

CHAPTER 4

VARIOUS ASPECTS ESSENTIAL TO THE ENTREPRENEUR'S ENVIRONMENT, GROWTH AND DEVELOPMENT

4.1 INTRODUCTION

Skills development has been elaborated on in Chapter 3 where the Human Resources Development Strategy has as its basis, the integration, education, training and development of all the people of South Africa (young and adult). The four parts explained various aspects that pertain to the strategy which was thereafter linked to the context of this study where applicable. Much focus has been on the role of the South African government and the structures put in place to ensure the effective and successful launch and implementation of the HRD and NSDS strategies. In Chapter 4, the focus is on the entrepreneur and the elements that pertain to this study are explained in more detail under appropriate headings. The challenge was to select relevant articles that not only focused on the topic but which created the necessary foundation for the proposed research.

Historically, Demetrios the Greek started a new career as a North African trader after a number of battles with the Persian Empire, the Phoenicians and the Egyptians in his capacity as an army officer. In Egypt, for example, there was an abundance of luxury goods and the opportunity of being 'in charge' of his own destiny proved to be decisive for Demetrios (Coates, n.d.). The same opportunities and risks faced entrepreneurs 2300 years ago as face any entrepreneur today (ibid). Risk also came in terms of access to capital which was secured by trading skills for the "...backing of a person who already possessed capital. Raising capital often depended upon one's ability to access the resources of family members or close personal contacts" (ibid).

Barriers of entry were not so very different in the time that our ancient entrepreneur, Demetrios, lived. Informality in terms of rules and regulations dictated the existence and survival of a business.

In today's terms, these rules and regulations guiding and governing small business in South Africa are contained in the National Small Business Act 102 of 1996. However, governments all over the world are criticized for including too many regulations (Anonymous, 2002: a).

Due to the fact that much has been written and researched on the topic of entrepreneurship, it is important to start with a definition thereof and lead up to determining what an entrepreneur is and what is meant by an enterprise. A formulated definition was phrased by the researcher in an attempt to best describe the entrepreneur and his functions within the context of this research. The focus then moves to the entrepreneur's potential and how these individuals' gender and age demographics materialize in terms of employment opportunities.

Entrepreneurs and small business are synonymous and their role in the economy of a country has been well researched. Support for the up-and-coming enterprise is seen in the form of partnerships and business incubation and is a more innovative way of approaching the education and skills development. The partnerships and business incubation concept is pitched against an existing concept of business incubation by looking at the implementation of entrepreneurship.

The New Venture Creation Learnership at this point links the skills development which is the central theme of this study and an essential one because the basis on which the 'potential' entrepreneur is selected becomes important. The education of the entrepreneur highlights the development of the potential of the entrepreneur, starting at school level, and is further expanded through a graphic display of the ten critical focus areas identified by the European Charter for Small Enterprises (refer Figure 4.1). This further illustrates the environment in which the entrepreneur operates (Anonymous, (n.d. u)). Staying within the area of entrepreneurship is the link to the National Skills Development Strategy (NSDS). The skills, productive citizenship and employment status of the entrepreneur is contained in the vision of the NSDS. Mention needs to be made of the sustainability of new ventures as this is a burning question when one gets past the stage of starting up.

4.2 ENTREPRENEURSHIP DEFINED

The motivation behind a definition is to get “...a concise explanation of the meaning of a word or phrase or symbol” (Anonymous, 2004:w). The extensive research done on this topic and the resultant abundance of literature produced confirmed the statement of Havenga and Naude (September, 2002) that “...there is no commonly accepted concept of entrepreneurship” and that “...the definition used will depend on the focus of the research taken”.

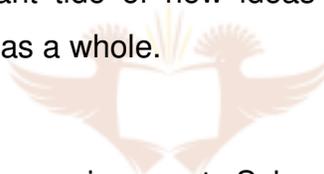
The focus of this research concerns the ‘suitability’ of the New Venture Creation learners (respondents) in terms of the entrepreneurial environment. Based on the discussion of the entrepreneur and his history, the entrepreneur needs a more protected environment than that which might currently be in place, despite efforts from the South African government to improve the situation.

A partnership (temporary/permanent) of a potential entrepreneur and an existing successful business with the intention of ‘cloning’ some or all aspects of an entire business and eventual reciprocate relationships, is suggested (refer Figure 4.1). Such partnerships represent the empowerment of the entrepreneur and it is within this context that a definition of entrepreneurship is made (refer paragraph 4.2.1).

