in this study made successful applications for business loans (52.2%). However, this result was to some extent at odds with the qualitative results (in which respondents 1, 2, 7, 9 and 10), suggested that most entrepreneurs rely on their personal savings in order to establish their businesses. Generally speaking, obtaining financial assistance remains one of the greatest challenges faced by potential and existing entrepreneurs. GEM (2014) found it to be among the chief reasons for business discontinuance in South Africa. Respondent 2

made the further point that it is particularly hard for migrant entrepreneurs, who have no access to loan capital whatsoever.

Given that most entrepreneurs rely on equity and debt as their primary sources of external finance (as described in the qualitative result), the main problem curtailing their ability to access finance is a lack of collateral, coupled with information asymmetry with potential investors (Cosh et al., 2009; OECD, 2014). In this regard, respondent 7 attributed the problem to financial institutions. According to him, they simply do not want to help people, seeing entrepreneurs as no more than a financial risk. The process continues to disqualify many potential and existing entrepreneurs who need to grow their businesses. Obligated to make do with what they have on hand, they are forced to operate a business on a scale that they did not intend to. The qualitative results show that of those who did not apply for a loan or any other financial help, as reflected in Table 4.9 (31.3%), this was because these entrepreneurs did not know the procedures, or what other sources of finance were available (respondent 7), or wanted to avoid paying the interest attached to loan capital (respondent 6).

Though the effectiveness of financial institutions in addressing challenges associated with access to finance remains a controversial issue, empirical studies suggested that access to finance is not a fundamental factor. Providing finance in the absence of adequate infrastructure, market opportunities and business and management skills is unlikely to lead to an increase in the number of successful businesses (Herrington et al., 2016: 49).

The second factor studied in the area of pertinent economic aspects was associated with the rates of inflation and exchange, as discussed below.

4.3.2.2.2 Inflation and exchange rate

The relationship between growth and inflation depends on the state of the economy. High growth without an increase in inflation is possible if the output of the economy is growing enough to keep pace with demand. A high rate of inflation is always associated with increased price variability, which can lead to uncertainty about the future profitability of investment projects (Ayyoub et al., 2011: 52).

- **Quantitative results**

The quantitative results are presented in Table 4.10

Table 4.10: Inflation and exchange rate

	Yes	No
Does high inflation affect your business?	55.2%	44.8%
Does the low rate of the Rand in relation to the Dollar affect your business?	56.7%	43.3%

A majority (55.2%) of respondents reported being affected by the high inflation rate while 44.8% were not. 56.7% were affected by the low exchange rate of the Rand in relation to the Dollar, while 43.3% were not. Those who were affected were further asked how the rates of exchange and inflation affected their businesses, and their responses are shown in Table 4.11.

Table 4.11: Impact of inflation and exchange rate

	Negatively	Positively
inflation rate	55.2%	44.8%
exchange rate	52.2%	47.8%

Among the respondents, 55.2% and 52.2% were negatively affected by both inflation and the exchange rate, while 44.8% and 47.8% were positively affected.

- **Interpretation of qualitative and quantitative results**

The effects of inflation and the exchange rate on entrepreneurial activities are complex. In general, they inhibit the development of the economy by increasing the costs of entrepreneurial transactions and information. This negative impact on entrepreneurial activities is highlighted in Table 4.10. As the majority of entrepreneurs are affected by high inflation (53.7%) and low rate of the Rand in relation to the Dollar (56.7%), they will be reluctant to take risks, lowering the rate of investment, thereby negatively affecting resource allocation and economic growth.

One of the consequences of this situation, as shown in Table 4.10, is that when faced with high inflation, entrepreneurs will tend to increase the price of their services to keep up with their business costs. This in return increases the cost of living, a disastrous result given the high unemployment rate in the country. In fact, it has been suggested by the South African Reserve Bank (2016) that inflation in South Africa has been rising since late 2010, reflecting the effect of higher global prices for food and fuel, although it remains below the mid-point of the central bank's target range of 3% – 6%. In sum, it negatively contributes to the state of entrepreneurship.

The third factor studied in the area of economic factors affecting entrepreneurship is taxation, which is discussed in the section below.

4.3.2.2.3 Taxation

It is self-evident that all businesses should comply with tax obligations (including payment, filing and reporting) as mandated by the law. Tax compliance costs are related to the size and revenue of a business. The bigger the revenue the bigger the tax compliance cost will be. In South Africa, tax compliance costs and reporting requirements are arguably excessive relative to the size of business operations. This has a negative effect on entrepreneurship, as a burdensome tax administration system is an institutional obstacle to business operation, particularly for SMMEs (Braithwaite, 2009; Brown & Mazur, 2003). This section examines how taxation might influence the performance of an entrepreneurial venture.

- **Quantitative results**

The quantitative results are reflected in Figure 4.11, where the first question sought to establish whether or not respondents contributed to the national revenue system.

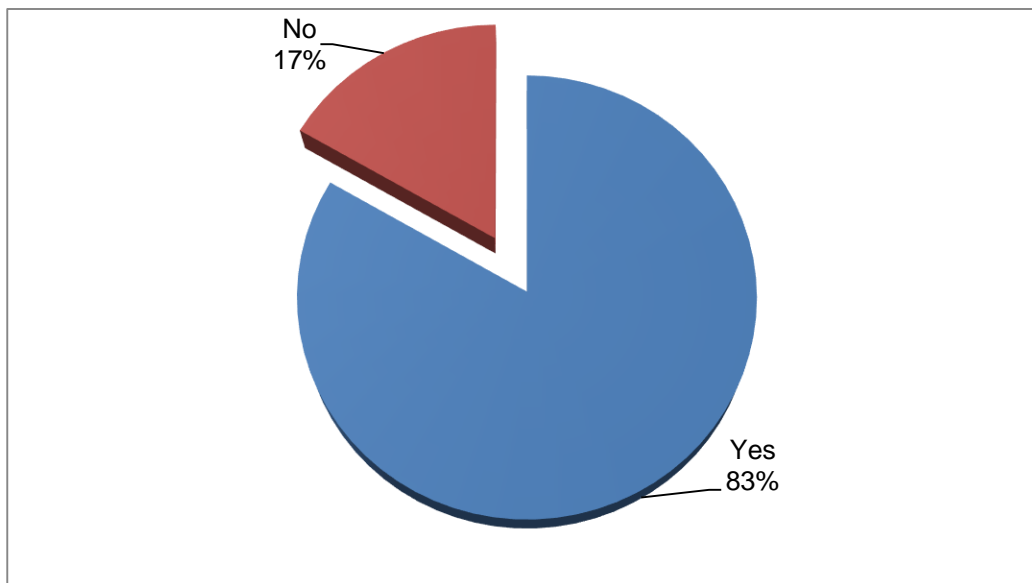


Figure 4.11: Tax paying

Among the respondents, 83% were tax payers and 17% were not. To describe the influence that taxation and its processes could have on a company, respondents were further asked to respond to the following statements with reference to a simple Likert scale, as presented in Table 4.12

Table 4.12: Tax evaluation

	Strongly Agree	Agree	Strongly Disagree	Disagree
I pay too much for tax	14.9%	55.2%	1.5%	13.4%
The procedure is time consuming	11.9%	47.8%	1.5%	23.9%
I require an accounting/audit officer to do my annual financial statements for the submission of SARS documents	6%	47.8%	3%	26.9%
I handle my own SARS submission	4.5	26.9%	7.5%	46.3%
In general, it increases the cost of doing business	7.5%	58.2%	3%	16.4%

A majority of respondents, 70.1%, were of the view that they paid too much tax. 59.7% found the associated procedures time consuming, while 53.8% indicated that they require an accounting/audit officer to do their annual financial statements for the SARS submission, with only 31.4% indicating that they handled their own SARS submissions. In general, 65.7% agreed that the tax system increased the cost of doing business.

- **Interpretation of qualitative and quantitative results**

The tax revenue system is important for the sustainability of economic development. The money generated from tax is used by the government for social programmes and infrastructure, making tax compliance mandatory (Ibrahim et al., 2015). As depicted in Figure 4.11, the majority of respondents (83%) paid tax. Entrepreneurs feel compelled to pay tax not because they want to but because of the consequences of tax evasion, which could incur a massive fine or even cause the business to close. Even though they pay tax, 55% of respondents indicated that they felt they paid too much. Through tax compliance, companies often end up with additional operating and transaction costs that were never anticipated when they started out (Fogel et al., 2006; Puffer et al., 2010). These additional costs were highlighted in Table 4.12 as also being time consuming (47.8%) as it does not form the core of the business and generally increasing the cost of doing business (58.2%). As stated by Co (2004: 90), tax complexities and expenses hinder entrepreneurial activities and could contribute to business failure.

The statistics presented in Figure 4.11 also demonstrate that some entrepreneurs evade paying tax in the Cape Metropole area (17%). Two plausible explanations could be given for this situation. The first is that, in the early stage of operating, some small businesses do not have sufficient turnover to need to comply with the tax system. The other explanation might be a lack of trust in the fairness of the tax system and the legitimacy of tax authorities, which increases the likelihood of tax

evasion (Webley, 2004). The theoretical premise behind tax evasion is that a tax system considered unfair and unjust is illegitimate (Musimenta et al., 2017: 150).

Another factor influencing the success or failure of entrepreneurship was the role of entrepreneurship education and training, which is next up for discussion.

4.3.2.2.3 Entrepreneurship education and training

This section examines the impact of entrepreneurship education and training on the development and enhancement of entrepreneurial skills essential for improving the effectiveness of ventures. The researcher first checked whether entrepreneurs had received any entrepreneurial education and training during or before their entrepreneurial endeavours.

- **Qualitative results**

The qualitative results were as follows:

Respondents 1, 2 and 6 stated that they did not receive any entrepreneurial education and training; respondent 1 decided to become entrepreneurial after achieving a marketing degree, while respondent 2 did some research on the subject but otherwise learned through experience along the way. Respondent 6 expressed the view that education only served as a foundation, and that the only way to learn about being an entrepreneur is to act upon it, to become an actual entrepreneur.

Respondent 3 made a similar point. He had not received any entrepreneurial education and training, and according to him, “you can’t learn business, it’s either you have got it or haven’t.”

Respondents 4 and 7 stated that they had worked for a related business as employees, growing with the company and acquiring the knowledge to open their own business. Respondent 4 suggested that institutions dealing with entrepreneurship or youth development needed to change because the world was changing. In his words: “the cell phones we used to use have changed but education has not, the way we use to study 100 years ago is still the way we are studying now in South Africa”.

Respondent 5 stated that he did a course in business management, and this and his 30 years of experience gave him the skills necessary to start and manage his business. Though experienced, he still goes for training in relation to his business performance once a year.

Respondents 8, 9 and 10 indicated that they did not follow any entrepreneurial education and training: they just had a dream and went for it.

- **Quantitative results**

The quantitative results are presented in Figure 4.12

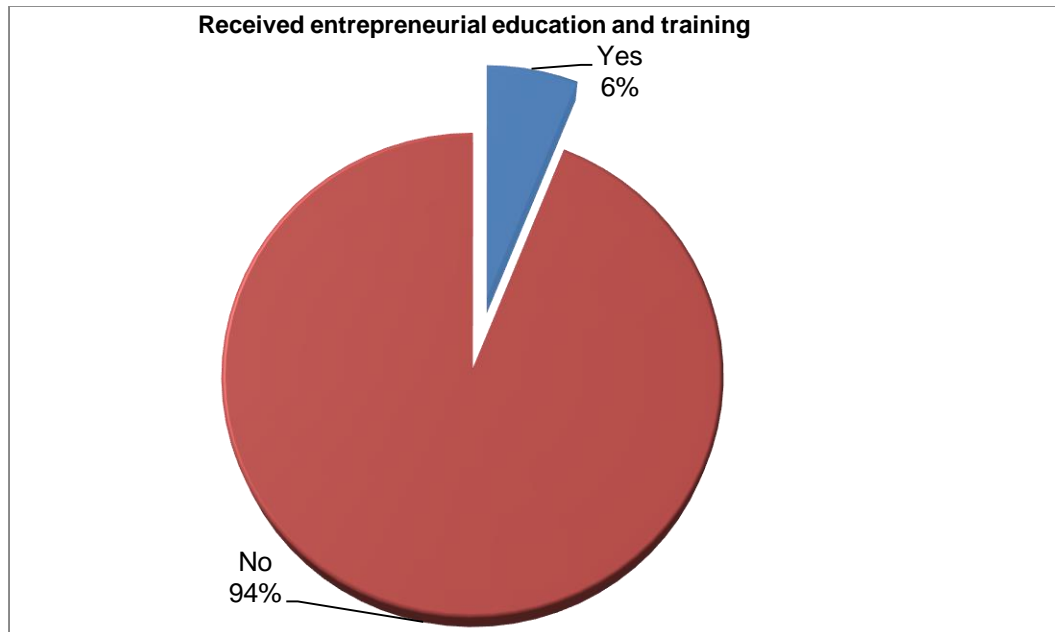


Figure 4.12: Recipients of entrepreneurial education and training

Only 6% of the respondents had received entrepreneurial education and training. The question of whether or not they felt that the lack of entrepreneurial education affected them as entrepreneurs followed, and their responses are presented in Table 4.13

Table 4.13: Perceived effect of entrepreneurial education and training

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	-	6	9.0	9.0	9.0
	Highly	1	1.5	1.5	10.4
	Partially	9	13.4	13.4	23.9
	Lowly	8	11.9	11.9	35.8
	Not affected	43	64.2	64.2	100.0
	Total	67	100.0	100.0	

A large majority (64.2%) of respondents claimed that they were not affected by the lack of entrepreneurial education or training, 13.4% thought they were partially affected, while 11.9% were slightly affected. Only 1.5% thought they had been strongly affected. To assess whether or not entrepreneurs consider entrepreneurial education and training to be important, the researcher went on to ask whether the respondents would like, or would have liked, to pursue education and training in entrepreneurship. The results are illustrated in Figure 4.13, below.

