

**FACTORS IMPACTING ON ENTREPRENEURIAL SUCCESS IN DURBAN**

**By**

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## DECLARATION

I, Thabo V. Ndlovu, declare that:

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- (ii) This dissertation has not been submitted for any degree or examination at any other university.
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## **ABSTRACT**

The goal of the study was to determine whether the factors that drive entrepreneurship in Durban, South Africa, are sufficient to promote economic development. In order to gain business perspective of the factors contributing to the success of business a non-probability sampling was conducted.

A non-probability sample of 100 respondents was drawn from local entrepreneurs and some of the people who were interested in establishing their own businesses in Durban. The sample was composed of 44% males and 56% females. Of the sample, 17% was a snowball sample, which was made of 13% females and 4% males, and convenience sample, which was composed of 40% males and 43% females. Of the sample, 83% were entrepreneurs and 17% were would-be entrepreneurs. The convenience sampling was viewed to be the perfect approach to gather information from the subjects who were conveniently available to supply it. In addition to that, convenience sampling was the best manner of acquiring some basic information fast and efficiently. On the contrary, to collect data utilizing probability sampling could be minimal and could take long time to collect information. To save time and costs, non-probability sampling was appropriate. Initially contact was made with two persons who then picked up sample elements known by them.

A questionnaire was developed to gather data. Statistical analysis showed that the variables presented significant relationships.

The findings showed that lack of entrepreneurial background and government support impeded success of entrepreneurs. It was recommended that the government through Small Enterprise Development Agency (SEDA) and other agencies, and University of KwaZulu Natal (UKZN) Graduate School of Business conduct more workshops for people who intend to start their own enterprises. This study could benefit the community in identifying factors that could help boost success of their businesses and develop confidence in them.

## TABLE OF CONTENTS

<b>Description</b>	<b>Page</b>
Declaration	i
Acknowledgement	ii
Abstract	iii
Table of contents	iv
Appendices	viii
CHAPTER 1 INTRODUCTION	1
1.1 Introduction	1
1.2 Background	1
1.3 Significance of the study	2
1.4 Problem statement	3
1.5 Objectives	3
1.6 Research methodology	3
1.7 Research questions	4
1.8 Limitations of the study	4
1.9 Summary	4
CHAPTER 2 LITERATURE REVIEW	
2.1 Introduction	5
2.2 Definitions of entrepreneur	5
2.3 Types of entrepreneur	6
2.4 Personality factors and entrepreneurial performance	8
2.4.1 Definition of personality	9
2.4.2 Essential personality traits	9
2.4.2.1 Interest in the business	9
2.4.2.2 Entrepreneurs view themselves as successful people	10
2.4.2.3 Entrepreneurs are confident	10
2.4.2.4 Entrepreneurs are optimistic about their country's economic future	10
2.4.2.5 Motivation to be independent	11
2.4.2.6 Self-efficacy	11
2.5 The role of the family in business	13

2.5.1 Family members working in the business	13
2.5.2 Family members not working in the business	14
2.5.3 Entrepreneurial couples	14
2.5.4 Children in business	15
2.5.5 Challenges typical to family businesses	15
2.5.5.1 Role conflict	16
2.5.5.2 Succession	17
2.6 Financing new venture	17
2.6.1 Self-funding	18
2.6.2 Family and friends	18
2.6.3 Banks	19
2.6.4 Micro-financing	19
2.6.5 Moonlighting	19
2.6.6 Bootstrapping	20
2.6.7 Equity finance	20
2.6.8 Angel investors	20
2.7 The role of the government in developing and enabling small business environment	20
2.8 The role of the Industrial Development Corporation	22
2.9 Business agencies and support programmes	23
2.9.1 The role and functions of Ntsika	23
2.9.2 The involvement of Khula Enterprise Finance Limited in business	23
2.9.3 The Local Business Service Centre programme	24
2.9.4 Umsobomvu Youth Fund	26
2.10 The impact of technology on the entrepreneur	26
2.11 The role of knowledge management in developing business	26
2.12 Understanding strategies for business expansion	27
2.13 Entry into new markets	27
2.14 Tax implications for entrepreneurs	28
2.15 The importance of insurance in business	29
2.16 Buying an existing business can offer a greater chance of success	29
2.17 The importance of suppliers	29

2.18 Conclusion	29
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## CHAPTER 3 RESEARCH METHODOLOGY

3.1 Introduction	31
3.2. Aim and objectives of the study	31
3.3. Data collection strategies	31
3.4 Research design and methods	32
3.4.1 Research design	32
3.4.1.1 Construction of instrument	34
3.4.1.2 Recruitment of study participants	35
3.4.2 Pretesting and validation	36
3.4.3 Administration of the questionnaire	36
3.5 Analysis of the data	37
3.6 Summary	37