4.2.1 Entrepreneurship and SME

The term *entrepreneurship* refers to a *process* of creating or seizing an opportunity which results in entrepreneurship driving innovation, competitiveness, job creation and growth (Timmons, 1994: 7). It allows new innovative ideas to mature into successful ventures, unlocking the personal potential of disadvantaged people. This in turn creates employment as these individuals become economically active, occupying a better place in society (Anonymous, 2003: a). Entrepreneurship is also considered a job-creation engine all over the world. In the United States of America, research proved that the youngest and smallest firms are the biggest job producers (Anonymous, 2004d). A few extracts from the National Dialogue confirms this statement:

- Firms of fewer than 20 employees generate the majority of net new jobs in the U.S.
- New jobs from start-ups are an immediate and significant boost to the economy.
- Gazelles - defined by business researcher David Birch as 'firms with revenue of at least \$100,000 (initial year) that sustained at least 20% growth in revenue over four consecutive years' - contribute approximately 1 out of every 7 gross new jobs added to the economy each year.
- 70% of gazelles are comprised of firms with fewer than 20 employees at the end of four years of rapid growth.
- New dynamic theories of the economy suggest that the prevalence of small firms provide a constant tide of new ideas and experimentation vital to the health of the economy as a whole.



In terms of the South African environment, Schwenke and Van Heerden (2002) are confident that entrepreneurship is "...the way of the future and that job growth can and will only come from SMEs (small and medium enterprises)". Schwenke *et al.*, further concludes that as a tool of job creation, enablement and entrepreneurial development, SMEs are at the "...vanguard of change in the local economy" (ibid). As a note of caution, Berry *et al.*, (2002: 51, 52) warns that the furor of so-called job creation should be seen in perspective as job creation takes place due to the formation of new micro and survivalist enterprises and not because of the expansion of more established and larger SMEs. The Partnership Entrepreneur concept discussed later in this chapter centres around the creation of micro enterprises excluding survivalist enterprises (refer paragraph 4.5). An *entrepreneur*, on the other hand, refers to the *person/individual* involved in the process of entrepreneurship described in more detail below.

4.2.2 What is an entrepreneur?

A myriad of definitions of an entrepreneur exist in academic and business literature (Ward, 2004; Tackey and Perryman, 1999). Some definitions focus on personality traits or qualities while others look at the role or function of the entrepreneur in the economic process. The third area focuses on the behavior or activities of entrepreneurs. For the purposes of this study, however, the researcher initially looked at a number of definitions sourced from academic papers, information published by the SETA, the Department of Labour and business publications before selecting a more general definition from literature. A definition for the purposes of this study was also formulated.

Jacob and Swanepoel (2002) regard entrepreneurs as “ideas driven” people who often start new businesses without much preparation and planning. Bygrave and Hofer (1991) as quoted by Dunn (2002) call for more extreme measures that entrepreneurship becomes a ‘legitimate field of academic enquiry’ because of an inability to define an entrepreneur. Dunn (2002) further quotes Shaver and Scott (1991) who concurred with the difficulties of defining an entrepreneur and opted to define entrepreneurship as ‘new venture creation’ to solve the definitional problem. The SETA’s definition of entrepreneurs is “...those who want to run their own business” while the Department of Labour (DoL) does not give a definition per se, but only mentions terms such as “personal development” and “career paths” (Department of Labour (n.d.) b). The ‘stance’ of the Department of Labour confirms its strategic role compared to the implementation role of the SETAs.

The Public Forum Institute is an electronic business literature source dedicated to issues surrounding the entrepreneur and entrepreneurship (Anonymous, 2004d). Their definition refers to entrepreneurs as people who “...take risks to start businesses, work tirelessly to fulfill their visions, foresee change and develop new products to take advantage of that change, use innovations in technology or processes or marketing to take them in new directions, and are committed to grow as fast as the marketplace allows” (ibid.).

The third source of business literature is published by a South African company, Business Partners, who specializes in assisting entrepreneurs to partner with another company in terms of financial, business and black empowerment assistance. They believe that the option for of being an entrepreneur is best suited to new graduates and tradespeople who already have some business ability, but also have a good product or service (Schwenke, *et al.*,:2004).

Irrespective of the approach or definition held by academics or business people as noted above, there is a distinct difference between starting a business and growing it. Many start but then do not get past that.

4.2.3 What is an enterprise?

Implied in the definition of an entrepreneur is the existence of a business – an entity with all its characteristics and requirements albeit at various levels of sophistication. Amongst the plethora of definitions found, desk research identified a suitable one used by the Commission Recommendation of the small and medium-sized enterprises: “An enterprise should be considered to be any entity, regardless of its legal form, engaged in economic activities, including in particular entities engaged in a craft activity and other activities on an individual or family basis, partnerships or associations regularly engaged in economic activities” (Anonymous, (n.d) e).

4.2.4 Entrepreneurial potential

Entrepreneurial potential seems to encompass a wide variety of terms, concepts and techniques. Mugge (2003:3) makes use of the Bolton-Thompson Entrepreneur Indicator to assess the potential of aspiring entrepreneurs while Gimenez and Junior (2002) uses the Carland Entrepreneurial Index (CEI), which measures the individual’s inclination or tendency to entrepreneurship in terms of personality traits, innovation, risk-taking propensity and strategic posture. Krueger, (n.d.) states that entrepreneurial potential depends far more on perceptions and far less on personal characteristics.

An entrepreneur is also a leader and, according to Matusak (n.d.), leadership attributes are gender related, not gender specific. Therefore, the requirements (personality, characteristics) of an entrepreneur should be resident within an individual irrespective of gender. While Hanna (2001) confirms that "...many characteristics that mark a successful entrepreneur are gender blind", the differences between female entrepreneurs and their male counterparts are equally important qualities which should be cultivated when building a new venture.