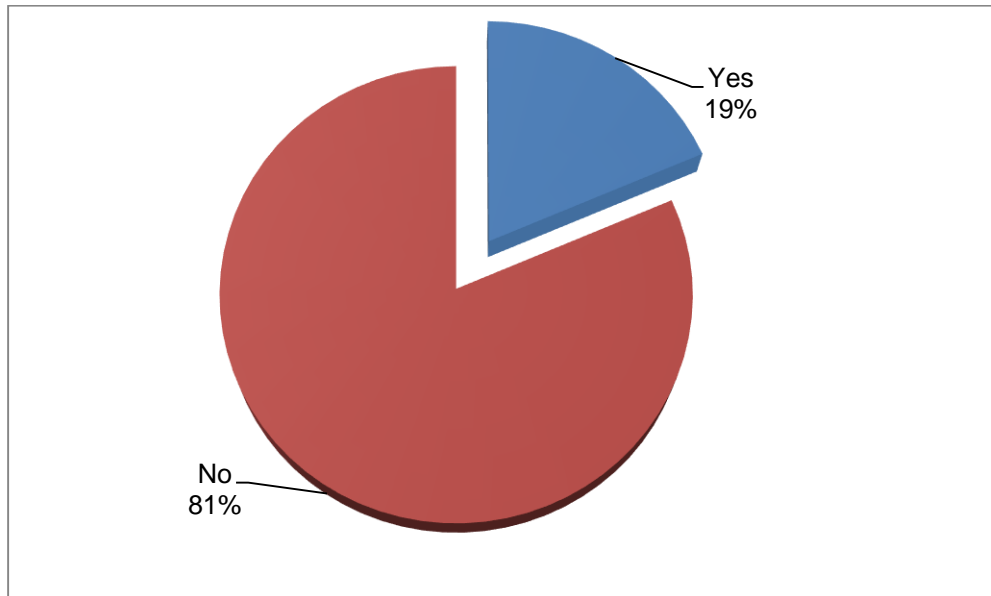


Figure 4.13: Desire to pursue entrepreneurial education and training.

Only 19% of the respondents were willing to pursue entrepreneurial education and training, while 81% did not see the point of doing so. To help determine the root cause of this, the researcher sought to track down how schools and universities tackled entrepreneurship. The results are illustrated in Table 4.14

Table 4.14: Level of emphasis on entrepreneurship education

	Yes	No
Did entrepreneurship receive much emphasis during your time at school?	14.9%	85.1%
Did entrepreneurship receive much emphasis during your time at the university?	21.9%	78.1%

Most respondents claimed that entrepreneurship did not receive much emphasis at school (85.1%) or university (78.1%). The remaining 14.9% and 21.9%, respectively, stated the contrary. It then seemed important to find out what entrepreneurs

perceived as the most essential skill associated with the conduct of their business, and their answers appear in Figure 4.14

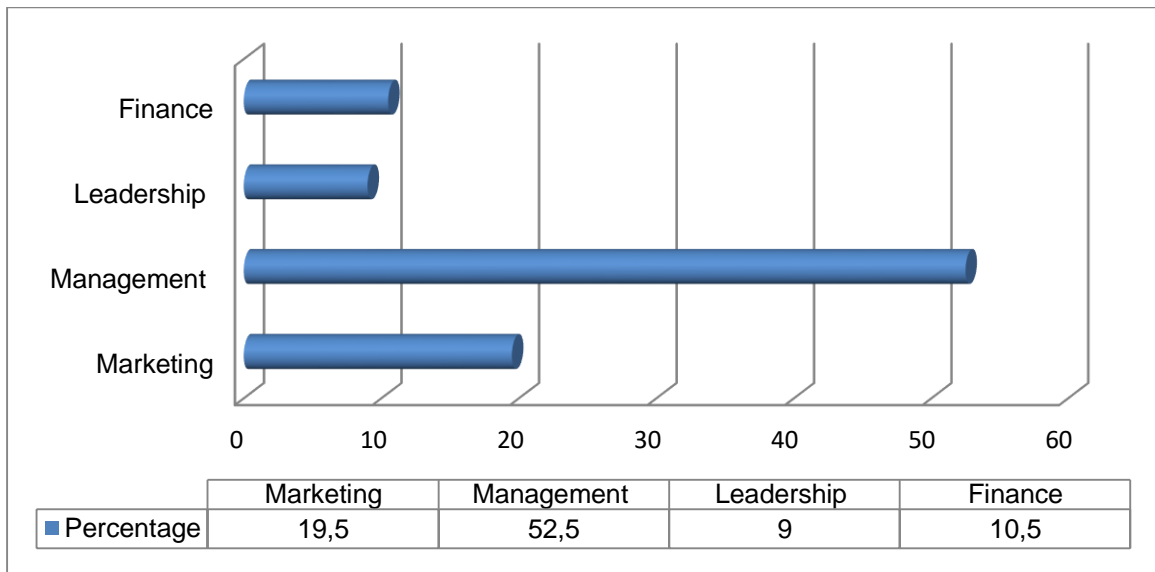


Figure 4.14: Entrepreneurs' perceptions of core competencies

A majority of the respondents (52.5%) regarded management as the most essential skill for entrepreneurs, followed by marketing skills (19.5%), financial skills (10.5%), and leadership (9%).

- **Interpretation of qualitative and quantitative results**

Being educated and trained in entrepreneurship is important for entrepreneurs who would like to acquire the necessary skills for the conduct of their business. It also plays a key role in changing the attitude of many towards becoming entrepreneurs. However, given the importance of education and training, Figure 4.12 and the qualitative results yield a surprising result. They reveal that the vast majority of respondents (94%) have not been educated and trained in the field of entrepreneurship, as opposed to only 6% who have. As stated in the qualitative results, the majority of entrepreneurs claimed to have started and managed their businesses by relying on their own human capital (ability and experience). This was further demonstrated in Table 4.1 (respondents' level of education) and Figure 4.6 (experience from owning a business), and appears also to be the cause of their general unwillingness to pursue entrepreneurial education and training (81%). This does not of course mean that they already possess the full range of entrepreneurial and technical capabilities, including the ability to manage.

Despite the belief that entrepreneurs are born and not made as articulated by respondent 3– in his words “it is either you have got it or have not” – the importance of receiving an entrepreneurship education has been emphasized by many researchers: it increases the strength and range of business intentions, and helps entrepreneurs to survive and grow their businesses (Lans et al., 2008: 364). This education and training consists of any programme or process of inculcating the attitudes, knowledge and skills associated with the practice of entrepreneurship (Fayolle et al., 2006: 702). Surprisingly, 64.2% of respondents perceived their lack of entrepreneurial education and training as not affecting their businesses (Table 4.13). Respondent 6 was of the opinion that entrepreneurship education could only serve as a foundation, and that the only real way to learn about being an entrepreneur was to be one. The results suggest that people’s understanding of the impact of entrepreneurship education was poor, given the widespread doubt whether such education can make a difference to the performance of businesses (Devins et al., 2004: 449). Many scholars, including Robertson (2003: 461), have found that the difference between successful businesses and those that are unsuccessful or struggling to grow is purely the entrepreneurs’ willingness to be equipped with or acquire the skills necessary for the operation of their ventures. The results of the survey could well explain the low rate of “total early-stage entrepreneurial activities” in South Africa and failure of businesses (Lans et al., 2008: 364). In general, skills deficiency in the business arena must be addressed if South Africa wants to avoid or reduce the failure of businesses and achieve competitive advantage (Kangasharju, 2000:30). More focus should be given to those (19%) who are willing to pursue entrepreneurial education and training as highlighted in figure 4.13. This should place emphasis on management skills as management (52.5%) was perceived by entrepreneurs as the key core competency needed by entrepreneurs (see Figure 4.14).

Although entrepreneurial education and training may influence the success of businesses, Figure 4.12 and Table 4.13 also show the surprisingly limited impact its programmes have on people’s intentions to engage in entrepreneurial activities (Bae, 2014). If the majority of entrepreneurs have not received this education and training but are able to initiate and maintain a business, then where do you find the recipients of this education and training? The researcher’s understanding is that people tend to learn *about* entrepreneurship rather than learn *to become* entrepreneurs. This is in part the reason why the debate continues on whether entrepreneurs are born or made.

In the context of the rise of business failure and low economic growth, Table 4.14 reveals that the majority of education institutions did not put enough emphasis on entrepreneurship during the respondents' time in school (85.1%) or university (74.6%). Gurol and Atsan (2006: 26) found that the entrepreneur's ability to exercise his/her skills depended on how efficient and advanced the programmes are. In the case of South Africa, as highlighted by respondent 4 in the qualitative results, there is a need for change. According to him, though technology has advanced, education in South Africa has been the same for the past 100 years. In line with the results presented in Table 4.14, Hynes (1996: 10) proposes that there is a need to train and educate potential and existing entrepreneurs (knowledge and skills development) to identify and manage opportunities in the environment. This obviously stands to influence the prospect of success for businesses and enable entrepreneurs to face and overcome challenges along the way.

The researcher attributes at least some such challenges to the lack of entrepreneurship education and training. This notion will be addressed via Fleury's (1994) attribution of the problems facing entrepreneurs to their research barriers, technology barriers, resource management barriers, leadership barriers and growth barriers. These will be discussed in the section below.

➤ **General challenges currently facing entrepreneurs as a result of the lack of entrepreneurial education and training**

These are challenges facing entrepreneurs in the Cape Metropole area prior to and after the establishment of businesses, and may be applicable to one or more entrepreneurs. These challenges were identified on the basis of the qualitative results, as presented below.

Research barrier: Entrepreneurs faced challenges associated with the lack of thorough research into the economic field and market they are interacting with and the kind of people they need. Entrepreneurs in this category include:

Respondent 2. In his words: 'To come with a survival plan was the biggest challenge I endured. Due to the type of my industry which is mostly dominated by White persons, it was not easy for a black (non-South African) man to penetrate. Thus, I had to develop a plan to fall back on in case things do not work the way I expected.'

Respondent 7. In his words: 'The biggest challenges were to find people that could think and share the same vision like me. To grow in South Africa is another factor of concern because the country itself is affecting every aspect of business.'

Respondents 1 and 9. They stated that finding competent employees was the biggest challenge. They saw a massive discrepancy between actual levels of ability and competence and what employees believed they were worth.

Technology barrier: The challenges that entrepreneurs face stem from their lack of knowledge of how to take full advantage of information systems. In this study, no entrepreneur was recorded as encountering technology barriers as they all believed that they implemented appropriate information systems tools in their companies.

Resource management barrier: The challenges that entrepreneurs face arise from their inability to manage resources properly. Entrepreneurs in this category are:

Respondents 6 and 10. They stated that the biggest challenge was the fact that a lot of effort and money are put into the training and development of employees, only for them to leave for personal reasons or greater opportunities.

Leadership barrier: The challenges entrepreneurs face are linked to their inability to make decisions that are crucial to the business and strategies that could lead to competitive advantage. Entrepreneurs in this category are:

Respondent 3. In his words: 'The first challenge was to develop a successful business. However, while in business, union demands are suffocating businesses although they have to protect workers. That is why I have employed less permanent employees and more contractual ones.'

Respondent 5. In his words: 'The challenge is to always stay positive and to stick with rules concerning the management of employees.'

Growth barriers: The challenges entrepreneurs face arise from the lack of marketing expertise, preventing them from compiling good sales portfolios and leading to poor after-sale follow-up. Entrepreneurs in this category are:

Respondent 8. In his words: 'Due to high competition, the biggest challenges were to bring in enough work and find the right clients in order to keep up with the market. I

believed that whoever has the most money in the industry has the biggest project and other companies find it hard to grow unless there is a structure in place to allow fair trading.'

Respondent 4. In his words: 'The biggest challenge was the decrease in demand. The economy has flattened out and it had led my business to decline quite a bit.'

Respondents 6 and 10. They indicated that their other biggest challenge was business growth. They did not know how and what direction to grow and the right way to go about it.

For emerging and existing entrepreneurs, entrepreneurship education and training can increase their intrinsic motivation and self-confidence. They will come to the realisation that an entrepreneur can indeed be taught how to become a better entrepreneur and fed with knowledge which will enable him/her to take the business to the next level. They will also realise that individuals are not necessarily born entrepreneurs and that business success can be enhanced if the problems anticipated are understood and solutions are investigated prior or after the creation of the business (Botha, 2006: 47). In order to remedy the failure to see the importance of entrepreneurship education and training, Ndedi (2009) suggests that entrepreneurship and its practices should be introduced in all disciplines, be implemented at all levels of education, and be taught effectively.

The challenges highlighted in the qualitative results also played a role in the analysis of the entrepreneurial environment (ecosystem), as this consists of all internal and external factors or variables relating to an organization that may influence the continued and successful existence of the organization (Smith, 2007). According to the results, it is clear that the entrepreneurial environment is characterised by low growth rates and rigid policies that led to the formation of institutions that entrepreneurs believe do not benefit their businesses. In agreement with Acs et al. (2008: 219), the results reveal that the South African economic environment is marked by interdependencies between economic development and institutions, which affect other characteristics, such as quality of governance, access to capital and other resources, and the perceptions of entrepreneurs.

Another factor that influences the success or failure of entrepreneurship is the role of government, which is discussed in the section below.

4.3.2.2.4 Government

Given the important role of entrepreneurs, the South African government is aware that developing entrepreneurial activities will improve economic development through increasing employment and per capita income (Bradford, 2007: 95). The kind of transformation that creates more jobs, increases wealth for all citizens and reduces inequality requires faster growth and a more equitable distribution of resources and benefits. However, empirical studies suggest that many South Africans consider the rate of socio-economic transformation to be inefficient (Jenkins, 2015). Doubts therefore remain about whether the country has the necessary institutional environment to sustain economic growth and the competitiveness of its businesses (Andreasson, 2011; Kahn, 2011). This section examines the extent to which the government has assisted respondents in their entrepreneurial ventures.