## CHAPTER 4 PRESENTATION OF DATA

4.1 Introduction	39
4.2 Biographical data	39
4.3 Gender participation	40
4.4 Cronbach's Alpha	40
4.5 Data Analysis 1: An entrepreneur's primary motivation for starting a business is to be independent	43
4.6 Data Analysis 2: You view yourself as a successful entrepreneur	43
4.7 Data Analysis 3: Personality is a reliable predictor of future behaviour in business	44
4.8 Data Analysis 4: Establishment or expansion of your business is important to you	45
4.9 Data Analysis 5: You can acquire funds needed to open/ expand your business	45
4.10 Data Analysis 6: You know the requirements of the funding sources	46
4.11 Data Analysis 7: You can start a project in spite of a myriad of obstacles	47
4.12 Data Analysis 8: You understand strategies for your business expansion	47

4.13 Data Analysis 9: Entry into new markets is now too difficult	48
4.14 Data Analysis 10: Your family members help you in the day-to-day running of your business	49
4.15 Data Analysis 11: Your parents funded in part of the start-up of your business	49
4.16 Data Analysis 12: Your parents were entrepreneurial	50
4.17 Data Analysis 13: Lack of suppliers can deter you from opening/ expanding your business	51
4.18 Data Analysis 14: Knowledge drives today's global economy	52
4.19 Data Analysis 15: You are a confident person	52
4.20 Data Analysis 16: Competition can deter you from expanding your business	53
4.21 Data Analysis 17: Insurance minimises financial impact	54
4.22 Data Analysis 18: Buying an existing business can offer you a greater chance of success	52
4.23 Data Analysis 19: You are optimistic about your country's economic future	55
4.24 Data Analysis 20: The government provides support for your business	56
4.25 Data Analysis 21: Business agencies provide support for your business	57
4.26 Data Analysis 22: Looking ahead five years, your business would have developed	58
4.27 Data Analysis 23: Provision of technology will help your business	59
4.28 Data Analysis 24: Tax regulations can deter you from developing your business	60
4.29 Data Analysis 25: You keep abreast with the latest laws and regulations that impact entrepreneurs	60
4.30 Correlation Analysis	62
4.30.1 Correlation 1: You are a successful entrepreneur and personality is a predictor	62
4.30.2 Correlation 2: Technology supports business and your business will develop	63
4.30.3 Correlation 3: Business is important and you are confident	64
4.30.4 Correlation 4: You know funding requirements and you can start a project	65
4.30.5 Correlation 5: You can acquire funds and you know funding requirements	66
4.30.6 Correlation 6: Knowledge drives economy and business is important	67



4.30.7 Correlation 7: Government supports business and agencies support business	69
4.31 Regression analysis	71
4.32 Conclusion	74

## CHAPTER 5 DISCUSSION OF FINDINGS

5.1 Introduction	75
5.2 Discussion of findings	75
5.2.1 Incapability to enter new markets	75
5.2.2 Lack of personal support	76
5.2.3 Inadequate government support	76
5.2.4 Lack of agents support	77
5.3 Recommendations	77
5.4 Limitations of the study	78
5.5 Summary	78
5.6 Conclusion	79

REFERENCES	80
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## APPENDICES

Appendix 1: Questionnaire

Appendix 2: Ethical Clearance

# **FACTORS IMPACTING ON ENTREPRENEURIAL SUCCESS IN DURBAN**

## **CHAPTER 1 INTRODUCTION**

### **1.1 Introduction**

Entrepreneurs are significant to the South African economic growth. Nieman, Hough and Nieuwenhuizen (2008) argue that small, medium and micro-enterprises (SMMEs) form 97.5 percent of all businesses in South Africa. They generate 34.8 percent of gross domestic product, contribute 42.7 percent of the total value of salaries and wages paid, and employ 54.5 percent of all formal private sector employees. This is, possibly, a sign of a developing entrepreneurial spirit among the South African population which considers entrepreneurship as an opportunity for progress through life.

This study will examine the factors impacting on entrepreneurial success and obtain more amount facts on how developing entrepreneurs are stopped from being as successful as they should be.

The study will use a quantitative approach. The purpose is to develop or prove relations between variables and then suggest opinions that could improve the development and sustainability of businesses.

The quantitative approach is relevant because the study seeks to obtain accurate findings through the use of descriptive analysis, correlation and regression analyses, which involve analyses of numerical data. The study will also use the quantitative method because it will target entrepreneurs, managers of businesses and people who intend to establish their own businesses, and determine what size have certain behaviours and what knowledge is related to the factors concerned.

### **1.2 Background**

The most vital people in an economy are entrepreneurs, because they create jobs. Entrepreneurs prompt and influence change: they accelerate transformation in the economy, and they initiate new competition, thereby boost productivity. Social entrepreneurs execute a similar duty in the social economy, filling gaps in social needs that are left unfilled or neglected by both business people and governments (Bosma and Levie,

2009). However, Blackwell (2002) warns that creating a business venture is the same as going into a tropical forest on a treasure hunt. And there are rewards to be won, both in material wealth and personal satisfaction, though there are dangers hanging about and you can easily become disoriented.