In a study done by Roomi (2004) it was found that women have a valuable contribution to make in the area of enterprise development, despite the fact that their actual and potential contribution has already been recognized in all areas of development. Two issues emerge from this research. Women entrepreneurs need assistance to achieve their full potential in order to contribute to economic growth and to social and political development; secondly, women entrepreneurs in Pakistan faced a number of additional restrictions compared to the men in that country. Examples of such restrictions are lack of access to, and having control over, capital, land, business premises, information and technology, lack of training, production inputs, networking and assistance from governmental agencies and far less access to the support services, access to credit, technologies, and entrepreneurial training.

Research done in the United Kingdom (Magd, 2004) reflected a very positive situation for women compared to the women of Pakistan. Their pace of growth in self-employment and venture creation outperformed that of the men - 123% compared to 46% respectively (since 1979). A quarter of the women in the United Kingdom are self-employed.

One of the equity targets of the Human Resources Development Strategy (HRD) is to focus on women (54%) (refer Objective 1, Table 3.1). The restrictions facing entrepreneurs mentioned by Roomi (2004) are strikingly similar to that of entrepreneurs around the world (refer paragraph 4.3.5).

4.2.5 Demographics and employment opportunities

4.2.5.1 Gender

It is clear from the above discussion that gender is but one of the aspects that has an influence on the application of an individual's entrepreneurial abilities, which affects opportunities created for employment for self and others. Demographics (age, sex, marital status, family size, education, geographic location and occupation) are labeled as the tangible/quantifiable characteristics of a population compared to the characteristics and personality which are the intangible aspects of an entrepreneur (Anonymous, (n.d). f). Demographics therefore have an influence on the shaping of employment opportunities and composition of the work force (ibid) (refer paragraph 2.8.1).

4.2.5.2 Age

Employment opportunities in terms of the age profile of South Africa have been addressed in the Human Resource Development strategy (refer Objective 6, Table 3.1 & paragraph 3.2) where by March 2005, a minimum of 80 000 people under the age of 30 had entered learnerships.

For the age groups 15-19 (teenagers), 20-24 (young adults), 25-29 and 30-34 (prime adults), 35-39, 40-44, 45-49, 50-54, 55-59 and 60-64, unemployment is the highest in the 25-29 age group with the 20-24 group second and the 30-34 age group third. Du Toit (n.d: 2) quotes the International Labour Organization's (ILO) World Employment Report of 1998 which states that 60 million young people are unemployed. More and more young people are entering the labour market hence the focus on age group in relation to education and skills.

Age as one of the demographic characteristics helps to "...shape the demand for certain occupations that will provide the population with products and services" (Anonymous, (n.d) f).

Age also has an effect on the composition of the labour force. According to Du Toit (n.d.:4), 700 million young people in developing countries will attempt to enter the labour market between now and 2010 resulting in the need for the creation of more than a billion jobs to absorb this demand. The demand for certain occupations has to a certain extent been 'prescribed' by the government with their focus on 'scarce skills' (refer paragraph 4.3.2).

Research results on unemployment are based on two types of definitions. The strict definition refers to an individual who "...must have taken steps to find employment for four weeks prior to a given point" while the expanded definition "...includes the discouraged (despairing) individuals who have not taken active steps to find work" (Du Toit (n.d.): 6). One of the reasons for youth unemployment cited by Du Toit (n.d.: 5) is lack of skills. This confirms the approach of the South African government to address skills development at grass roots level. This is in line with the said strategy to improve the foundations for human development (strategic objective one) which is made up of five indicators, namely, early childhood development, Adult Basic Education and Training (ABET), general education, examination pass rates and mathematics and science results (Department of Labour 2001a as illustrated in Figure 4.1).

Employed people are classified as economically active people and it is clear from research reports (HRD - Department of Labour 2001a) that there is an inequality of distribution between age groups (Du Toit (n.d.): 7). For South Africa, there are about 12.6 million people of its approximately 43 million people that are economically active, in which the 25-29 age category is the most active (Department of Labour, 2001a:39).

Economically active people have employment (or work) which is defined as "...formal work for salary, wage, profit or unpaid in family business; informal work such as making of things for sale, selling things or providing a service; work on a farm whether for a wage or as part of the household's farming activities; casual/seasonal work" (Du Toit (n.d.):11).

Research by means of the Gini coefficient which "...measures the degree of inequality in the distribution of income in a given society" implies that in countries all over the world,

there is inequality in income which often creates two extremes (Anonymous, 2005x). The one extreme is the poor and the other, the rich, and globalization has been identified as “...one force among many which is responsible for widening income inequalities”, particularly in the rich countries (Anonymous, (n.d. g)). Income inequality has been measured by the Human Development Index and deteriorated “...from 0.73 in 1994 to 0.67 in 2003” where “...poverty still engulfs 48.5% of the population (21.9 million in 2002)” and “...income inequality has increased (from 0.60 in 1995 to 0.63 in 2001). The majority of households have limited access to basic services, and the official unemployment rate has sharply increased to more than 30% in 2003” (Anonymous, (n.d.) h)).