- **Qualitative results**

The qualitative results were as follows:

Respondents 1 and 6 said that they did not require any government assistance.

Identifying himself as a Black non-South African resident, respondent 2 stated that he had not had government support, which he knew in any case would not be available. He believed that through his partnership with some people who happened to be South Africans, his business could perhaps qualify for government assistance.

Respondent 3 was relieved not to have to depend on the government because to be funded by the government is suicidal.

Respondent 4 felt that the government was trying its best to promote entrepreneurship, but needed to reduce the red tape to succeed. However, regardless of government assistance, he urged entrepreneurs to take more of the sort of risks that many were currently not willing to take.

Respondent 5 found that the government did not assist with everything, that there were things that required government assistance and others that did not. He urged entrepreneurs to find the courage to start something from scratch and make it work rather than rely on the government or other associations for help.

Respondent 7 stated that government financial assistance was very limited and selective (not targeting everyone). He thought that government should take

entrepreneurs much more seriously. Instead of painting a picture of assistance, the government should support companies to enable them to employ and train people, thereby increasing the number of learnerships and apprenticeships in the country.

Respondent 8 stated that his business had been assisted by government organisations.

Respondents 9 and 10 stated that they were simply not aware of any government assistance for businesses.

- **Quantitative results**

Quantitative results regarding government assistance appear in Figure 4.15, below.

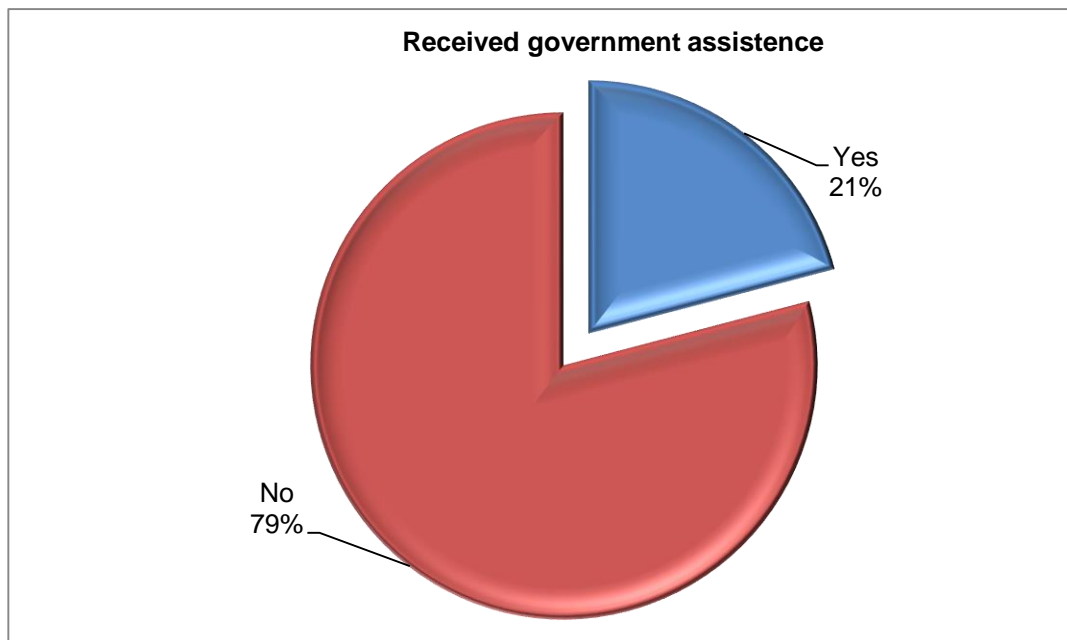


Figure 4.15: Government assistance

Only 21% of respondents claimed to have received government support in relation to their businesses while 79% stated the contrary. They were further asked about their perceptions of the un/availability of government assistance, and their responses are depicted in Figure 4.16, below.

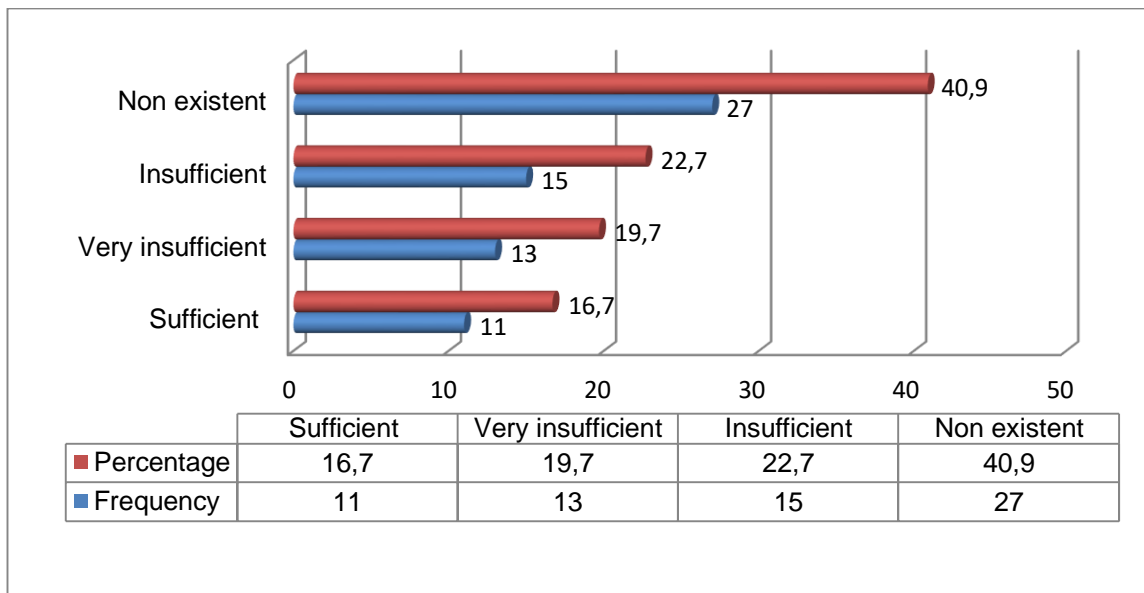


Figure 4.16: Rating of government assistance

A considerable 40.9% of respondents claimed that government support was non-existent, while a further 42.4% found it insufficient or very insufficient. Only 16.7% found this assistance to be sufficient. Based on their business activities and sector of operation, respondents were further asked what kind of support they would want to see and experience from the government. These responses are represented in Figure 4.17, below, which also suggests some of the other challenges that they face.

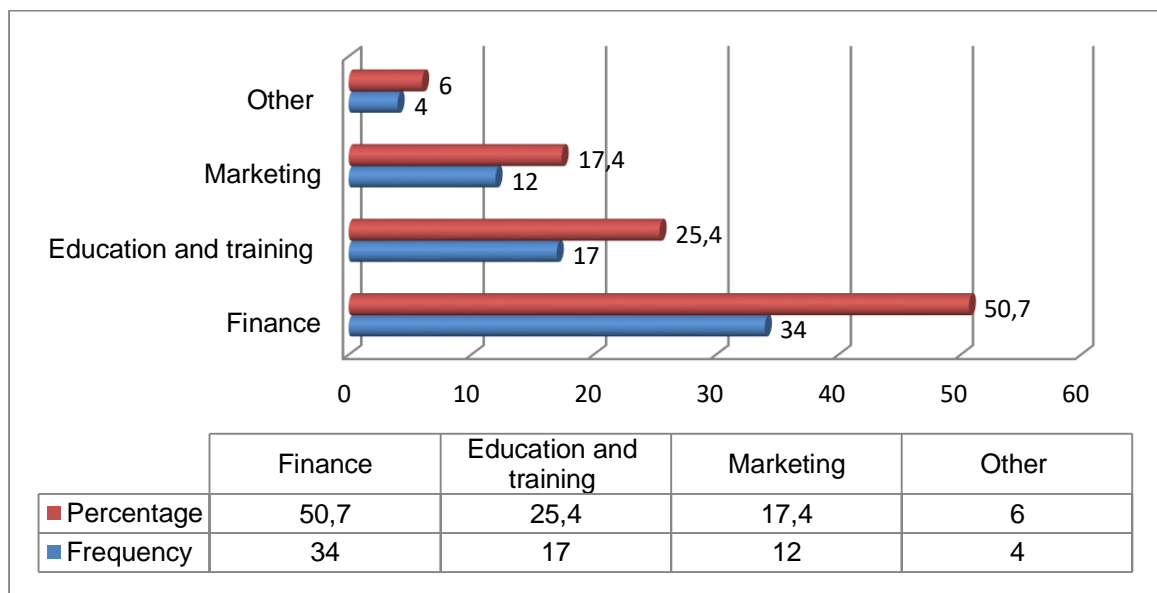


Figure 4.17: Areas of government support

A majority (50.7%) of respondents emphasised the need for more government assistance with finance. 25.4% highlighted the necessity of education and training, 17.4% indicated the necessity to have channels to facilitate their marketing, and 6% pointed to other related assistance (including legislation, red tape, unions, fair trading and reducing levels of corruption).

- **Interpretation of quantitative and qualitative results**

Progress made by the South African government in transforming the economy has been remarkable since the first democratic election in 1994. Through policies and legislation such as “black economic empowerment”, “affirmative action” and “redistributive spending”, South Africa aimed at combatting poverty by reducing unemployment through the provision of business opportunities for black South Africans, while at the same time addressing the high levels of inequality (Kahn, 2011). However, in agreement with (Wood & Bischoff, 2013: 567); the results presented in Figure 4.16 (and highlighted in the qualitative results) indicate that some of these transformation strategies have been perceived differently by certain entrepreneurs, who find that current labour legislation involves excessive red tape and makes it too difficult to dismiss unproductive employees. In some instances, this legislation may prevent entrepreneurs from adopting strategies to create new jobs.

At the level of legislation, though many measures have been put in place since 1994 aimed at redressing the legacy of apartheid, Figure 4.16 showed that many entrepreneurs (based on their experience) felt that nothing had changed, with 40.3% regarding government support as non-existent. This perception is mainly why most entrepreneurs (79%) chose not to rely on government assistance, questioning its effectiveness. Progressive change is keenly anticipated by many South Africans, especially those with the potential to create employment. In this view, access to finance was seen by the majority of entrepreneurs (50.4%) to be the most needed element of change, followed by education and training (25.4%) and easier channels for marketing (17.4%).

According to the perceptions highlighted in Figure 4.17, not being entrepreneurially educated or trained does not totally prevent one from starting and performing well in business. But according to Driver et al. (2001: 4), without easy access to finance prior to and while in business, it is very hard for entrepreneurs to establish and grow businesses. However, by facilitating access to finance and making available affordable and efficient entrepreneurship education and training programmes, the government can be assured that many businesses will grow and be managed to their

full capacity, while the high business failure rate will decline (Luiz, 2002: 68). In alignment with the view shared by Driver et al. (2001: 29), the findings in Table 4.14 suggest that education alone in South Africa does not guarantee business start-ups because in its current form it does not really nurture entrepreneurial activity. In addition, as suggested by respondent 7, the government should directly support companies with incentives so that they can employ and train people, increasing the numbers of learnerships and apprenticeships in the country.

The future of entrepreneurial capacity in South Africa depends on how well people are equipped to create their own businesses and grow them so as to be able to provide employment for others (Von Broembsen et al., 2005: 36). The government's involvement in assisting these entrepreneurs can simply be the right policies (in relation to Figure 4.17) and the right interventions in the private sector (Herrington et al., 2016: 52). In this way, the government could influence the success of businesses, and entrepreneurship could be the catalyst for growth in the country.

The following section examines the socio-economic impact of entrepreneurship.

4.3.2.3 Section C: The socio-economic impact of entrepreneurship

This section explores the impact of entrepreneurial activities in the Cape Metropole area, in social and economic terms. The qualitative information was based on social responsibility (job satisfaction and remuneration of employees), recruiting requirements (including the question of discrimination), the number of employees (in order to measure their level of employment) and innovation. Innovation was measured according to companies' introduction of new products or technology, or the use of an existing product to create something competitors have yet to have.

- **Qualitative results**

The qualitative results were as follows:

In terms of employment, the majority of respondents had 11 to 30 employees while a minority had 1 to 5 employees, and fewer still did not employ anyone on a permanent basis. This includes respondent 3, who stated that due to the demands of unionised workers and the difficulty of dismissing employees, he decided that it would suit his business to have fewer permanent employees and more contractual ones.

In terms of innovation, all the respondents claimed that their companies were innovative. They had either created software to help deal efficiently and effectively with clients or created some product that was unique to their business.

In terms of social responsibility, respondent 1 stated that employees (according to their contracts) had training in certain key areas in order to enhance their level of performance and bring about growth in the company. Respondent 2 stated that he sometimes does social work in helping homeless and less fortunate people, especially in townships and orphanages. Respondent 4 stated that his company helps other SMMEs whenever it can. Respondent 5 stated that he donates 10 per cent of his monthly net to a charity of his choice.

In terms of remuneration, respondent 1 stated that employees were remunerated according to their function and performance. Respondent 2 noted that employees had never complained about their salaries, but if it were to happen, he would reach a determination according to their contribution to the company. Respondent 4 stated that employees' remuneration increased every year. Respondents 5, 6, 7, 9 and 10 declared that their employees were remunerated according to their functions, and that this depended partly on the size of the company. Respondent 8 stated that employees were well remunerated.

In terms of recruitment requirements, respondent 1 said that his company recruits people with the right personality and drive to succeed. Respondent 4 noted that a job was not always advertised, since there had always been an employee to recommend someone that they knew. Respondents 9 and 10 stated that they recruit mostly people from disadvantaged backgrounds.