Price (1999) argues that it is difficult to choose the kind of business that is easy to start and guaranteed to be successful, since launching a successful venture is so dependent on the entrepreneur, venture trends, and economic trends worldwide.

Lambing and Kuehl (2003) mention that more than one factor must be considered when studying entrepreneurs. They further argue that there is still no agreement as to why some people choose self-employment and others choose to work for someone else. This is because whether a person becomes an entrepreneur or decides to be an employee is the result of many factors. The study shows that there are some elements that have an effect in the prediction of entrepreneurial behaviour. This study has identified factors that influence entrepreneurs, including personality, family, government, business agencies, and technology.

The findings of the study can benefit the people who intend to establish their own enterprises, as well as entrepreneurs and government officials who deal with SMME issues.

### **1.3 Significance of the Study**

Even though the government has designed regulations, policies and programmes aimed at uplifting entrepreneurs, in contrast, some entrepreneurs are facing dramatic failure of their businesses. Little has been done at state level to assess the effectiveness of the state support on developing enterprises.

Through observation of this situation, the current research was developed. The study would give advantage to prominent members of the state whose responsibilities are to ensure effective implementation and control of government laws, regulations and policies. It would also contribute to the local business service centres whose role is to increase the

access of local entrepreneurs to support programmes including the distribution of resources.

#### **1.4 Problem Statement**

The SMMEs are great contributors in the country's economic growth. They are regarded as one of the major factors that contribute to economic development. Hence, the government should develop policies and programmes that assist enterprises with the aim to expand industrial investment and economic growth.

Demographically, black people in Durban are in the majority. However, in business, they are in the minority. Despite the policies and programmes that have been formulated to promote the growth of SMMEs, black business people show a lack of success in their businesses. The intention of this study is to examine the extent to which black owned enterprises have been able to approach personal sources of support, financial sources of support, institutional sources of support, and professional sources of support. The study will further investigate what factors and strategies contribute to the success of SMMEs in business in Durban.

#### **1.5 Objectives**

The objective of this study is two-fold: both are linked to the success of entrepreneurs. The first objective is to recognise strategies that can contribute to the continuous development of entrepreneurs and that can be evident in their conducts. The second is to determine the entrepreneurial attitude in the development of entrepreneurs within the industry. This study will impart knowledge on how to access funds to start business and to manage businesses. It will also help develop confidence in those who want to establish or expand their businesses.

#### **1.6 Research Methodology**

A quantitative approach will be used in this study. The preferential use of a quantitative approach places greater value upon information that can be numerically manipulated in a meaningful way and this is the traditional scientific approach to research (Page and Meyer, 2000).

To manage a quantitative study, a Likert scale type of questions will be used to gather data.

Twenty-five questions will be developed, giving respondents the power to choose answers arranged from one to seven, with one being *strongly disagree* and seven *strongly agree*. One hundred participants will be involved in the study.

This study will employ quantitative analyses to analyse what factors contribute to entrepreneurial success in Durban. The SPSS will be used to analyse data. To obtain accurate findings the descriptive, correlation and regression analyses will be used. These analyses would make it possible to assess linear relationship between variables, and to evaluate internal consistency and reliability in the study, Cronbach's Alpha will be used.

### **1.7 Research Question**

The study aims to establish the factors contributing to entrepreneurial success by responding to the following question:

What factors impact on entrepreneurial success in Durban?

### **1.8 Limitations of the Study**

The limitation that could affect the study is that some of the potential entrepreneurs would not respond appropriately as the business information they possess is inadequate.

If the researcher had managed to access the number of businesses or entrepreneurs in Durban, this would have strengthened the study.

### **1.9 Summary**

In Chapter One the focus of the study was discussed, namely, the factors impacting on entrepreneurial success in Durban. The next chapter presents the literature review on factors impacting on entrepreneurial success.

Chapter Three reviews quantitative technique as a research methodology employed in the investigation. Chapter Four focusses on the analysis of data gathered from one hundred participants, and Chapter Five offers the findings, suggested recommendations and conclusion.

## **CHAPTER 2**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter reviews the literature on entrepreneurs, with specific focus on factors impacting on entrepreneurial success in Durban. The literature shows that there are some factors that have an influence in the prediction of entrepreneurial behaviour. Firstly, the discussion will be based on the different definitions of entrepreneur. Then, the discussion will turn to the following:

- types of entrepreneurs
- personality factors and entrepreneurial performance
- the role of the family in business, financing new ventures, the role of the government in developing business
- the role of the Industrial Development Corporation
- business agencies and support programmes
- the impact of technology and knowledge management in developing business
- understanding strategies for business expansion, entry into new markets
- tax implications for entrepreneurs, the importance of insurance in business
- buying an existing business.

The discussion will conclude with the importance of suppliers.