“If the NSDS is to make a difference, it will need greater state intervention to deal with the structural inequalities in the labour market. It will also require greater commitment and confidence on the part of employers to treating training as an asset that can lead to increased productivity and growth, rather than something that negatively impacts on cost structures” (Anonymous, (n.d.) i)).

4.3 THE ROLE OF SMALL BUSINESS

It is clear that the primary role of small business is to create jobs (employment) as discussed below. The secondary role of small business, closely linked to the primary role is in the basic phase of their training (from school level) as well as the creation of the most inventions (Kroon, de Klerk and Dippenaar, 2003).

Hegazi (2004) has a more extensive list:

- Raising productivity through technical and other forms of innovation.
- Facilitating the transfer of technology.
- Commercializing new inventions and products.

- Restructuring and transforming the economies of the nation.
 - Reducing the unprogressive social organizations. Making markets more competitive.
 - Stimulating redistribution of wealth, income and political power within societies in ways that are economically positive and without being politically disruptive.

- Improving the premature talents of human resources.

- Creating new markets and facilitating their expansion into international markets.

Job creation is not only essential but also critical to any economy, to the extent that small businesses and entrepreneurs truly are the backbone of the economy (Keating, 2004). The extent to which small business has an impact on the South African economy has been documented and aspects included in recent literature. Revealing trends in latest study on emerging business in South Africa include the following aspects (Anonymous (n.d.) j):

- The composition of small enterprise is overwhelmingly SME in character (two thirds of private sector enterprise).

- Their varied contribution to the Gross Domestic Product (GDP) by different sectors (50%+ by agriculture, forestry and fishing; 40% by trade, catering and accommodation).

- Reduction in unemployment (Marginal decline in official unemployment rate from 29.5% in September 2001 to 29.4% in February 2002).

- Contribution to employment.

Similar statistics are quoted in the Small Business Survival Index of 2004 regarding entrepreneurship across America (ibid.):

- Businesses with fewer than 500 employees account for 99.7 percent of all employers. These firms employ more than half of private-sector employees.
- Small businesses create between 60 percent and 80 percent of net new jobs, where ‘start-ups in the first two years of operation accounted for virtually all of the net new jobs in the economy’.
- Small businesses create 13 to 14 times the number of patents per employee compared to large patenting businesses.
- 39 percent of high-tech workers are employed by small businesses.
- Small businesses account for 97 percent of all exporting businesses.

From the literature quoted above it is quite clear that the contribution of small business to the economy of countries is being recognized.

4.4 INCREASED FOCUS ON SMALL BUSINESS

The government of South Africa demonstrated their commitment to the development of small business in various ways. The White Paper on National Strategy for the Development and Promotion of Small Business in South Africa clearly spells out the commitment of the South African government to “...doing all that we can to help create an environment in which businesses can get on with their job” (Anonymous, 1995m).

Modise’s address at the Second National Conference on Small Business in Durban on 4 November 1997 confirmed small business as being the “...local engine of economic development” which is of “...great significance to government economic policy and its commitment to creating a better life for all” (Modise, 1997).

Progress in initiating changes in legislation and regulations that hamper small business to do business in the South African environment was confirmed by the new CDE report

which states that the support by government for entrepreneurship has been largely misdirected (Anonymous, 2004 o).

The emphasis is clearly on change as the initial legislation and concomitant perceptions that originated from various sources, indicate 'misdirected effort' mainly due to the fact that "...support for entrepreneurs has often been used as a vehicle for poverty relief rather than wealth creation". (Anonymous, (2004p); Anonymous, 1999q)).

Each of the Sector Education and Training Authorities (SETAs) which act as agents on behalf of the South African government (paragraph 3.7) is responsible for recommending, developing, promoting and monitoring (new) learnerships.

4.5 PARTNERSHIP ENTREPRENEURS VERSUS BUSINESS INCUBATION

To overcome the restrictions highlighted by Roomi (2004), the concept of a well established, financially viable (business) partner is considered the answer. The main similarity between the concept of Partnership Entrepreneurs and Business Incubation is the supportive environment provided. Both make use of cooperative networks with access to professional consultations and technical skills, established relationships with suppliers complemented by education (tertiary) and training (the New Venture Creation Learnership falls into this category). This similarity is contained in the broader mission of business incubators (Hernandez-Gantes and Nieri (n.d).).

From a business perspective, there are other similarities which will be noted briefly. Both concepts can have a reciprocal relationship of shareholding; all parties concerned will have a vested interest even though the Partnership Entrepreneur might be more emotional in nature; both concepts produce a 'new' business; both concepts have an incubation relationship – the Partnership Entrepreneur has a 'parent company' while the Business Incubation relationship has a 'foster parent company' and lastly this relationship can be, but may not necessarily be severed when the 'new' business operates autonomously.