- **Quantitative results**

The quantitative results were as follows:

Table 4.15: Socio-economic impact of entrepreneurship

	1 Lowest	2 Low	3 Average	4 High	5 Highest
Social responsibility	10.4%	26.9%	50.7%	10.4%	1.5%
Employment	9%	13.4%	25.4%	25.4%	26.9%
Innovation	9%	32.8%	44.8%	13%	1.5%

A total of 52.3% of respondents ('high' plus 'highest') stated that their businesses highly contribute in employing people. That is less compare to their ability to

contribute towards other elements such as social responsibility (11.9%) and innovation (14.5%). However, on average (which is considered positive), 50.7% of respondents participate in activities that they consider socially uplifting (which include ensuring their employees' job satisfaction), while 44.8% regard their businesses as innovative. To show the contribution of these businesses to employment, the researcher also compared the number of employees in the early period of democracy with the later period (from 1994 to 2004, and 2005 to the present) – as depicted in Figure 4.18, below.

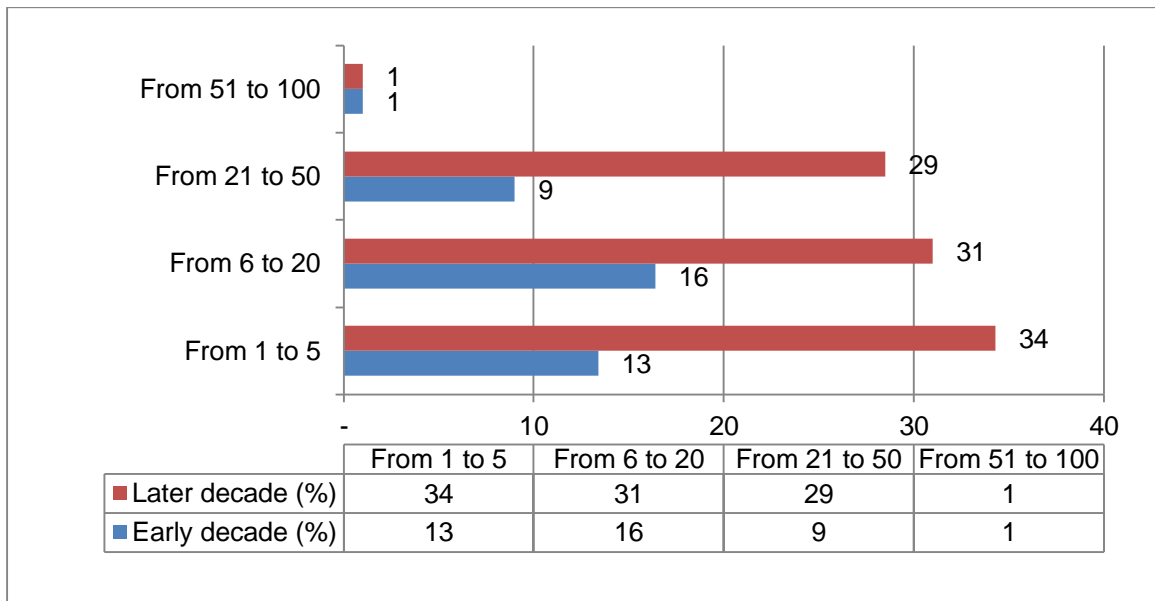


Figure 4.18: Level of employment

The results were as follows: 34% of enterprises in the later period of democracy employed 1 to 5 people (operating as micro businesses) compared to 13% companies in the early period; 31% employed 6 to 20 people (very small businesses) compared to 16% in the early period; 29% employed 21 to 50 people (small businesses) compared to 9% in the early period and both decades have seen 1% of companies that employed 51 to 100 people (medium businesses). To investigate their impact on social responsibility, the researcher examined whether or not entrepreneurs engage in any activity or support any action that is seen as serving the community. The results are illustrated in figure 4.19

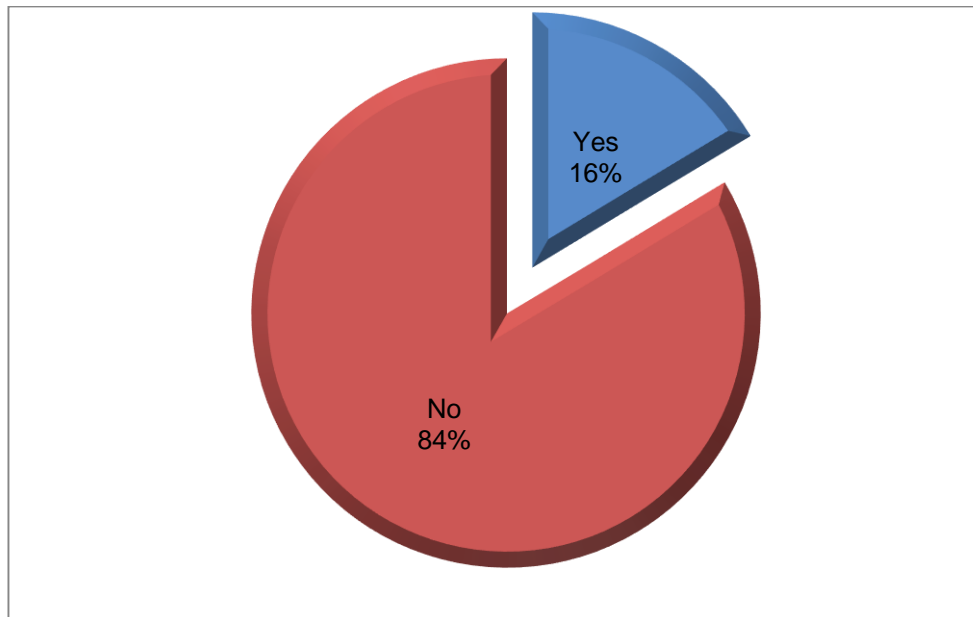


Figure 4.19: Entrepreneurs' contribution to the community

Only 16% of entrepreneurs in the Cape Metropole area engage in activities that could be seen as giving back to the community or contributing to their common good, while 84% do not.

- **Interpretation of qualitative and quantitative results**

4.3.2.3.1 Employment

By creating business ventures, entrepreneurs are well placed to help meet the key socio-economic challenges facing the country (such as unemployment). Table 4.15 shows that 52.3% of entrepreneurs believed that their business made a 'high' socio-economic contribution by providing employment. The results displayed in Figure 4.18 also demonstrated the favourable impact of entrepreneurship on employment, with more people being employed by these entrepreneurs in the later period than in the early period of democracy. This result is in line with the city of Cape Town's statistics, which register a slight decrease (1%) in unemployment (from 24.9% in 2013 to 23.9% in 2016). Employment slightly increased in most sectors (City of Cape Town, 2016: 20), with more people (34%) engaging in entrepreneurial activities and operating at (at least) the micro level. The results point to a recognition that the creation of new businesses is an efficient way to solve social challenges such as unemployment. This has been the strategy used to stimulate growth in the economy in this period of democracy in the Cape Metropole area, with the aim of reducing poverty (Herrington et al., 2017: 26). However, when entrepreneurs are faced with challenges and obstacles; many businesses fail, and growth becomes difficult to achieve or maintain. Many businesses remain micro or very small, employing just a few people (see Figure

4.18). As Fatoki (2014: 922) has noted, these challenges and obstacles prohibit entrepreneurs from taking advantage of opportunities to excel. The overall picture appears to be that entrepreneurs in the Cape Metropole area often fail to grow their businesses to a level that could significantly reduce the incidence of poverty.

Although South Africa has made progress in economic and social development since its first democratic elections, empirical studies suggest that the economic environment has not been, and still is not, satisfactory for many South Africans (Brewer & Gibson, 2014: 109-115). This situation is in part the result of another scenario that helps explain the increase in micro and very small business establishments, as highlighted in Figure 4.18. Retrenchment and outsourcing have increasingly transformed employment into casual, contract, and short-term work. Therefore, regardless of their level of entrepreneurial motivation (necessity or opportunity), people are obliged to engage in any form of entrepreneurial activity to meet their socio-economic needs.

In both decades, only 1% of businesses were operating with from 51 to 100 employees. When businesses fail or are not able to grow, they shrink in size and the level of unemployment rises. This lack of growth could also explain why there has been an increase in business creation (63%) for necessity-driven reasons such as self-employment in this period (as presented in Figure 4.7), while at the same time the country has been experiencing a high overall unemployment rate that currently stands at 27.7% (StatsSA, 2017) (showing that it has doubled since the time of the democratic transition). In the Cape Metropole area, the absence of employment opportunities has had a dangerous outcome, posing a great security and development challenge with serious social ramifications which include the formation of gangs, violence and armed robbery, the sale and use of prohibited substances, and other illicit activities (Mohamed, 2014: 13).

As an efficiency-driven economy, South Africa relies on the industrial sector, which has to be highly productive in order to contribute to employment creation (Singer et al., 2014). High labour productivity is mostly attained in countries that display a broad capital base, such as developed countries. Given the fact that developed countries have a high gross national product, it is eminently possible for most of their labour force to be employed. South Africa as a developing country has a low capital capacity and ability, while the labour force has insufficient skills. There is a mismatch between the demand for and supply of entrepreneurship, with the market not as hospitable to entrepreneurs as they would have wanted it to be in order for their activities to achieve the desired growth. Many businesses fight for survival. The research results

appear to corroborate Honjo's (2000) view that some companies keep on operating but earn low rates of return. Much of the labour force of the micro-enterprise sector (34%) highlighted in Figure 4.18 is unskilled and cannot achieve high levels of productivity, because of the size of the businesses and the level of employability (Berry et al., 2002:7).

4.3.2.3.2 Innovation

Entrepreneurship is not just about new business creation; it is also about innovative activities which include developing existing and mature organisations in all sectors, industries and economies, new products or novel combinations of existing products, new forms of production, and new markets. Innovation is consequently an important focus area for entrepreneurs (especially for SMMEs) (Longenecker et al., 2006). Besides improving national income through job creation, entrepreneurship also serves as a positive driving force in economic growth by bridging the gap between innovation and the marketplace (Brewer & Gibson, 2014: 109-115). However, Table 4.15 showed that only 14.5% of entrepreneurs thought that innovation was their greatest contribution in the socio-economic field compared to 41.8% who thought it definitely was not. This supports the view of Mohsam and Van Brakel (2010), who posit that entrepreneurs in South Africa in general (and the Cape Metropole area in particular) do not grow their businesses sufficiently to keep up with market change. In other words, they do not sustain a competitive advantage to trade in a global environment. However, it has to be said that 44.8% of the respondents considered their businesses averagely innovative.

Contrary to the quantitative results, respondents in the qualitative research tell a rather different story. The majority of respondents in the interviews felt that their businesses either created unique products not found elsewhere or developed innovative ways of dealing with clients and providing services efficiently and effectively. The qualitative and quantitative results highlight the point made by Wenekers (2005), that as an efficiency-driven economy, South Africa's innovation capacity is limited, which in turn limits innovativeness in entrepreneurship through an unwillingness to take risks. There is indeed weak competition in product markets that, together with dysfunctional labour markets, are holding back growth and aggravating unemployment. In order to achieve a more desirable impact, as stated by respondent 4 with regard to the second objective of this study, regardless of government assistance, entrepreneurs should take more risks (which is what makes them entrepreneurs in the first place). In sum, the level of innovation is currently not helping South Africa reduce poverty.

4.3.2.3.3 Social responsibility and quality of employment

Socially, entrepreneurs have significant influence in the communities where their businesses operate or where they live, especially when they extend their activities to philanthropic gestures. Although it is of course not compulsory nor a business consideration, social responsibility is a form of obligation towards others that all citizens including entrepreneurs and business owners share. This includes not performing actions injurious to the public or the environment, paying taxes, being considerate towards people such as suppliers, customers and employees (Cingula & Calopa, 2006: 201). However, Figure 4.19 shows that the majority of respondents (86%) do not engage in any activity that can be described as community service. The results portrayed in Table 4.15 indicate that 37.3% of the respondents regard their business's contribution to social wellbeing as minor ('low' or 'very low'). Some philanthropic work is being done by a few entrepreneurs interviewed in the qualitative research, such as in helping homeless and less fortunate people, especially in townships and orphanages (respondent 2), assisting other entrepreneurs (respondent 4), donating 10 per cent of a company's monthly net to a charity (respondent 5). The quantitative results do not support the view held by Kyambalesa (1994: 201), who argues that entrepreneurs should contribute not only towards elevating the economy but also towards the social welfare of their communities.

A factor negatively affecting the social responsibility of risk-averse individuals is described by Knight's theory of risk and uncertainty, which states that entrepreneurs should be able to take and bear risk while at the same time providing job satisfaction for employees (Van Praag et al., 2007: 354). The qualitative results revealed that many employees were remunerated according to their functions and the size of the business in which they were employed. Empirical studies suggest that employees in small business sector are often not well paid, generally without employment benefits (such as health insurance, UIF and a pension fund) (Van Praag et al., 2007: 355).

Because of the diverse history of the various ethnic groups, the responsibility of entrepreneurship in South Africa extends further to bringing about equality in employment opportunities and social inclusion. The qualitative results revealed that the desirable attributes for recruitment were not based on race or even influenced by it, but rather on the right personality, drive and ability. Some respondents gave preference to people from disadvantage backgrounds. The qualitative results support Luiz's view (2002: 5) that business sectors in South Africa have the potential not only to create jobs but also to address the legacy of apartheid for economic transformation in favour of the previously disadvantaged.

Given the elements of the impact of entrepreneurship (regardless of the level of the impact), entrepreneurs' role in society and the economy is crucial. Through the creation of businesses, entrepreneurs create employment for themselves and others. Through their innovativeness, they bring equilibrium to the economy and competitiveness to the business arena. Through their social responsibility, they contribute to uplifting society. The degree of their impact is currently small, and ongoing socio-economic challenges such as poverty and inequality reveal the extent of the need for more and greater entrepreneurial action in the Cape Metropole area.

4.4 Conclusion

This chapter presented and discussed results. The data was analysed qualitatively and quantitatively using multiple paradigms but integrated in the interpretation of results. The objectives of the study were attended to in three areas: the state of entrepreneurship, factors that determine the state of entrepreneurship, and the socio-economic impact of entrepreneurship.