#### **2.2 Definitions of entrepreneur**

Jones and George (2008) define entrepreneurs as persons who see opportunities and make a decision on how to use the resources in the production and improvement of goods and services. Similarly to Jones and George (2008), Zimmerer and Scarborough (2005), define an entrepreneur as one who establishes a new venture despite many risks and uncertainty, with the intention of gaining profit, exploring chances and gathering the appropriate resources to capitalise on them. According to Ross (1975), this is the experience of knowing that tomorrow you might be wiped out, the sort of uncertainty that would produce unbearable stress in most people.

Nieuwenhuizen, Le Roux and Jacobs (2005) define an entrepreneur in different ways. Firstly, they perceived entrepreneurs as experts at discovering unaccustomed products, and unfamiliar ways of production or developed means of marketing existing products. The second description is that entrepreneurs are people with the capability to establish a business which never existed. They originate combinations of thoughts, expertise, capital, equipment and markets that form a flourishing venture. Another description is that of a person who: creates his or her own business; is in charge of his or her own enterprise; explores new products or opportunities; is creative and/or innovative; manages resources to ascertain a gain, with the capability and understanding needed to market, develop and finance a service or product; is financially healthy or who can access finance so as to establish the enterprise; and who has no fear to be involved in risks.

Price (1999) mentions that risk is involved in making any entrepreneurial venture successful. Some researchers revealed that people who are responsible for the growth of an enterprise are also identified as entrepreneurs. They believed that business growth may be a helpful yardstick to differentiate well-established entrepreneurs from developing entrepreneurs (Merz, Weber & Laetz, 1994).

### **2.3 Types of entrepreneur**

Classification of entrepreneurs into different types provides a point of departure for gaining an understanding of how different kinds of entrepreneurial ventures work and the disparate factors underlying their success. Two approaches are applied to group entrepreneurs, either to categorize the entrepreneurs themselves or to classify their undertakings.

According to Wickham (2004), the general known entrepreneurs are either those intending to start up business from scratch, so called emerging entrepreneurs, or those having one enterprise, or singular entrepreneurs. Singular entrepreneurs at a starting stage of business are referred to as novice entrepreneurs. Singular entrepreneurs are further classified as those entrepreneurs willing to maximise their returns from short-term deals, and craftsmen. The growth oriented entrepreneur is the one who takes chances to maximise the potential of their businesses, and the independence-oriented entrepreneur is one whose intention is to work for himself. These latter kinds of entrepreneurs prefer stability to growth and so are willing to limit the scope of their ventures.

He further mentioned that craftsmen are not interested in profits as such, but in being able to earn a stable living from their specialist skills. Craft entrepreneurs can be subdivided into those whose main aim is to secure a steady income and are referred to as income oriented, and those who take the risk of expanding the business and face the challenge of changing their role from being craft operators to being managers of craft operators. Such entrepreneurs are called expansion oriented.

Equally important, Webster (1977) further classified entrepreneurial ventures by the ratio of the amount that is expected to be received resulting from the venture's success and the number of investors involved.

Landau (1982) distinguishes entrepreneurs using their characteristics of innovation and risk taking and define them as high or low. The gambler is an entrepreneur characterised by the low level of innovation and a high degree of risk. He believes that without a significant innovation, the entrepreneur is taking a big chance in being more able to deliver value better than existing players in the market. Moreover, the consolidator is the entrepreneur who creates a venture based on low degrees of both innovation and risk. The dreamer is the entrepreneur who tries to gather a high degree of innovativeness and low level of risk.

Wickham (2004) points out that technology based entrepreneurs are extremely necessary in current enterprise as it is they who have an advantage on the new scientific developments, particularly in information technology, biotechnology and engineering science, and provide some benefit to the wider universe.

Siu (1996) identifies five types of entrepreneur: senior citizens, workaholics, swingers, idealists, and high-flyers. Senior citizens undertake a venture to keep occupied during their retirement. It is privately funded and has no long-term strategic ambitions. Workaholics are also retired but show more ambition for their ventures than senior citizens. They often possess administrative experience and their businesses are bigger, drawing on a wider range of technical skills. Strategic goals may be explicit and employees may be invited to make a personal investment in the future of the venture. Swingers are younger entrepreneurs who aim to make a living from making deals. They may have only limited industrial and technical experience and rely on networks of personal contracts. Their venture may be moderately large but they tend not to have long-term strategic goals. The



main aim is to maximise short-term profits. Funding is provided through trained earnings, family contributions and personal loans (Siu, 1996).

Siu (1996) further defined idealists as younger entrepreneurs who run moderate-sized ventures. However, their motivation is based less on short-term profits than the sense of achievement and independence that running their own venture gives them. They serve a variety of end-markets and their ventures may be based on high technology products. Financing is through trained profits, family contributions and private investment. High-flyers are motivated in much the same way as idealists. However, their ventures are much larger, reflecting success in the market place.