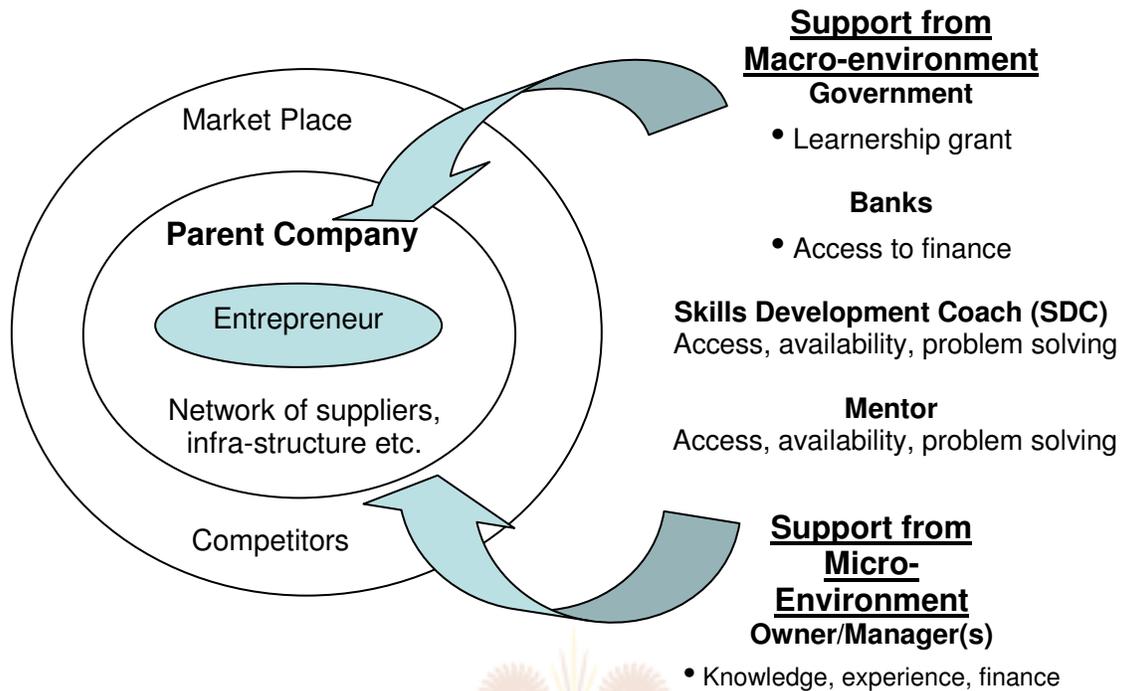
In the context of the Partnership Entrepreneur, an entrepreneur is then considered to be an inspired individual who excels at creating employment (self and others) by making use of an existing successful partnership to create a separate entity (refer paragraph 4.2.2).

This formulated definition implies that an entrepreneur is not necessarily a person who starts a new business (new venture) but that an existing business can be used as a platform to launch a 'new venture'. Entrepreneurship can be a new entry into new or established markets with new or existing goods by starting a business through an existing business which Lumpkin and Dess (1996:36) as quoted by Carree, and Thurik (2002:4) sees as internal corporate venturing.

4.5.1 Implementation of entrepreneurship

The companies selected for this research would be those ones that "...most closely reflect the entrepreneurship and risk characteristics of small businesses themselves." (Department Trade and Industry (1995)). Examples of such organizations would be small localized non-governmental organizations (NGOs), private consultancies, partnerships and companies (ibid).

Figure 4.1 Partnership Entrepreneur Environment



SOURCE: Adapted from Anonymous, 1995m; Anonymous, 2004p; Anonymous, 1999q; Hernandez-Gantes-Nieri (n.d.) and Lumpkin and Dess (1996:36 as quoted by Caree and Thurik (2002:4))

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4.6 NEW VENTURE CREATION LEARNERSHIP

The SETAs are responsible for recommending, developing, promoting and monitoring (new) learnerships and the 'New Venture Creation Learnership' had somewhat a false start with the Services Seta but renewed effort was shown with a 're-launch' in 2004 when the senior chamber manager was given direct (personal) responsibility to ensure its success.

Table 4.2 shows the three main areas (of any learnership) to be the Fundamental, Core and Elective Unit Standards. The Fundamental Unit Standards focus on the numeracy and literacy while the Core Unit Standards contains the essence of the learnership (refer Tables 1.2 and 1.3). The Elective Unit Standards points the learnership in a more specialized direction (refer Table 1.4). From Table 4.2 it is clear that behavioural aspects are considered important with regard to the characteristics/personality aspects of the

learner. While research into the personality factors of entrepreneurs started as early as 1950 and only gained momentum in the 1980s and 1990s (Byers, Kist and Sutton, 1997:1), it is the holistic functioning of the individual in terms of personal values within a specific environment that governs our lifestyle and our work (refer paragraph 2.6.2).

While the definition of an entrepreneur and entrepreneurship was discussed in paragraph 4.2 of this chapter, Shaver and Scott (1991) as quoted by Dunn (2002) elect to describe entrepreneurship as 'new venture creation'. The New Venture Creation learnership was registered with the South African Qualifications Authority (SAQA) in accordance with regulation 24C of the National Standards Bodies (NSB) Regulations of 28 March 1998, the Standards Generating Body (SGB) for Entrepreneurship Small Business Development (Anonymous, (2004:r).