In sum, entrepreneurs in South Africa (for which the Cape Metropole area serves as a sample) do not operate their businesses at the level required to acquire a competitive advantage. South Africa's high business failure, coupled with the state of the business environment detracts from the ability of entrepreneurs to contribute significantly to the creation of jobs, economic growth and a more equal distribution of income. This adds up to a negative picture of the current state of entrepreneurship, which is underperforming in comparison to other countries with a similar economy.

The next chapter concludes the study and makes some recommendations.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

In the previous chapter, the results of this research were presented and discussed. This chapter seeks to draw conclusions, make recommendations and identify the contribution of the study to the field of entrepreneurship and/or business administration. The study was conducted to examine the state of entrepreneurship in the Cape Metropole area and the socio-economic impact that it has. The chapter is divided into three sections: the first provides a brief recap of previous chapters, the second discusses some implications of the key findings, while the third describes the contribution of the study, notes its limitations and makes recommendations for practical measures and further research.

5.2 Overview of the study

5.2.1 Chapter One

This chapter served to introduce the research. It presented the background of the study and identified the problem statement. There was brief discussion of the research design and methodology, and an outline of the project was provided. The study was delineated, ethical issues were considered, and the study's significance was identified.

5.2.2 Chapter Two

This chapter (literature review) offered a detailed discussion of the existing literature with a bearing on the research questions identified in Chapter One and any point relevant to the study. The theoretical touchstones for the study were identified: Cantillon's theory of risk-taking, Knight's theory of the role of uncertainty and Schumpeter on innovation, each of them aligned to a particular objective in the study.

Through a review of previous research on entrepreneurship and related fields, the researcher assembled information in relation to the research questions. Literature relating to the state of entrepreneurship was reviewed. The researcher also evaluated the terrain of entrepreneurship in South Africa in this decade of democracy. Literature pertaining to factors that contribute to the state of entrepreneurship and the socio-economic impact of entrepreneurship was also reviewed.

- **Empirical studies**

Empirical studies reveal that entrepreneurship in South Africa has a long way to go and many stairs to climb. Entrepreneurial activities are rated among the lowest in the world due to late participation and bad performance. The TEA (which serves as a measurement of entrepreneurship) is below the 15% expected for efficiency-driven economies. Though South Africa has made progress in terms of economic and social development since its first democratic elections in 1994, its economic and entrepreneurial environment has recently been described as harsh (Brewer & Gibson, 2014: 109-115). Entrepreneurs are faced with many internal and external challenges and obstacles (such as crime – regarded as among the worst in the world; lack of entrepreneurial education and training; lack of access to finance and government support). In addition, more than 60% of the population is engulfed in poverty while the cost of living continues to rise and approximately 8.9 million people are unable to find employment (StatsSA, 2017). Given these socio-economic challenges, many people in the Cape Metropole area were motivated by necessity to engage in entrepreneurial activities, mostly for employment and a livelihood, though a minority were driven by the desire for autonomy. The ventures launched by such entrepreneurs can contribute towards full employment, increase productivity and introduce innovation in order to break the vicious cycle of poverty. But given the rate of failure of businesses and the lack of economic growth in South Africa (Fatoki & Garwe, 2010: 730), entrepreneurs are struggling to make the significant socio-economic impact expected of them.

5.2.3 Chapter Three

This chapter (research methods and design) provided a framework for the collection and analysis of data (Bryman, 2012: 46). A multiple paradigm approach was used. The philosophical assumptions were those of positivism for the purpose of explaining and predicting an entrepreneurial environment or ecosystem, and interpretivism to describe and interpret entrepreneurs' perceptions of this entrepreneurial environment.

To adequately address the research questions, a mixed-method approach was selected, which necessitated the collection of both qualitative and quantitative data. A triangulation design was used in a one-phase approach in which data was collected and analysed concurrently using interviews and questionnaires. The data was then merged and interpreted to produce a single set of results. The targeted population was entrepreneurs situated in the Cape Metropole area. A [non-probability] purposive sampling method was used to determine the sample size.

The validity and reliability (credibility, transferability, dependability, and conformability) of the methodology were confirmed using Teddlie and Tashakkori's (2006) integrative quality model (consistency, suitability, quality and rigour of the design, and analytic adequacy). The data collected was prepared before being analysed and presented in tables and figures. Within this process, all appropriate ethical considerations were taken into account and implemented.

5.2.4 Chapter Four

This chapter was devoted to the presentation and interpretation of the results. Within the mixed-methods framework, qualitative data was reduced, displayed, correlated, compared and integrated in the interpretation phase. The quantitative data was analysed using the descriptive statistical software (SPSS) with input from the university's experienced statistician. The qualitative data was analysed and interpreted manually, after a preparation process in which it was validated, captured, edited, coded, cleaned and verified.

5.3 Key findings and implications

The key findings were determined through the achievement of the research objectives highlighted below.

5.3.1 Achievement of research objectives

The main objective of this study sought to explain the reasons for the state of entrepreneurship and discuss the socio-economic impact it has in the Cape Metropole area. Besides the main objective were the following secondary objectives, in terms of which the researcher:

- Identified and discussed the current state of entrepreneurship.
The researcher investigated the condition of entrepreneurial activities in general and also the demographic profile of entrepreneurs, which included the gender variation in the entrepreneurship participation rate, the difference between the entrepreneurial activities of different ethnic groups, examination of the different business sectors, the longevity of businesses in operation, the daily participation of entrepreneurs in their activities, their education level and level of experience.
- Identified and discussed factors that contribute to the state of entrepreneurship.
Here, the researcher first explored entrepreneurial motivations through factors that pushed or pulled entrepreneurs into undertaking business ventures and what they perceived as necessity or opportunity. Secondly, the researcher looked at factors

influencing the success or failure of entrepreneurship. These factors were divided into four (4) aspects:

Social and cultural factors: This section sought to determine how and what social and cultural elements affect business activities. These included crime (nature and level in business areas), accessibility to physical infrastructure resources (transportation, communication, utilities, land or space, electricity and water) and culture (role models inside or outside the entrepreneur's family).

Economic factors: This section sought to determine how economic factors affect business activities. In analysing the economic environment, the researcher examined entrepreneurs' access to finance (financial assistance), the inflation and exchange rates, and taxation.

Entrepreneurial education and training: This section sought to examine how entrepreneurial education and training can develop and enhance the skills of potential or existing entrepreneurs to improve their conduct of business and perception of risk. This involved determining whether or not the entrepreneurs in the samples had received any entrepreneurial education and training during or before their entrepreneurial ventures, and discovering their perception of the effects of this entrepreneurial education and training and their desire to pursue entrepreneurial education and training programmes. The researcher also looked at general challenges currently facing entrepreneurs as a result of the lack of entrepreneurial education and training.

Government: This section sought to examine the extent to which the government has assisted entrepreneurs in their entrepreneurial ventures.

- Identified and discussed the impact of entrepreneurship on the Cape Metropole economically and socially.

Here, the researcher provided information on the entrepreneurs' contribution towards employment as a result of their business creation, their social responsibilities and commitment (having any activity and supporting any action that is seen as serving the community), innovation (introducing a new product/technology or using an existing product to create something competitors do not yet have), income equality and poverty reduction.

The key findings are discussed in the following section.

5.3.2 Key Findings

5.3.2.1 The state of entrepreneurship in the Cape Metropole Area

The findings showed that males have a higher rate of participation in entrepreneurial activities than females, and that White persons outnumber other racial groups. Entrepreneurial activities were generally focused more on the wholesale and retail sector than other sectors such as accounting, manufacturing, communication, construction and design. More entrepreneurial opportunities led to an increase in business activities in the latter decade of democracy. Most entrepreneurs possessed high human capital. The majority had formal education with more than eleven (11) years of experience. While few entrepreneurs were in management positions, the majority considered themselves CEOs, though some had opted to employ managers.

This, in brief, is the state of entrepreneurs and entrepreneurship in the Cape Metropole area. The following sections report on factors that have contributed to the success or failure of entrepreneurship.

5.3.2.2 Factors that determine the state of entrepreneurship

5.3.2.2.1 Factors that motivate entrepreneurship

The findings revealed that the majority of entrepreneurs were motivated by necessity. This means that they were being pushed rather than pulled to become entrepreneurs. Among the push factors, the need to cover expenses and financial demands from families were the most-cited sources of motivation. Among those who were opportunity-motivated, the desire to be financially independent and self-employed were the most cited motivations.

5.3.2.2.2 Factors influencing the success or failure of entrepreneurship.

In terms of social and cultural factors, the results revealed that criminal activities, which one would think would be affecting business were rated as comparatively insignificant by entrepreneurs. Access to physical infrastructural resources was easy according to most entrepreneurs and allowed them to conduct their business appropriately. There appears to be a shortage of entrepreneurial role models inside and outside families but, most entrepreneurs claimed not to have been affected by this.

In terms of economic factors, the results revealed that access to finance remains a challenge for the majority of entrepreneurs. High inflation rates and the low rate of the Rand in relation to the Dollar negatively affected businesses, and tax compliance raises the cost of doing businesses.

In terms of entrepreneurial education and training, though the skills perceived by entrepreneurs to be essential for business were management, marketing and finance, the majority of entrepreneurs were not entrepreneurially educated or trained, and claimed not to be affected by this deficit. Only a minimal number of entrepreneurs seriously considered pursuing entrepreneurial education and training. It appeared that educational institutions did not give much emphasis to entrepreneurship education and training programmes, either at school or at university. The challenges that entrepreneurs faced as a result of their lack of entrepreneurial education and training played a major role in determining the entrepreneurial environment, which is characterised by low growth rates.

In terms of the role of the government, many respondents claimed that government assistance to entrepreneurs was minimal while others indicated that it was non-existent. Entrepreneurs looked to the government for financial assistance, access to education and training, marketing and other matters such as reducing corruption, fair trade and the ease of conducting business.

5.3.2.3 The socio-economic impact of entrepreneurship

The results revealed that more people are employed in entrepreneurial activities in the latter decade of democracy than in the first decade. Employees were remunerated partly according to the size of the enterprise. As most entrepreneurs (75%) operate as SMMEs in the Cape Metropole area, the results revealed that most employees are not well remunerated, while others do not enjoy benefits such as medical aid, UIF and a pension fund. Though many enterprises were created in the latter decade, the productivity of businesses and the level of employment have not been sufficient to bring about desired socio-economic development and alleviate poverty. Business discontinuity and shrinkage hinders the country's attempt to reduce poverty because of conditions of low income, low consumption, low savings, low capital accumulation and low investment. Thus, the entrepreneurs' contribution to poverty reduction remains less than it could be. The results further revealed that the entrepreneurs' response to their social responsibilities was minimal. The majority did not contribute to any community activity that is regarded as uplifting society.

On the topic of whether entrepreneurs had introduced a new product or technology, the majority of entrepreneurs considered their businesses innovative. However, given the fact that most entrepreneurs are necessity motivated, their innovative abilities are severely limited by the health of the economy. According to a stricter definition of innovation, it could be said that there are few innovative entrepreneurs in the country.

In conclusion, the results capture the position stated in the GEM reports, as highlighted in the first objective of this study. Entrepreneurial activities, including their impact on the economy and society presents a picture of underperformance in the Cape Metropole area. Most socio-economic challenges in the Cape Metropole area that might be reduced by a thriving entrepreneurial sector are unlikely to see significant change at this level of performance. One major reason for this is the inefficiency of the entrepreneurial framework, which is believed to hinder business ventures. The inefficiency was found to stem from deficiencies in market openness, availability of finance, government policy, entrepreneurship education and training, as well as certain cultural & social norms and physical infrastructure (water and electricity). As stated by GEM (2014), these conditions have a direct impact on entrepreneurial activities and entrepreneurial capacity.

5.4 Recommendations

The main focus in this section is to suggest ways to ameliorate the state of entrepreneurship in the Cape Metropole area and South Africa in general.

5.4.1 Motivational campaigns and initiatives to encourage entrepreneurship

With high unemployment and underemployment, it could be stated that many South Africans are hoping for change and effective intervention from government. This hope sometimes results in the unintended consequence of stimulating a culture of dependence on government as the main source of job creation. Government should introduce awareness campaigns to reduce this culture of dependency. It is important to sensitise individuals to the concept, role and function of entrepreneurship. In this way, more people will be encouraged to see the positive side of undertaking a business venture and not regard it as a measure of last resort when job opportunities are few. Thus, there is a need to develop more opportunity-motivated entrepreneurs.

The government and independent organisations should work together to implement programmes to enable existing and potential entrepreneurs to excel and initiate more entrepreneurial activities. In this way, there will be more internal (in the family) and external (outside of the family) role models to provide business expertise to people wanting to become entrepreneurs. In addition, such measures will help stimulate an entrepreneurial passion, galvanizing individuals to come up with business ideas and to gain the courage to register any kind of business they choose to undertake.

5.4.2 Factors influencing the success of businesses

5.4.2.1 Social factors

Though crime was given a low rating in terms of importance by many entrepreneurs, the primary wish of any entrepreneur doing or wanting to do business in any given environment is the security of his employees and activity. Rising crime levels in South Africa hinder the expansion of investment and employment. There should be an investment-friendly and crime-free environment (where property rights are respected) in order to achieve high levels of saving and investment and steady gains in productivity. Local government should continue to work together with private security organisations to free society of crime. More effective policing is needed by businesses operating outside a business park without front security officers. This includes better police visibility, area coverage and faster response times (especially for those entrepreneurs operating in townships).

5.4.2.2 Cultural factors: role models and family support

Culture (in the form of role models and family support) in respect of entrepreneurial choices can motivate and influence people into undertaking entrepreneurial activities. The cultural mind-set regarding entrepreneurship in the Cape Metropole area should be taken into consideration, and any aspects which may either promote or go against people choosing entrepreneurship as a career option should be carefully analysed, especially in disadvantaged areas.