Bessant and Tidd (2007) regard an entrepreneur as a person whose personality characteristics are linked to creativity such and willingness to explore, tolerance of uncertainty, resistance to early closure, inquisitive and tolerance of risk.

#### **2.4 Personality factors on entrepreneurial performance**

According to Paulson (2007), entrepreneurs come in all forms, sizes, races, genders, and nationalities and they have a few general traits that appear to distinguish them from the entrepreneurs who work as employees.

Wickham (2004) claims that entrepreneurs have a special, or distinctive personality, ultimately empirical in nature. Lambing and Kuehl (2003), emphasise that despite the fact that personality characteristics have not been proved to be reliable predictors of future behaviour, many studies still focus on the entrepreneur's personality. Some people such as Drucker (1985) do not believe that traits are a deciding factor and argue that anyone can be skilled to become an entrepreneur.

Literature confirms that personality is critical in establishing a new venture. According to Lambing and Kuehl (2003), one entrepreneur explains: "Teaching drive or initiative or ingenuity or individuality, is highly impossible. And teaching a mind-set or a personality is also unlikely".

### **2.4.1 Definition of personality**

Carver and Scheier (2000) developed a definition of personalities that cover areas of general agreement across the different schools. They suggested personality is:

- Organised - it has a coherent unity and is not fragmented;
- Active - personality is maintained by and revealed through dynamic processes;
- Physical - personality is a psychological concept, but it is derived from physical (anatomical and neurophysiologic) processes, particularly, but not exclusively, in the brain;
- Casual - personality determines how an individual will act and react in particular circumstances ;
- Regular - the personality of an individual is consistent over periods of time, and leads to consistent patterns of behaviour;
- Manifest - it shows up in many different ways, including physical states, affective moods, personal feelings, decisions and actions.

### **2.4.2 Essential Personality Traits**

Lambing and Kuehl (2003) argue that whether entrepreneurial habits are evident at birth or developmental stages of a person, some characteristics are often noticed in those who enjoy achievement. Some of these traits are: interest in the business; being confident; being optimistic about the country's economic future; viewing themselves as successful; being independent; self-motivation; willingness to take risks; opportunity orientation; tolerance of uncertainty; initiative and drive to achieve; need for perfection; time consciousness; ability to think creatively; ability to perceive holistically; encouraging factors and self-efficacy.

#### **2.4.2.1 Interest in the business**

Lambing and Kuehl (2003) state that as there may be many hurdles and obstacles to be overcome. Therefore, an entrepreneur without interest in the business cannot survive. The business will not succeed if there is no passion. Entrepreneurs are people who can start a project in spite of a myriad of obstacles. They demonstrate persistence in pursuing their goals in establishing their own businesses regardless of what factors they come across.

#### 2.4.2.2 Entrepreneurs view themselves as successful people

Lambing and Kuehl (2003) mention that entrepreneurs have self-motivation and self-determination. They view themselves as successful people. Self-motivation and self-determination are important in promoting entrepreneurial success. Self-determination is a good sign of accomplishment of an entrepreneur since successful entrepreneurs act out of choice; and are never victims of fate. Entrepreneurs believe that their achievement or unsuccessfulness is a result of their own responsibilities. This trait is known as an internal locus of control. A person who has a belief that fate, the economy, or other outside factors, drive success, has an external locus of control and is unlikely to become successful entrepreneur.

According to Lambing and Kuehl (2003), as a result of the hurdles and obstacles that hinder, an entrepreneur should be consistently obstinate. Entrepreneurs do not only think about the present situation of their businesses, they also think about the future. They look ahead in future years and see their businesses having developed. Although they might have failed many times at the early stages of their businesses they do not regard failure as the end of their journey: instead they view themselves as successful entrepreneurs. It has been stated that successful entrepreneurs experience learning instead of failure. They know that difficulties are merely opportunities in work clothes. Cronje, Du Toit, Marais, and Motlatla (2005), support this view and state that a successful entrepreneur is an individual who correctly interprets the risk situation and then determines actions that will minimize the risk and take business to the highest level of development.

#### 2.4.2.3 Entrepreneurs are confident

Clarke (2001) points out that for the new entrepreneur, the strange new business world consists of “unknowns”. All these unknowns can create high levels of tension and anxiety or fear. But entrepreneurs have no fear of the unknown. They regard establishment or expansion of their businesses as something significant to them. They confront their fears. They have faith in their ability to accomplish. They have a tendency of being confident about their prospects (Zimmerer and Scarborough, 2005).

#### 2.4.2.4 Entrepreneurs are optimistic about their country's economic future.

Factors that cannot be controlled like the climate, the weather, and changes in consumer tastes in many cases have a huge impact on a business. These factors force entrepreneurs to

live a life full of uncertainty which has no clarity. However, successful entrepreneurs have no worry with this ambiguity. Instead, they are optimistic about their country's economic future. They see the promotion of entrepreneurship by the South African government as a way of addressing the development goals in the country, such as job creation; poverty alleviation; wealth creation; and social stability (Nieman and Pretorius, 2004).