4.7 ENTREPRENEURSHIP EDUCATION

“Entrepreneurship development concerns the development of people's potential as a country's most valuable resource” (Kroon, De Klerk, Dippenaar 2003). It is therefore more critical that entrepreneurial education should start at school level involving businesses (Aponte and Urbano, 2004; Department of Labour, 2001a).

Benefits from using the abovementioned approach include giving young people a chance to learn a sufficient amount about entrepreneurship, to acquire entrepreneurial and business skills and consider whether it would be an interesting career option for them. In addition, many respondents consider “...entrepreneurial skills as valuable life skills that are beneficial even when someone decides upon another career” (Aponte and Urbano, 2004).

4.8 CRITICAL FOCUS AREAS

The European Charter for Small Enterprises identified 10 key areas in which they recommend action and support to equip small businesses: (Anonymous, (n.d. v)). The

areas that will be addressed through this research on the Partnership Entrepreneur concept on a micro-environment basis are:

- Cheaper and faster start-up – through the parent company that provides resources (financial, knowledge) (refer Figure 4.1).
- Availability of skills.
- Making use of successful e-business models and developing top-class small business support – the Partnership Entrepreneur is delivered through a successful e-business model.

The areas that will be addressed through this research on the Partnership Entrepreneur concept on a macro-environment basis (e.g. government) are:

- Education and training for entrepreneurship – The New Venture Creation Learnership.

Areas other than those mentioned above that will not be addressed directly through this research on the Partnership Entrepreneur concept but which are still important (e.g. technology) are:

- Better legislation and regulation.
- Developing stronger, more effective representation of small enterprises' interests at Union and national level.
- Improving online access.
- Taxation and financial matters.
- Strengthening the technological capacity of small enterprises.

- Getting more out of the Single Market (Anonymous, (n.d) s).

4.9 NATIONAL SKILLS DEVELOPMENT STRATEGY AND ENTREPRENEURSHIP

It is apt to refer to the vision of the National Skills Development Strategy (NSDS) of South Africa as concluding comments to this chapter (Department of Labour (n.d) a).

4.9.1 Skills

An increased focus on increasing/improving the skills of the individuals involved in small businesses is necessary by redirecting finances to achieve this goal and as a result reflect the qualifications and standards which form part of the National Qualifications Framework. Of even greater importance is to ensure that individuals are enabled and empowered “...through the acquisition of competencies that are in demand” (ibid.).

4.9.2 Productive citizenship

This is more than having the right to vote. It should include active participation regarding decisions about productivity, and the organization of work and technology. “In new and small enterprises they are about entrepreneurship, sustainability and growth and in communities they are about the focus, pace and trade-offs linked to local economic development” (ibid.).

4.9.3 Overall – employed and unemployed

The vision also includes creating opportunities for both groups mentioned above (employed and unemployed) as well as for new entrants to the world of work, older people, women, men and people with disabilities (ibid.).

Table 4.1: Specific Outcomes and Assessment Criteria of the entrepreneurship unit standard

SPECIFIC OUTCOMES	ASSESSMENT CRITERIA	ASSESSMENT CRITERION RANGE
Specific Outcome 1	Assessment Criterion 1	Service Providers; manufacturing; trade and retail industries; sole traders; partnership; close corporations; co-operatives and companies
Discuss Entrepreneurship	Entrepreneurship is described and discussed	
	Assessment Criterion 2	
	Different types of business are identified, described and discussed	
	Assessment Criterion 3	Assessment Criterion Range
	Advantages and disadvantages of entrepreneurship are discussed	At least 3 of each
	Assessment Criterion 4	Assessment Criterion Range
	The role of entrepreneurship in social development is explained and discussed	Job creation; local wealth creation; negation of migrant labour; urbanization; empowerment
	Assessment Criterion 5	Assessment Criterion Range
	Enabling programs for the entrepreneur are identified	Local business service centers and providers
Specific Outcome 2	Assessment Criterion 1	Assessment Criterion Range
Identify and describe the characteristics of a successful entrepreneur	Characteristics of a successful entrepreneur are identified	Ability to identify opportunities; ability to make informed decision; ability to manage risk, time management

Specific Outcome 2	Assessment Criterion 2	Assessment Criterion Range
	Characteristics of a successful entrepreneur are listed and described	Case studies should be used to analyze successful entrepreneurs
	Assessment Criterion 3	Assessment Criterion Range
	The importance of each characteristic is analyzed	Ability to identify opportunities; ability to make informed decision; ability to manage risk, time management
Specific Outcome 3	Assessment Criterion 1	Assessment Criterion Range
Identify, assess and improve individual entrepreneurial characteristics	Individual/personal entrepreneurial characteristics are identified and listed	Questionnaires should be developed for personal entrepreneurial characteristics
	Assessment Criterion 2	Assessment Criterion Range
	Individual/personal entrepreneurial characteristics are assessed against the general entrepreneurial characteristics	Assessment should be followed by confidential counseling by the facilitator
	Assessment Criterion 3	Assessment Criterion Range
	Ways to address shortcomings is developed	Could Include e.g. skills training, assertiveness training
	Assessment Criterion 4	Assessment Criterion Range
	Strategies to address shortcomings are implemented	None