5.4.2.3 Economic

- **Business performance**

Entrepreneurs should be able to market (advertise) their businesses in order to raise turnover. In this way, the demand for products and services will encourage more entrepreneurs to enter the market and boost business performance generally.

- **Business operation**

Entrepreneurs must operate their businesses as efficiently and effectively as possible. Regardless of the size of their businesses, they should be hands-on because through owners being involved in their operations, companies are more likely to deliver on strategy and meet targets. Entrepreneurs should also build relationships with suppliers and customers. In this way, they will keep changing (when necessary) and improving their products and services in order to satisfy their customers.

- **Business support**

Every business requires some sort of support, whether institutional, family or financial. The government and private financial service providers should enable existing entrepreneurs to access financial support in order to expand and exploit their business ideas. Suppliers (mostly entrepreneurs) should accommodate not only large companies but SMMEs as well, in terms of price and demand. Due to limited access to finance, many SMME owners operate without support. Receiving support could in many cases enable businesses to breakthrough the limitations impeding their growth.

- **Banks**

Access to financial resources is crucial for entrepreneurs before and while in business as in most cases growth depends on it. Not being able to access finance can prevent an entrepreneur from operating to his full capacity and potential (Cassar, 2004). Due to the high risks, high costs and low returns associated with businesses, it is apparent that banks do not want to give credit to businesses that might fail or stagnate. Entrepreneurs should be creative about finance, not only depending on banks to provide it. They should explore other financing options such as (but not limited to) family and friends and other financial institutions.

Existing banks and the government should work together to create specialized programmes exclusively dedicated to serving entrepreneurs regardless of the size and phase of their business. Though banks provide funding only after a thorough risk assessment, they should also be wary of being insensitive to the expectations of the community with regard to serving the disadvantaged (Schoombee, 2000: 753). Whether business owners can access adequate and appropriate finance to grow is a particular concern for policymakers.

5.4.2.4 Institutions of higher learning

It is apparent that the education system in the apartheid era deprived many black South Africans of entrepreneurial opportunity. The system back then did not emphasize entrepreneurship and the importance of financial autonomy. Such education did not totally die and still exists in universities, to the extent that many students have the attitude that one should graduate and then seek employment in a large corporation, rather than opt for something innovative and creative by starting a business themselves. Therefore, apart from being offered as a separate entity, entrepreneurship should be a compulsory subject in all faculties, lectured by qualified and experienced personnel in the field, in order to incorporate a greater entrepreneurial awareness among students, regardless of their course of choice.

To be able to meet the socio-economic needs of the country, the South African education curriculum at school level as well as in Higher Education needs to be transformed so as to make entrepreneurship a central subject in the curriculum (Lackéus, 2015: 17). Being the motor of knowledge production, Higher Education should expose students to various practical skills to enable them to identify opportunities in the market place as well as their potential risks. In return, the students should be supported in creating ventures. Skills that higher education institutions could offer include management, planning, organizing, leading and controlling (Nieman & Bennett, 2002). Though many argue that entrepreneurs are born and not made, only by insisting upon the importance, role and great value of entrepreneurship, and by expanding education about it, can South Africa hope to become truly competitive economically.

5.4.2.5 Government

- **Government support**

The importance and role of the government has been highlighted throughout the study. Access to government financial support should be made possible for people taking on an entrepreneurial career path. There should be a panel to which people can bring their business ideas for discussion, so that the best ideas could be selected and supported. Incentives should be provided to the private sector to support quality entrepreneurial programmes.

The government should also adjust some laws and regulations such as (but not limited to) licensing, permits and surety bonds that place serious restrictions on the ability of entrepreneurs to run their businesses. The government could control price fixing that disadvantages small businesses, help with tax-related issues, and provide incentives to formal financial institutions to serve entrepreneurs' needs (Schoombee, 2000: 754).

The labour market is characterised by skill deficiencies, especially among the youth. This situation is key to the high unemployment rate. Given the quality of education, which remains generally poor, government should strive to provide an equal, indiscriminately affordable education system to all South African citizens regardless of gender and race. Matric graduates could possibly start with apprenticeships if they cannot afford to pursue their education, and higher degree graduates could possibly be assisted to test their full competencies (in starting a business). The economy in general should generate and lead entrepreneurs to exercise their role as a catalyst for growth.

- **Government agencies**

Though there are existing signs of government initiatives towards supporting entrepreneurship, there is a need for those initiatives to be effective, efficient and publicized, as many entrepreneurs do not receive any support from government institutions and do not seem to be aware that they could. Therefore, organisations such as SEDA, Khula, NEF and IDC, amongst others, should extend their support campaigns and outreach programmes, especially to the townships. The support should involve not only financing entrepreneurs but also giving practical assistance to students enrolled in entrepreneurship education institutions and anyone else willing to be involved in entrepreneurial practices.

5.4.3 Impact of entrepreneurship

- **Employment**

It is crucially important to promote entrepreneurship as it creates economic opportunities for the unemployed. Unemployment is a result of low aggregate demand. Instead of making people employable only when they have been educated (supply side), the government should start giving incentives, or refine them, in order to make entrepreneurs employ more people in their businesses (Davis, 2002: 11). The higher the growth or productivity, the bigger the demand for labour is. Once people are employed, their social life changes and the likelihood of participating in criminal behaviour is greatly reduced. Through entrepreneurship, people can be reintegrated into the economic mainstream of their cities (Mohamed, 2014: 16).

- **Innovation**

Entrepreneurs are required to continue to innovate and take calculated risks commensurate with their level of ability. In this way, there will always be new products and opportunities in the offing, which will then promote competition among businesses in the country. The more competition entrepreneurs face, the better the quality of services they provide. It is crucial for the government to foster an entrepreneurial environment that encourages entrepreneurs to take risks, innovate and compete fairly. This can be done through appropriate policy measures. In return, entrepreneurs should be educated and trained in order to possess the necessary skills and be flexible enough to compete globally. They should not only operate locally but also be able to move out of their comfort zones and visualize themselves operating internationally.

- **Social responsibility (utility)**

Successful entrepreneurs should not only provide employment but also consider extending their services to giving back to the community, especially disadvantaged ones. Entrepreneurs should also continue to have fair and non-discriminatory job placement. At the same time, they should remunerate employees fairly.

5.5 The contribution of the study

The major contribution of this study is that it adds to the body of knowledge about and perspectives on the state of entrepreneurship, the factors that determine its current state and the socio-economic impact it has in the Cape Metropole area and in South Africa in general. Individuals could be guided by aspects of this study when undertaking an entrepreneurial venture, so as to be aware of the reality of being an entrepreneur, in terms of the motivation behind the decision, obstacles and advantages along the way, and how the entrepreneurial venture could affect society. In this way, they might be prepared for any outcome, whether positive or negative.

If the findings of this study are read by local authorities, they will be exposed to information that can guide them in assisting existing entrepreneurs and motivating aspiring entrepreneurs. It is hoped that the government will start taking research on entrepreneurship into consideration when working towards supporting businesses, because researchers have shown that those factors that have challenged entrepreneurs since 1994 still persist today.

5.6 Limitations of the research

Every study has limitations, and this one has three. The first limitation of this study was that the majority of respondents opted to fill questionnaires at their own time without supervision for later collection. In doing so, some questions were unintentionally omitted while others were filled when not required to. A second limitation pertains to respondents' biographical information, such as the age of the respondents that was not captured. As a result, a more complete picture including information on how different age groups participate in entrepreneurial activities was not recorded. Though entrepreneurs face generically similar challenges, their personal responses and judgment could differ widely. The third limitation is that the data collection methods were aimed at existing entrepreneurs only. The researcher was not able to clearly identify the perceptions of others (who at the time of data collection were not entrepreneurs) towards entrepreneurship as a career option and the reasons for their opinions.

5.7 Future research

It is anticipated that this study will be followed by more research in the existing academic/business debate on the state of entrepreneurship and its socio-economic impact. Future research needs to use larger samples and collect data from both existing and potential entrepreneurs. Given the importance of politics in a country – nothing functions properly without political stability – further research on entrepreneurship should fully assess the impact of politics on entrepreneurship. For those inhibiting factors that still persist from before 1994, future research should also focus on government's/in/efficient and in/effective response to crucial research findings regarding matters that currently affect entrepreneurship in the country.

5.8 Conclusion

In this chapter (chapter five), the researcher has summarised all the preceding chapters, presented the key findings and offered some recommendations. The limitations of the study were highlighted and suggestions for future research were made.

As a result of the study, the researcher has come to an understanding that the socio-economic transformation of South Africa (especially the Cape Metropole area) requires policy measures that are adequate and institutions that are dynamic and flexible. Work still has to be done by the South African government to promote an entrepreneurial culture and work out ways in which socio-economic transformation can benefit all the historically disadvantaged.

There is a need for conditions that promote entrepreneurial activities. These include access to resources and markets that allow new entrants and competition. The lack of innovation and competition coupled with a dysfunctional labour market do not permit economic growth and only serve to aggravate unemployment. South Africa as a developing country – with its leading industrial position and efficient institutions compared to other African countries – has enormous potential but fails to realize it through the weakness of the state of entrepreneurship (as stated in chapter one). To improve South Africa's entrepreneurial activities, the education system should be a center of focus, along with other entrepreneurship framework conditions such as access to finance. This will eliminate or at least diminish the negative perceptions many people have about entrepreneurship as an employment option and bring about the energy and passion which are key to entrepreneurial development.

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APPENDICES

APPENDIX A: QUESTIONNAIRE

I am Thony Muzembe Kabengele and I am conducting research on the topic: **The state of entrepreneurship and its socioeconomic impact on the Cape Metropole Area**. The research aims to determine the state of entrepreneurship, the factors that influence residents of the Cape Metropole Area to engage in entrepreneurial activities, as well as the socioeconomic impact of the identified state of entrepreneurship on the Cape Metropole Area.

It should take approximately 15 to 20 minutes to complete this questionnaire and your responses will remain anonymous.

Do not hesitate to contact me at: thonymuzembe@gmail.com if you have any questions about this project and the questionnaire.

Please mark the appropriate box next to your answer choice below with an "x" and complete your answers in the spaces provided. Please answer all questions to the best of your ability.

SECTION A.

1. What is your gender and ethnic group? Male Female

Black	<input type="checkbox"/>	Coloured	<input type="checkbox"/>	Indian	<input type="checkbox"/>	White	<input type="checkbox"/>	Other /Specify	<input type="checkbox"/>
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2. What is the sector of your business?
Manufacturing Communication Construction Retail
Accounting and related services Other-Specify.....
3. In what year was your company established?
4. Could you tell me about yourself in terms of your position and functions in this company?
5. What is your highest educational achievement or equivalence?
High school First degree -Tech Honours MasterDo rateOther:
Specify.....
6. How long have you been an entrepreneur?
1 to 2 years 3 to 4 years 5 to 6 years 7 to 8 years 9 to 10 years
Other: pecify.....

7. How many employees does this company have? (Answer both if your company was established during the first decade of democracy by choosing 1 case per row)

1 st decade of democracy (1994 – 2005)	Employees				
	1 - 5	6 – 20	21 – 50	51 – 100	Others
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
2 nd decade of democracy (2006 – current)	1 – 5	6– 20	21 – 50	51 – 100	Others
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

SECTION B: FACTORS THAT ENCOURAGE OR DISCOURAGE ENTREPRENEURSHIP

8. Did you become an entrepreneur out of necessity? Yes No

8.1. Explain if you selected yes in question 8 above

9. Did you become an entrepreneur because the opportunity presented itself to you?

Yes No

9.1 Explain if you selected yes in question 9 above:

10. Please indicate below from a rating of 1 to 5 (where 1 is the lowest and 5 the highest) to what extent the following pull factors influenced you to become an entrepreneur.

		1	2	3	4	5
10.1	I wanted to increase my income					
10.2	Financial demands from my family					
10.3	I desired to be financially independent					
10.4	I needed to be self-employed					
10.5	I wanted to gain social status.					
10.6	It has always been my dream					
10.7	Awareness campaigns					

11. Please indicate below from a rating of 1 to 5 (where 1 is the lowest and 5 the highest) to what extent the following push factors influenced you to become an entrepreneur

		1	2	3	4	5
11.1	I was unemployed					
11.2	I was retrenched					
11.3	I was not certain about my job security					
11.4	I was not satisfied with my job					
11.5	It is a family tradition					
11.6	I wanted to cover my expenses					

SECTION C: FACTORS INFLUENCING THE SUCCESS OR FAILURE OF ENTREPRENEURSHIP

Social factors

12. In relation to crime, indicate below whether:

		yes	No
12.1	You have experienced a criminal activity in and/or around your business		
12.2	There are measures in place to secure your business		
12.3	Crime is a major constraint in doing my business		

12.4 If you answer yes in 12.1 above, what kind of crime did you experience:

Theft Robbery Vandalism Others: Specify.....

12.5 How would you rate the level of crime in your area?

High Medium Low No crime at all

13 Which (one) of the infrastructural resources below does your company depend on (most) to function efficiently. You may tick only one.

Water Serviceable roads Telecommunications Electricity

Electronic media postage services Others (Specify).....

14. How would you rate your company's access to the infrastructural resource selected in question 13 above?

Very good Good Poor Very poor

15. Please indicate below from a rating of 1 to 5 (where 1 is very negatively and 5 very positive), how the level of in/accessibility to the infrastructural resource (as indicated in question 14 above) impacts on your business

1 2 3 4 5

15.1 Briefly explain

Cultural factors

16. Select the option that applies below.

		Yes	No
16.1	Were you raised around entrepreneurial family members?		
16.2	Did you have an entrepreneurial role model outside of your family before becoming an entrepreneur?		

16.3. If you answered yes in 16.1 above, how did the fact that you were raised around entrepreneurial family members affect your entrepreneurship path?

Very significantly Significantly Slightly significant insignificantly

16.4. If you answer no in 16.1 above, how did the fact that you were not raised around entrepreneurial family members affect your entrepreneurship path?