#### 2.4.2.5 Motivation to be independent

According to Parker (2008), self-motivation is critical. He mentions that once you have mapped out a course of action, you need to be motivated to do what it takes to bring it to fruition because you will be the boss and nobody will tell you what to do. Although some people have a belief that money is a drive for entrepreneurs there are other factors which are also important. Studies show that an entrepreneur's strong motivating influence for starting business is to be independent.

Kroon (1998) emphasises that successful entrepreneurs are driven internally by their own need to attain self-defined standards and goals. Entrepreneurs usual plan to establish their own enterprises in order to avoid being under the authority of someone else.

According to Lambing and Kuehl (2003), research shows that nearly 3,000 entrepreneurs recognised the following factors below as very crucial reasons for choosing self-employment: to utilize personal skills and capabilities; to be independent about his or her life; to create something for the family; as he or she was excited about the challenge; and to live a life of his or her choice. In addition they reveal that other studies have indicated other factors like the need for recognition, a need for real and meaningful rewards, and a desire to achieve set goals, to be significant.

#### 2.4.2.6 Self-efficacy

A recent study has suggested that the concept of self-efficacy drives a person's entrepreneurial motives. Self-efficacy has been described as a person's perception of his or her ability to take responsibility. One study found that a sense of personal efficacy that has accuracy and strength is important to the starting and continuation of performance in all spheres of human development. Hence, a person who has faith that he or she would succeed as an entrepreneur is more likely to pursue it as a career option (Lambing and Kuehl, 2003).

Parker (2008) emphasises that although entrepreneurs come from all walks of life, they inevitably possess a series of personality traits that equip them to cope with the demands of running a small business. He further mentions that successful entrepreneurs tend to approach a new project with caution, but once they have carefully considered its pros and cons and the odds, they act with due speed as procrastinators do not make good entrepreneurs.

Furthermore, he states that to cope with emergencies and avoid letting customers down, you have got to be something of a jack of all trades, willing and able to tackle any task. However, to multi-task effectively, an in-depth understanding of every activity that is part of the core business and how it fits to the overall scheme of things, is needed (Parker, 2008).

Parker (2008) also suggests that it is needless to be a whizz with figures though you should be comfortable with the basics of financial control, including budgets and income statements. He highlights that being unable to monitor the financial performance of your business would be like flying blind. A crash landing is likely to follow.

Moreover, he states that you cannot operate a business in isolation. You will need customers, suppliers, staff, financiers and others to make it work. In addition, he emphasises that an entrepreneur will have to deal frequently with customers, associates and staff. Whether you like it or not, your people skills will determine the quality of the relationships you will establish and, with it, the strength of your support network (Parker, 2008).

Parker (2008) argues that your business will not grow unless you focus on a limited number of essential tasks and delegate the balance to members of your team. Of course, if you plan not just to start small, but also to stay small, you can safely ignore this hint.

Lastly, Parker (2008) argues that an ability to control cash is essential since excessive borrowings can lead to the demise of a sound business. This suggests that it is safe to select a business proposition that allows one to keep some funds in reserve.

## **2.5 The role of the family in business**

Kaplan (2001) mentions that families are a major source of funds and personnel for new small business, providing a support network made up of people the entrepreneur knows and trusts. Literature shows that many entrepreneurs have been raised in families in which one or both parents and other relatives owned a family business.

The support of family and friends is likely to be of utmost importance to the success of the business. Because an entrepreneur is probably going to spend less time with them, he or she will have to make a special effort to maintain contact and make up for cancelled appointments. Family and friends will need to understand that an entrepreneur is going to work long hours from the start, that sometimes appointments with them will be cancelled at the last minute because of a business crisis (Macleod and Terblanche, 2004).

### 2.5.1 Family members working in the business

Southon and West (2002) point out that entrepreneurs are great people, but they need all the help they can get. Burke (2006) states that family support, in its wider sense, is an important source of encouragement, motivation, recognition and finance for start up businesses.

According to Parker (2008), to have family members working in your business can be extremely beneficial, but it also raises problems of its own. On the plus side, you will be able to trust family members implicitly, and will be entitled to expect that, given the circumstances, they will go the proverbial extra mile in helping you to build the business.

On the contrary, a possible downside is that if you work with family members, you run the risk of taking your business problems home with you. This would remove your only sanctuary and leave you no time to relax properly. In addition, family members are sometimes less than diligent in their duties, knowing well that they are unlikely to be fired (Parker, 2008).

Parker warns that once you employ other staff, the members of your family need to be treated like everyone else. Nothing erodes staff morale more than the boss showing favouritism towards some of his employees, especially if they are family members (Parker, 2008).