Specific Outcome 4	Assessment Criterion 1	Assessment Criterion Range
Discuss business ethics and social responsibility	The importance of business ethics are discussed	Honesty; justice; fairness; honoring of contracts
	Assessment Criterion 2	Assessment Criterion Range
	The need for social responsibility is discussed	Social responsibility is used to redress imbalances. Inter-relationship between ethics and code of conduct will be discussed
	Assessment Criterion 3	Assessment Criterion Range
	The inter-relationship between business ethics and a code of conduct is discussed	

Source: Anonymous, (n.d) t.



4.10 SUSTAINABILITY

A number of factors that centre on entrepreneurs (characteristics, skills requirements) and the businesses they create (job creation, innovative ideas) have been discussed in this chapter. However, only one criterion ensures continuance and that is sustainability.

Sustainable development revealed its first writings as early as 1792, stating 'the right to' live according to ones own values and aspirations while also making use of opportunities (Anonymous, (2003 u: 4)). Development since these first writings was really highlighted by the Brundtland Commission whose report identified two issues that are fundamental to sustainable development. This encompasses development that meets the needs of the present without compromising the ability of future generations to meet their own needs (Brundtland, (n.d.)).

The first issue focused around the "...concept of needs – in particular, the essential needs of the poor to which overriding priority should be given. The second was the idea of limitations imposed by the state of technology and social organizations on the capacity of the environment to meet present and future needs" (ibid.; Anonymous, (n.d.) Brundtland, (n.d.)). Research done by various authors reveals interesting findings:

Venter, van Eeden and King's research (2004) considered the South African environment and they looked at smaller enterprises (turnover less than R500 000) where ownership is mainly by white males in an owner/manager operating capacity with no managerial qualification. The biggest number of participants in the study by Venter (2004) *et al.*, consists of sole traders in various industries that have been in existence from as little as one year to as much as 20 years. International research by Dalgish (2003) investigated the role of leadership and the development of the appropriate skills for entrepreneurs in the sustainability of entrepreneurial enterprises. Even though the aspects identified by Colins (as quoted by Dalgish) is based on large organizations in North America, is it clear that there is definitely an overlap of factors – one of which is the will to succeed.

Berry *et al.*, (2002: 51, 52) questions the sustainability of SMMEs in terms of employment. It confirms that Gauteng Province as noted earlier is once again the top province with 27% or 210 firms that emerged in 1998 or 1999 coming from Greater Johannesburg. New SMMEs owned by black persons for the new entrants was 9% (compared to 5% for existing firms) compared to SMMEs owned by white persons which fell to 42% (down from 55%). Half of the new entrants were very small firms with 6–20 employees which confirms the classification as defined in the Small Business Act (*ibid.*).

“In essence, therefore, two ideas are fundamental to sustainable development. The first is equity in both intra-generational and intergenerational terms. The second is the imperative of maintaining the integrity of a country’s natural and social capital” (Anonymous, (2003 u)). If one considers the eight Millennium Development Goals (MDGs) that were adopted at the 56th Session of the General Assembly in September 2001 following the 55th General Assembly of the United Nations (or the Millennium Summit), it is clear that these eight goals (to be attained by 2015) are generic across the world (Anonymous, (2003 u)). They are:

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- Eradicating extreme poverty and hunger.
 - Achieving universal primary education.
 - Promoting gender equality and empowering women.
 - Reducing child mortality.
 - Improving maternal health.
 - Combating HIV/AIDS, malaria and other diseases.
 - Ensuring environmental sustainability, and
 - Building a global partnership for development.

Research by De Geus (1988: 71) as quoted by Coetzer (2004:1) considered the ability to learn faster than your competitors to be such an important element that it extends beyond being a requirement for organizational survival only – it may be the only sustainable competitive advantage. Similar goals/objectives are noted in the HRD of South Africa (refer Table 3.1). South Africa's stake in sustainable development materialised in the form of NEPAD (New Partnership for Africa's Development) launched in 2002.

The real dynamic of development lies in the empowerment that comes from taking ownership that will enhance human capabilities through health, knowledge, self-respect and the ability to participate actively in community and national life. Only then will people's creativity have been deemed unlocked thereby enabling society to achieve sustainable development (Anonymous, (2003 u)).

The focus of this study and the timeframe in which it is conducted preclude the research from establishing sustainability of the participants. Sustainability in this context would form follow-up research taking the concept of Partnership Entrepreneurs one step further than the initial start up and possibly first year of existence.

4.11 PERCEPTIONS AND EXPECTATIONS

Perceptions are based on the individual's personal way of understanding information that he/she has become aware of (Bovee and Arens, 1992:133). Research by Krueger (n.d.) indicated that perceptions such as the possible outcomes, whether good or bad, of starting a business, the perceived opinions of family and friends and perceptions of his own competence will all shape an individual's beliefs about the desirability and feasibility of founding a new venture. Entrepreneurial potential rather depends much more on perceptions and much less on personal characteristics.