Highly Partially Lowly Not affected

16.5. If you answered yes in 16.2 above, how did having an entrepreneurial role model make easy the process of becoming an entrepreneur?

Very significantly Significantly Slightly significant
Insignificantly

16.6. If you answered yes in 16.2 above, how did the fact of not having an entrepreneurial role model make difficult the process of becoming an entrepreneur?

Highly Partially Lowly Not affected

Economic factors

17. Have you ever required a business loan or any sort of financial help in the course of your business? Yes No

18. Have you ever applied for a business loan or any sort of financial help in the course of your business? Yes No

18.1 If you answered yes in question 15 above, was your application successful?

Yes No

19. How would you rate the ease of access to finance from your personal experience?

Very easy Easy Hard Very hard Non-existent

20. Does high inflation affect your business? Yes No

21. If answered yes in question 20, how does the inflation rate affect your business?

Negatively Positively

21.1 Based on the question 21, please select how the inflation rate affects your business

Very significantly Significantly Slightly significant
Insignificantly

22. Does a low rate of the Rand in relation to the Dollar affect your business?

Yes No

23. If answered yes in question 22, how does the exchange rate affect your business?

Negatively Positively

23.1 Based on question 23, please select how does the exchange rate affect your business?

Very significantly Significantly Slightly significant
Insignificantly

24. Do you pay tax? Yes No

24.1 Select the option that applies below to show how the tax system affects your business. (Strongly agree - SA, Agree - A, Strongly disagree - SD, Disagree - D)

		SA	A	SD	D
24.1.1	I pay too much for tax				
24.1.2	The procedure is time consuming				
24.1.3	I require an accounting/audit officer to do my annual financial statements for SARS documents submission				
24.1.4	I handle my own SARS submission				
24.1.5	In general, it increases the cost of doing my business				

Government

25. From your own experience, did you require and obtain any Government support in relation to your business? Yes No

26. How would you rate government support towards entrepreneurship activities?

Very sufficient Sufficient Very insufficient Insufficient
 Non-existent

26.1 Briefly explain how the nature of government support identified above affects your business

.....

27. Which of the following support mechanism would you like the government to offer? Select one only.

Finance Training and education Marketing
 Other (Specify).....

Entrepreneurial education and training

28. Did you follow any entrepreneurship training programme in the course of your entrepreneurship career? Yes No

28.1 If yes, specify course:

28.1.1 How did it contribute to the effective running of your business?

Highly effective Effective Highly Ineffective
 Ineffective

29. If you answered no in question 28 above, how does the lack of entrepreneurial education and training affect your ability to handle your business?

Highly Partially Lowly Not affected

30. Based on question 29; do you see the need to pursue further entrepreneurial training?

Yes No

31. Did entrepreneurship education generally receive much emphasis during your time at school? Yes No

32. Did entrepreneurship education generally receive much emphasis during your time at the university? Yes No

32.1 If yes above, what are the skills that you obtained?

Business strategy Business analysis Entrepreneurial drive
 investment Self-reliance None Others (Specify).....

33. What skills do you consider essential for an entrepreneur to succeed based on your experience? Management Leadership Finance
 Marketing Others.....

34. From your own experience, how do you rate the entrepreneurship education and training offered in educational institutions in the Cape Metropole Area?

Very good Good Average Poor

34.1 Briefly explain how it has or will affect people that are willing to become entrepreneurs?

.....

SECTION D

IMPACT OF ENTREPRENEURSHIP

35. How would you rate the following contribution based on your company (where 1 is the lowest and 5 the highest)?

Level Employment					Innovation					Social responsibility				
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

36. Does your company embark on any activity to contribute to community development?

Yes No

36.1 If yes, what activities does your company undertake to contribute to community development?

.....

36.1.1 Briefly explain.....

Thank you for completing this questionnaire.

APPENDIX B: INTERVIEW

I am Thony Muzembe Kabengele and I am conducting research on the topic: **The state of entrepreneurship and its socioeconomic impact on the Cape Metropole Area**. The research aims to determine the state of entrepreneurship, the factors that influence residents of the Cape Metropole Area to engage in entrepreneurial activities, as well as the socioeconomic impact of the identified state of entrepreneurship on the Cape Metropole Area.

This interview will be recorded for capturing purpose and your responses will remain anonymous.

Section A. Introduction

1. Could you please tell me about yourself in terms of your position and functions in this company and how long have you been an entrepreneur?
2. Was your company established in the 1st (1994 – 2005) or 2nd (2006 – 2016) decade of democracy? and how many employees does the company had/have respectively?
3. Did you follow any entrepreneurial training programme in the course of your business?

Section B. Factors that encourage or discourage entrepreneurship

4. Could you tell me how you became an entrepreneur and what you have endured or encounter in doing so?
5. From your own experience, would you rate the level of your company's access to infrastructure resources?

Section C. Factors influencing the success or failure of entrepreneurship

6. In relation to the level of crime, have you ever experienced any criminal activity in and/or around your business and what measures that is put in place to secure your business?
7. Did you have an entrepreneurial role model in/outside your family or outside and how did it influence you becoming an entrepreneur?
8. In relation to access to fund, have you ever required and obtain a business loan or any sort of financial help in the course of your business? And tell me how did you go about starting your business financially?
9. From your own experience, how would you rate the ease of access to finance and the government support towards entrepreneurship?

10. Could you tell me whether or not entrepreneurship education and training received much emphasis during your time at school and how would you rate its performance in educational institutions in the Cape Metropole Area?

Section D: Impact of entrepreneurship

Based on the entrepreneurship key elements of socioeconomic impact, could you tell me about the following about your company?

- a. Social responsibility?
- b. Your recruiting requirements and how many more employees would your company have?
- c. Do you consider your company being innovative? If yes, what innovation have you initiated?
- d. Concerning your remuneration system, what is your highest and lowest salary? Have you also been subjected to employees demand on salary increase and what was your approach in dealing with the situation?

11. Do you have anything to ask concerning this interview?

Thanks for being part of this interview.

APPENDIX C: ETHICAL CLEARANCE



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Office of the Chairperson Research Ethics Committee	Faculty: BUSINESS
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At a meeting of the Research Ethics Committee on 17 February 2016, Ethics Approval was granted to KABENGELE, THONY MUZEMBE (211027170) for research activities Related to the MTech/DTech: MTech: BUSINESS ADMINISTRATION at the Cape Peninsula University of Technology

Title of dissertation/thesis:	The state of entrepreneurship and its socio economic impact in the Cape Metropole Area Supervisor: Dr I Ticha & Ms M Matsoso
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Comments:

Decision: APPROVED

	17 February 2016
Signed: Chairperson: Research Ethics Committee	Date

Clearance Certificate No | 2016FBREC334

APPENDIX D: DESCRIPTIVE STATISTICS

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	41	61.2	61.2	61.2
	Female	26	38.8	38.8	100.0
	Total	67	100.0	100.0	

Ethnicity

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Black	16	23.9	23.9	23.9
	Coloured	13	19.4	19.4	43.3
	Indian	13	19.4	19.4	62.7
	White	22	32.8	32.8	95.5
	Other	3	4.5	4.5	100.0
	Total	67	100.0	100.0	

Business sector

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Manufacturing	11	16.4	22.0	22.0
	Communication	5	7.5	10.0	32.0
	Construction	2	3.0	4.0	36.0
	Retail	22	32.8	44.0	80.0
	Accounting and Related Services	10	14.9	20.0	100.0
	Total	50	74.6	100.0	
Missing	System	17	25.4		
Total		67	100.0		

Year Established

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1947	1	1.5	1.5	1.5
	1952	1	1.5	1.5	3.0
	1989	1	1.5	1.5	4.5
	1990	1	1.5	1.5	6.0
	1995	1	1.5	1.5	7.5
	1998	1	1.5	1.5	9.0
	1999	3	4.5	4.5	13.4
	2000	7	10.4	10.4	23.9
	2001	7	10.4	10.4	34.3
	2004	2	3.0	3.0	37.3

2005	2	3.0	3.0	40.3
2006	3	4.5	4.5	44.8
2008	2	3.0	3.0	47.8
2009	5	7.5	7.5	55.2
2010	9	13.4	13.4	68.7
2011	4	6.0	6.0	74.6
2012	6	9.0	9.0	83.6
2013	4	6.0	6.0	89.6
2014	5	7.5	7.5	97.0
2015	2	3.0	3.0	100.0
Total	67	100.0	100.0	

Company profile

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Manager	1	1.5	1.5	1.5
	manager	1	1.5	1.5	3.0
	Ceo	1	1.5	1.5	4.5
	CEO	3	4.5	4.5	9.0
	Director	1	1.5	1.5	10.4
	Director - ceo	1	1.5	1.5	11.9
	manager	3	4.5	4.5	16.4
	Manager	3	4.5	4.5	20.9
	one of the owner	1	1.5	1.5	22.4
	owner	24	35.8	35.8	58.2
	Owner	12	17.9	17.9	76.1
	OWNER	2	3.0	3.0	79.1
	Partner all from buying, selling and accounting	1	1.5	1.5	80.6
	Regional manager	1	1.5	1.5	82.1
	senior employee	1	1.5	1.5	83.6
	senior manager	1	1.5	1.5	85.1
	Senior manager	1	1.5	1.5	86.6
	shareholder	1	1.5	1.5	88.1
	Shareholder	1	1.5	1.5	89.6
	supervisor	7	10.4	10.4	100.0
Total		67	100.0	100.0	

Highest qualification

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	High School;	12	17.9	17.9	17.9
	First Degree	28	41.8	41.8	59.7
	B Tech	19	28.4	28.4	88.1
	Honours	6	9.0	9.0	97.0
	Masters	1	1.5	1.5	98.5
	Doctorate	1	1.5	1.5	100.0
	Total	67	100.0	100.0	

Entrepreneur experience

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid		3	4.5	4.5	4.5
	1 to 2 years	7	10.4	10.4	14.9
	15 years	3	4.5	4.5	19.4
	16 years	2	3.0	3.0	22.4
	18	1	1.5	1.5	23.9
	18 years	1	1.5	1.5	25.4
	3 to 4 years	14	20.9	20.9	46.3
	20	1	1.5	1.5	47.8
	20 years	5	7.5	7.5	55.2
	20 YEARS	1	1.5	1.5	56.7
	5 to 6 years	6	9.0	9.0	65.7
	7 to 8 years	5	7.5	7.5	73.1
	9 to 10 years	14	20.9	20.9	94.0
	All life	1	1.5	1.5	95.5
	Many years	1	1.5	1.5	97.0
	Twenty	2	3.0	3.0	100.0
Total	67	100.0	100.0		

Employees - early

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	-	40	59.7	59.7	59.7
	1 to 5	9	13.4	13.4	73.1
	6 - 20	11	16.4	16.4	89.6
	21- 50	5	7.5	7.5	97.0
	51 - 100	1	1.5	1.5	98.5
	Three	1	1.5	1.5	100.0
Total	67	100.0	100.0		

Employees - later

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	-	2	3.0	3.0	3.0
	1	1	1.5	1.5	4.5
	1	21	31.3	31.3	35.8
	2	14	20.9	20.9	56.7
	2	4	6.0	6.0	62.7
	Three	7	10.4	10.4	73.1
	3	1	1.5	1.5	74.6
	3	6	9.0	9.0	83.6
	2	1	1.5	1.5	85.1
	5	1	1.5	1.5	86.6
	86	1	1.5	1.5	88.1
	ONE	1	1.5	1.5	89.6
	three	5	7.5	7.5	97.0
	Two	1	1.5	1.5	98.5
	TWO	1	1.5	1.5	100.0
	Total		67	100.0	100.0

Did you become an entrepreneur out of necessity?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	42	62.7	62.7	62.7
	No	25	37.3	37.3	100.0
	Total	67	100.0	100.0	

I wanted to increase my income

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Lowest extent	20	29.9	30.3	30.3
	2	10	14.9	15.2	45.5
	3	18	26.9	27.3	72.7
	4	7	10.4	10.6	83.3
	Highest extent	11	16.4	16.7	100.0
	Total	66	98.5	100.0	
Missing	System	1	1.5		
Total		67	100.0		

Financial demands from my family

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Lowest extent	23	34.3	34.8	34.8
	2	14	20.9	21.2	56.1
	3	10	14.9	15.2	71.2
	4	5	7.5	7.6	78.8
	Highest extent	13	19.4	19.7	98.5
	4.	1	1.5	1.5	100.0
	Total	66	98.5	100.0	
Missing	System	1	1.5		
Total		67	100.0		

I wanted to cover my expenses

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Lowest extent	19	28.4	28.8	28.8
	2	14	20.9	21.2	50.0
	3	7	10.4	10.6	60.6
	4	10	14.9	15.2	75.8
	Highest extent	16	23.9	24.2	100.0
	Total	66	98.5	100.0	
Missing	System	1	1.5		
Total		67	100.0		

I desired to be financially independent

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Lowest extent	11	16.4	16.7	16.7
	2	5	7.5	7.6	24.2
	3	9	13.4	13.6	37.9
	4	12	17.9	18.2	56.1
	Highest extent	29	43.3	43.9	100.0

	Total	66	98.5	100.0	
Missing	System	1	1.5		
	Total	67	100.0		

I needed to be self-employed

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Lowest extent	15	22.4	22.7	22.7
	2	10	14.9	15.2	37.9
	3	11	16.4	16.7	54.5
	4	10	14.9	15.2	69.7
	Highest extent	20	29.9	30.3	100.0
	Total	66	98.5	100.0	
Missing	System	1	1.5		
	Total	67	100.0		

I wanted to gain social status.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Lowest extent	49	73.1	74.2	74.2
	2	10	14.9	15.2	89.4
	3	5	7.5	7.6	97.0
	4	2	3.0	3.0	100.0
	Total	66	98.5	100.0	
Missing	System	1	1.5		
	Total	67	100.0		