### 2.5.2 Family members not working in the business

Parker (2008) argues that whether you like it or not, a decision to create enterprise is bound to affect the lives of all the members of your immediate family, even if they will not be working in the business. He cites the following scenarios:

- You will probably come home late from work than you did previously.
- Occasions when you bring work home will become more frequent, and customers may call you at home, perhaps even at odd hours.
- If you are the parent of the young children, they will have to come to terms with the fact that you will not have as much time as in the past to attend school functions, help with homework, and provide transport services for them and their friends.
- Your social life, too, will have to be put on the back burner for a while, and you will no longer be as understanding as you were in the past when people decided to drop in at short notice or, heaven forbid, arrived unannounced at your doorstep, expecting you to entertain them.
- Vacations will be less frequent than in the past and also shorter. You might even have to cut down family outings and dinner engagements.

Therefore, this suggests that getting the understanding and cooperation of all the members of your family is crucial for the survival of the business. This could be achieved by involving these members in your plans from the very beginning, explaining what is at stake and asking them to back you in what you intend to do. Mcleod and Terblanche (2004) support this view and suggest that the entrepreneur “make them part of the decision as to whether to start your business or not because the support of your family and friends is likely to be of the utmost importance to the success of your business”.

### 2.5.3 Entrepreneurial Couples

Lambing and Kuehl (2003) highlight that having your spouse as a business partner is becoming a very popular idea. Entrepreneurial couples are one of the quickest developing growing sectors of the business population. It is very common for the spouse and entrepreneur to work long hours and for less pay than any employee would tolerate. Spouse partnerships can also balance work and family life successfully, once the business is much larger. Since the amount of personal time the couple spends together is limited,

time must be set aside to relate as husband and wife to discuss the couple's relationship, not just as business partners.

Literature reveals that entrepreneurs work extremely long hours which leaves almost no time for recreation and family responsibilities. This usually ends up destroying the good atmosphere within the family members and results in great stress. Others end up separating (Timmons and Spinelli, 2007). Paulson (2007) points out that assigning your spouse employee's work may help you to pay for your family's health insurance through a company group plan. The more they are financially supportive, the more they will be supportive in assisting you to accomplish the work. He further warns owners that they should not create situations where their partners would feel that business is given more considerations than family life, because this may result in a divorce. They must ensure that the family is knowledgeable about this and that this is not the case.

Lambing and Kuehl (2003) also suggest that in order to sustain a good partnership couples need to assign specific areas of responsibility and have a written agreement. They must agree on whether the company should grow slowly or quickly. So, the good or bad family relationship may promote or impede the creation or expansion of the business.

#### 2.5.4 Children in Business

According to Wickham (2004) offsprings of entrepreneurs often show great business acumen and leadership ability. He further argues that entrepreneurship is not inherited but can be learnt, as any person can become an entrepreneur provided he or she follows the entrepreneurship methodology correctly. The trend is that most people born and raised in entrepreneurial environments have continued running their family business or opening their own.

According to Katz and Green (2009), children of family business owners learn how business works by observing their family at work. By observing their parents they gain early experiences that help them develop the skills, competencies, and self-confidence that contribute to later decisions to become entrepreneurs and to their ability to succeed.

#### 2.5.5 Challenges typical to family businesses

Katz and Green (2009) argue that there are two challenges typical to family businesses.



These are role conflict and succession.

#### 2.5.5.1 Role conflict

Role conflict describes the kind of problem that arises when people have multiple responsibilities, such as parent and boss, and each makes different demands on them. As a boss you might want your daughter to stay at the store and work, while as a parent you may want your own daughter to take time off to be with her own children (Katz and Green, 2009).

Role conflict is worst when people fail to recognise it. For family business, the most effective approach for avoiding role conflict is to keep family issues out of the family business. Whenever possible, try and make decisions based on business necessities. When making a decision from a family perspective, broaden it to apply equally to non-family members as well. For example, if family members in the business can take time off for their children's graduations, so should employees who are not part of the family (Katz and Green, 2009).

Katz and Green (2009) further find that role conflict breeds another unending problem – the shortage of time. Entrepreneurs are among the most rushed people in the workforce. Part of this comes from the responsibilities of ownership. Entrepreneurs are always working, even if it is just thinking about what to do next at work. Add family responsibilities, and schedule overload is almost a certainty. There are, however, a collection of techniques for time management, which can help meet the challenges of schedule overload.

According to Katz and Green (2009) the following techniques can help entrepreneurs manage time:

- List responsibilities as soon as you get them. Then as you finish them, you can enjoy crossing them off the list.
- Prioritise your tasks based on their importance to your business and their due date. The most important tasks due soonest get a priority of 1. Tasks with lesser importance or a longer time to completion get ranked 2, and your “back burner” concerns get ranked 3. If there are tasks (of any level) that can be lumped

together, so much the better. If the task will not help your business or family, it is probably not a priority 1 task.