Extensive information about the learnership concept and process are currently available in secondary sources such as newspapers, radio talk shows, SETA newsletters and its websites, publications by Government (HRD Strategy) and last but not least, word-of

mouth reports (gained either from hearing or experience). Academic publications by Hattingh (2003) about learnerships in South Africa have so far been limited to the preparation and action steps for implementing learnerships as well as being a tool for improving workplace performance.

Irrespective of the source of information that is available, perceptions of the learnership concept have been formed since the implementation of the Human Resource Development Strategy (HRD) since its inception in 2000, allowing events and experiences to strengthen or weaken perceptions formed. Expectations, on the other hand, are intrinsically linked to one's perceptions as expectations shape perceptions (Bovee & Thill, 1992:35). The information referred to above therefore created certain expectations by the (lead) employer (Party Design), the learner (or potential entrepreneur) and the trainers which in turn shaped their perceptions of each other and the learnership system. The research (detailed in Chapter 5) focuses on the self-perceptions (belief system) of the potential entrepreneur (Verheul, Uhlaner and Thurik, 2002). What is true is the fact that perceptions influence behaviour and therefore entrepreneurial activity (ibid).

Change in the organization occurs usually because of change(s) in the external environment. The change brought about by the HRD strategy to upskill the citizens of South Africa created a renewed emphasis on the workplace as a learning environment for a few reasons:

- Employers utilizing (the outcomes based) learnerships (only) to facilitate workplace learning are far more involved because of the learnership's 70% practical component.
- The level of employer involvement utilizing the Partnership Entrepreneur concept increases beyond that of the learnership-only concept and becomes more complex due to the vested interest and future relationship of the parties involved.

- Apprenticeships and their practical application in the workplace are not new to South Africa; however, learnerships based on the same principle are only in their second phase of implementation. Learning in the workplace of a vocation other than a trade has taken on a new meaning for business owners. Research by Billet (1994:15) argued the potential of the workplace to provide powerful learning experiences. A range of conditions (activities of learners, exposure to learning experiences, social interaction, cultural processes, coaching and mentoring) for the development of vocational skills should be nurtured to maximize the potential of the workplace.

4.12 SUMMARY

It is clear that the entrepreneur has a rich history dating back centuries and the attempt to solve the issues surrounding the entrepreneur has indeed contributed to extensive literature. Links with other disciplines such as psychology, sociology, education and business to name a few, have all been noted in various research documents as shown. A clear critical path is noted between the outcomes as specified in the New Venture Creation Learnership and the characteristics and behavioural traits of an entrepreneur.

The contentious issue of the definitions of an entrepreneur and entrepreneurship remains a reason for debate although there have been many definitions irrespective of this. A specific definition for entrepreneurship was therefore not selected. Instead, the concept of a partnership where the entrepreneur is supported by an existing successful business was advocated that created the concept within which such a definition was made. Entrepreneurship as a job creation engine has attracted a lot of attention and more emphasis has been moved to the entrepreneur's potential to initiate and successfully sustain a new venture.

Further definitions about the entrepreneur and the enterprise contextualize these terms within the focus of this study, notwithstanding reference to the potential of the entrepreneur. Central to the literature mentioned so far and for subsequent chapters are the race and gender aspects. The increased representation of females as head of their

own businesses and employed in senior decision making positions, as well as the increased empowerment and upskilling of the previously disadvantaged race groups have changed and will continue to change the face of business. The underlying factor is the renewed emphasis on continuous improvement of the approach to how entrepreneurs are handled – from selection to training (New Venture Creation Learnership for example) to supporting (through finance, networking etc.)

Having set the scene in terms of the abovementioned aspects was it logical to show how important the role of small business is in terms of creating employment and its contribution to the economy. In addition this increased the focus on small business and the support required from government and other entities to ensure success and sustainability.

Part of this support is the education of entrepreneurs and ten key focus areas are highlighted to address this issue. Equally important is the training of entrepreneurs through the New Venture Creation Learnership which together with the education aspects are catered for in the vision of the National Skills Development Strategy (NSDS) by means of skills, productive citizenship and employment/unemployment.

The burning question has always been the sustainability of new ventures and it centers round the needs of the present (individual and business) as well as the future without compromise. Such is the importance of sustainability that it has materialized in eight millennium development goals at the general assembly of the United Nations.

Sustainability is preceded by education and training as mentioned earlier and part of this process is the way in which individuals understand and disseminate information. This information is formed and processed through an individual's perceptions and expectations which form a critical part later on in this study.

Leading up to the research methodology are the three chapters that painted a flow of events starting with the origination and current status of learnerships and moving to the national skills development strategy in which the learnership concept was formalized.

Chapter 5 details the research methodology followed and consists of a few, among other, main elements – research constraints, the sample, method of data collection and particularly the reliability of the assessment tool used to conduct the research.