It has always been my dream

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Lowest extent	36	53.7	54.5	54.5
	2	10	14.9	15.2	69.7
	3	7	10.4	10.6	80.3
	4	4	6.0	6.1	86.4
	Highest extent	9	13.4	13.6	100.0

	Total	66	98.5	100.0	
Missing	System	1	1.5		
	Total	67	100.0		

Awareness campaigns

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Lowest extent	54	80.6	81.8	81.8
	2	6	9.0	9.1	90.9
	3	1	1.5	1.5	92.4
	4	3	4.5	4.5	97.0
	Highest extent	2	3.0	3.0	100.0
	Total	66	98.5	100.0	
Missing	System	1	1.5		
	Total	67	100.0		

I was unemployed

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Lowest extent	54	80.6	83.1	83.1
	2	1	1.5	1.5	84.6
	3	2	3.0	3.1	87.7
	4	1	1.5	1.5	89.2
	Highest extent	6	9.0	9.2	98.5
	4.	1	1.5	1.5	100.0
	Total	65	97.0	100.0	
Missing	System	2	3.0		
	Total	67	100.0		

I was retrenched

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Lowest extent	59	88.1	88.1	88.1
	2	2	3.0	3.0	91.0
	Highest extent	6	9.0	9.0	100.0
	Total	67	100.0	100.0	

I was not certain about my job security

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Lowest extent	53	79.1	80.3	80.3
	2	5	7.5	7.6	87.9
	3	2	3.0	3.0	90.9
	4	4	6.0	6.1	97.0
	Highest extent	2	3.0	3.0	100.0
	Total	66	98.5	100.0	
Missing	System	1	1.5		
Total		67	100.0		

I was not satisfied with my job

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Lowest extent	47	70.1	71.2	71.2
	2	5	7.5	7.6	78.8
	3	4	6.0	6.1	84.8
	4	6	9.0	9.1	93.9
	Highest extent	4	6.0	6.1	100.0
	Total	66	98.5	100.0	
Missing	System	1	1.5		
Total		67	100.0		

It is a family tradition

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Lowest extent	51	76.1	77.3	77.3
	2	2	3.0	3.0	80.3
	3	2	3.0	3.0	83.3
	4	3	4.5	4.5	87.9
	Highest extent	8	11.9	12.1	100.0
	Total	66	98.5	100.0	
Missing	System	1	1.5		
Total		67	100.0		

You have experienced a criminal activity in and/or around your business

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	42	62.7	62.7	62.7
	No	25	37.3	37.3	100.0
	Total	67	100.0	100.0	

There are measures in place to secure your business

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	48	71.6	71.6	71.6
	No	19	28.4	28.4	100.0
	Total	67	100.0	100.0	

Crime is a major constraint in doing my business

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	18	26.9	26.9	26.9
	No	48	71.6	71.6	98.5
	3	1	1.5	1.5	100.0
	Total	67	100.0	100.0	

How would you rate the level of crime in your area?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	High	6	9.0	9.1	9.1
	Medium	18	26.9	27.3	36.4
	Low	29	43.3	43.9	80.3
	No crime at all	12	17.9	18.2	98.5

	high	1	1.5	1.5	100.0
	Total	66	98.5	100.0	
Missing	System	1	1.5		
Total		67	100.0		

How would you rate your company's access to the infrastructural resource selected in question 13 above?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very good	32	47.8	47.8	47.8
	Good	32	47.8	47.8	95.5
	Poor	3	4.5	4.5	100.0
	Total	67	100.0	100.0	

How does the level of in/accessibility to the infrastructural resource impacts on your business?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	1	1.5	1.5	1.5
	2	3	4.5	4.5	6.0
	3	11	16.4	16.4	22.4
	4	20	29.9	29.9	52.2
	5	32	47.8	47.8	100.0
	Total	67	100.0	100.0	

Were you raised around entrepreneurial family members?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	29	43.3	43.3	43.3
	No	38	56.7	56.7	100.0
	Total	67	100.0	100.0	

Did you have an entrepreneurial role model outside of your family before becoming an entrepreneur?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	24	35.8	35.8	35.8
	No	43	64.2	64.2	100.0
	Total	67	100.0	100.0	

How did the fact that you were raised around entrepreneurial family members affect your entrepreneurship path?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	-	36	53.7	53.7	53.7
	Very significantly	9	13.4	13.4	67.2
	Significantly	19	28.4	28.4	95.5
	Slightly significantly	2	3.0	3.0	98.5
	Insignificantly	1	1.5	1.5	100.0
	Total	67	100.0	100.0	

How did the fact that you were not raised around entrepreneurial family members affect your entrepreneurship path?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	-	29	43.3	43.3	43.3
	Highly	1	1.5	1.5	44.8
	Partially	6	9.0	9.0	53.7
	Lowly	5	7.5	7.5	61.2
	Not affected	26	38.8	38.8	100.0
	Total	67	100.0	100.0	

How did having an entrepreneurial role model make easy the process of becoming an entrepreneur?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	-	40	59.7	59.7	59.7
	Very significantly	6	9.0	9.0	68.7
	Significantly	15	22.4	22.4	91.0
	Slightly significantly	4	6.0	6.0	97.0
	Insignificantly	2	3.0	3.0	100.0
	Total	67	100.0	100.0	

How did the fact of not having an entrepreneurial role model make difficult the process of becoming an entrepreneur?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	-	25	37.3	37.3	37.3
	Highly	2	3.0	3.0	40.3
	Partially	3	4.5	4.5	44.8
	Lowly	6	9.0	9.0	53.7

	Not affected	31	46.3	46.3	100.0
	Total	67	100.0	100.0	

Have you ever required a business loan or any sort of financial help in the course of your business?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	51	76.1	76.1	76.1
	No	16	23.9	23.9	100.0
	Total	67	100.0	100.0	

Have you ever applied for a business loan or any sort of financial help in the course of your business?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	46	68.7	68.7	68.7
	No	21	31.3	31.3	100.0
	Total	67	100.0	100.0	

Was your application for a business loan successful?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	-	16	23.9	23.9	23.9
	1	35	52.2	52.2	76.1
	2	16	23.9	23.9	100.0
	Total	67	100.0	100.0	

How would you rate the ease of access to finance from your personal experience?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	hard	3	4.5	4.5	4.5
	Very easy	1	1.5	1.5	6.0
	Easy	4	6.0	6.0	11.9
	Hard	29	43.3	43.3	55.2
	Very Hard	18	26.9	26.9	82.1
	Non-existent	11	16.4	16.4	98.5
	Non existent	1	1.5	1.5	100.0
	Total	67	100.0	100.0	

Does high inflation affect your business?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	36	53.7	54.5	54.5
	No	30	44.8	45.5	100.0
	Total	66	98.5	100.0	
Missing	System	1	1.5		
Total		67	100.0		

How does the inflation rate affect your business?.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	28	41.8	41.8	41.8
	Negatively	37	55.2	55.2	97.0
	Positively	2	3.0	3.0	100.0
	Total	67	100.0	100.0	

Does a low rate of the Rand in relation to the Dollar affect your business?.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	37	55.2	56.1	56.1
	No	29	43.3	43.9	100.0
	Total	66	98.5	100.0	
Missing	System	1	1.5		
Total		67	100.0		

How does the exchange rate affect your business?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	-	29	43.3	43.3	43.3
	Negatively	35	52.2	52.2	95.5
	Positively	3	4.5	4.5	100.0
	Total	67	100.0	100.0	

How does the exchange rate affect your business?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	-	29	43.3	43.3	43.3
	Very significantly	5	7.5	7.5	50.7
	Significantly	17	25.4	25.4	76.1
	Slightly significantly	15	22.4	22.4	98.5

	Insignificantly	1	1.5	1.5	100.0
	Total	67	100.0	100.0	

Do you pay tax?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	55	82.1	83.3	83.3
	No	11	16.4	16.7	100.0
	Total	66	98.5	100.0	
Missing	System	1	1.5		
Total		67	100.0		

I pay too much for tax

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	-	10	14.9	14.9	14.9
	Strongly Agree	10	14.9	14.9	29.9
	Agree	37	55.2	55.2	85.1
	Strongly Disagree	1	1.5	1.5	86.6
	Disagree	9	13.4	13.4	100.0
	Total	67	100.0	100.0	

The procedure is time consuming

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	-	10	14.9	14.9	14.9
	Strongly Agree	8	11.9	11.9	26.9
	Agree	32	47.8	47.8	74.6
	Strongly Disagree	1	1.5	1.5	76.1
	Disagree	16	23.9	23.9	100.0
	Total	67	100.0	100.0	

I require an accounting/audit officer to do my annual financial statements for SARS documents submission

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	-	1	1.5	1.5	1.5
	-	10	14.9	14.9	16.4
	Strongly Agree	4	6.0	6.0	22.4
	Agree	32	47.8	47.8	70.1
	Strongly Disagree	2	3.0	3.0	73.1

	Disagree	18	26.9	26.9	100.0
	Total	67	100.0	100.0	

I handle my own SARS submission

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	-	10	14.9	14.9	14.9
	Strongly Agree	3	4.5	4.5	19.4
	Agree	18	26.9	26.9	46.3
	Strongly Disagree	5	7.5	7.5	53.7
	Disagree	31	46.3	46.3	100.0
	Total	67	100.0	100.0	

In general, it increases the cost of doing my business

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	-	10	14.9	14.9	14.9
	Strongly Agree	5	7.5	7.5	22.4
	Agree	39	58.2	58.2	80.6
	Strongly Disagree	2	3.0	3.0	83.6
	Disagree	11	16.4	16.4	100.0
	Total	67	100.0	100.0	

In general, it increases the cost of doing my business

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	14	20.9	20.9	20.9
	2	53	79.1	79.1	100.0
	Total	67	100.0	100.0	

How would you rate government support towards entrepreneurship activities?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Sufficient	11	16.4	16.7	16.7
	Very insufficient	13	19.4	19.7	36.4
	Insufficient	15	22.4	22.7	59.1
	5	27	40.3	40.9	100.0
	Total	66	98.5	100.0	
Missing	System	1	1.5		

Total	67	100.0		
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Which of the following support mechanism would you like the government to offer?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Finance	34	50.7	50.7	50.7
	1 2 3	1	1.5	1.5	52.2
	123	1	1.5	1.5	53.7
	Training and education	15	22.4	22.4	76.1
	Marketing	12	17.9	17.9	94.0
	An understanding for compliance issues for beginners	1	1.5	1.5	95.5
	Ease of doing business	1	1.5	1.5	97.0
	Finance, education, marketing	1	1.5	1.5	98.5
	Finance,registration	1	1.5	1.5	100.0
	Total	67	100.0	100.0	

Did you follow any entrepreneurship training programme in the course of your entrepreneurship career?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	4	6.0	6.0	6.0
	No	62	92.5	92.5	98.5
	3	1	1.5	1.5	100.0
	Total	67	100.0	100.0	

If you answered no in question 28 above, how does the lack of entrepreneurial education and training affect your ability to handle your business?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	-	6	9.0	9.0	9.0
	Highly	1	1.5	1.5	10.4
	Partially	9	13.4	13.4	23.9
	Lowly	8	11.9	11.9	35.8
	Not affected	43	64.2	64.2	100.0
	Total	67	100.0	100.0	

Based on question 29; do you see the need to pursue further entrepreneurial training?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	11	16.4	18.6	18.6
	No	48	71.6	81.4	100.0
	Total	59	88.1	100.0	
Missing	System	8	11.9		
Total		67	100.0		

Did entrepreneurship education generally receive much emphasis during your time at school?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	10	14.9	14.9	14.9
	No	57	85.1	85.1	100.0
	Total	67	100.0	100.0	

Did entrepreneurship education generally receive much emphasis during your time at the university?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	14	20.9	21.9	21.9
	No	50	74.6	78.1	100.0
	Total	64	95.5	100.0	
Missing	System	3	4.5		
Total		67	100.0		

What skills do you consider essential for an entrepreneur to succeed based on your experience?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid		6	9.0	9.0	9.0
	Finance	4	6.0	6.0	14.9
	Finance, Marketing	1	1.5	1.5	16.4
	Leadership	5	7.5	7.5	23.9
	LeadershipMarketingOthers	1	1.5	1.5	25.4
	Management	30	44.8	44.8	70.1
	Management Leadership Finance Marketing	1	1.5	1.5	71.6
	Management, leadership	1	1.5	1.5	73.1
	Management, Leadership Finance, marketing	1	1.5	1.5	74.6

Management, leadership, finance, marketing	2	3.0	3.0	77.6
ManagementFinance	1	1.5	1.5	79.1
ManagementFinanceMarketing	5	7.5	7.5	86.6
ManagementLeadershipFinanceMarketing	5	7.5	7.5	94.0
ManagementLeadershipFinanceMarketingOthers	1	1.5	1.5	95.5
Marketing	3	4.5	4.5	100.0
Total	67	100.0	100.0	

Social responsibility - 2006 -> 2016

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	7	10.4	10.4	10.4
	2	18	26.9	26.9	37.3
	3	34	50.7	50.7	88.1
	4	7	10.4	10.4	98.5
	5	1	1.5	1.5	100.0
	Total	67	100.0	100.0	

Level of unemployment - 2006 -> 2016

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	6	9.0	9.0	9.0
	2	9	13.4	13.4	22.4
	3	17	25.4	25.4	47.8
	4	17	25.4	25.4	73.1
	5	18	26.9	26.9	100.0
	Total	67	100.0	100.0	

Innovation - 2006 -> 2016

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	6	9.0	9.0	9.0
	2	22	32.8	32.8	41.8
	3	30	44.8	44.8	86.6
	4	9	13.4	13.4	100.0
	Total	67	100.0	100.0	

Does your company embark on any activity to contribute to community development?

		Freque ncy	Percen t	Valid Percent	Cumulative Percent
Valid	Yes	11	16.4	16.4	16.4
	No	56	83.6	83.6	100.0
	Total	67	100.0	100.0	