- Look at your task list and see which tasks you can get others to do for you. When you're overloaded, getting more people on the job for you is a powerful way to get more done.
- Take a few minutes everyday to repeat the above steps. It will save you time later.
- Strategise: Once a week, take a few minutes to look at the things you did not do this week and check if you are overlooking something which could be important to your business, family, or yourself, but is getting overlooked in the short run. Entrepreneurs are notorious for overlooking their health and cheating themselves and their business out of time to think about the big picture and their firm's future. Ten minutes a week spent this way can make a world of difference.

#### 2.5.5.2 Succession

Succession is defined as the method of intergenerational hand over of a business. Having a succession programme in place is important. This could help in times when the owner becomes ill, dies or is incapacitated before a successor is groomed. Problems arise if there are no succession plans. Private and public dissension among various factions of the family become more likely, negatively affecting operations within the firm, and eventually causing the business to fail (Katz & Green, 2009).

According to Lambing and Kuehl (2003), whatever the decision of the founder, his or her plans regarding succession should be made clear. Children should know if they will take over management or if the business will be sold to an outsider. If they spend years in the business only to find out that it is sold to an outsider, they may have trouble finding positions in other companies.

## 2.6 Financing new ventures

According to Kaplan (2001), when launching a business, entrepreneurs find it difficult to get start-up capital. They are not knowledgeable about the existence of various sources of capital that could suit their businesses. They need to look for information and assistance that could help them to prosper and develop. Some entrepreneurs avoid support because

they treasure their autonomy to make their own decisions. There are different sources of support that are available to provide assistance to entrepreneurs. However, these various sources have their expectations and requirements. Therefore, entrepreneurs need to plan ahead and do not have to let the financial requirements be a surprise. Lack of knowledge on funding sources may impede entrepreneurial success.

Kaplan (2001) mentions that there are several sources of funding that an entrepreneur needs to explore. These include: self-funding; family and friends; angels; equity finance; bank loans; moonlighting; and bootstrapping.

### 2.6.1 Self-funding

Venter, Urban and Rwigema (2008) argue that the most convenient and the most effective way for an entrepreneur to finance an invented business would be through his or her own capital. This suggests that entrepreneurs would rely on the sale of assets, investments trust funds, inheritances, savings and the like.

Self-funding requires sufficient experience and business skills. When you apply for a start-up finance, financial institutions will be more inclined to lend you the venture capital if you have good qualifications and adequate business experience. Entrepreneurs should acquire some basic knowledge of the principles of business management and administration, including marketing, strategic planning, personnel administration, sales, and basic accounting before you start a business (Van Aardt, Van Aardt, Bezuidenhout, and Mumba, 2008).

Research shows there are some benefits for using one's own capital. For instance, there is no need to provide collateral. The entrepreneur does not have to relinquish any ownership, and there is no need to comply with requirements of funders. However, self-funding is risky, because failure of the venture may cause an entrepreneur to lose his or her own money. Moreover, illiteracy, lack of capital and unemployment hinder an entrepreneur in financing his or her venture (Venter, Urban and Rwigema, 2008).

### 2.6.2 Family and friends

Venter, Urban and Rwigema (2008) point out that because of their relationship with the

entrepreneur, friends and family are considered to be a ready source of funding. Research shows that many of those who successfully start their own businesses have the backing, even though it may be only moral support, of friends and relatives. Although friends and family are considered the best alternative to self-funding, however, it can also be harmful if the relationship breaks down. Therefore, be sure to enter into a valid business contract so that all aspects of funding are addressed, namely shareholding, repayment, and involvement in the business, as well as participation in the management of the business (Van Aardt et al, 2008).

### 2.6.3 Banks

Entrepreneurs should also be aware that banks provide finance to small, medium and large enterprises. However, it is not easy to get finance from the bank because a bank requires that an entrepreneur has adequate cash flow to cover it, and clarity of how much it is expected to give and how wisely will the money be invested. Entrepreneurs need to secure their loans through collateral such as assets, cash, investments, accounts receivable and the like (Venter, Urban and Rwigema, 2008). Therefore, entrepreneurs should make a thorough analysis of their affordability to secure loans.

### 2.6.4 Micro-financing

Micro-financing provides an important source of funding for those entrepreneurs excluded from formal financial institutions. These sources include Matshonisa, mostly found in townships, and private institutions. Unlike banks who need collateral, in micro-financing, entrepreneurs do not have to provide security for their loans through collateral such as assets, cash, investments, accounts receivable and the like. These sources are not safe because borrowers have to hand in their cards, payslips and identity documents as security against a loan (Venter, Urban and Rwigema, 2008).

### 2.6.5 Moonlighting

Many businesses which are operated at homes have been established while the founder is still an employee. The money earned from work helps support the owner when the bank balance is negative. But when an entrepreneur is satisfied that the business is paying better, he or she can now engage full time with the new business (Kaplan, 2001). This kind of financing is good for those entrepreneurs who retired from work.

### 2.6.6 Bootstrapping

This kind of source has to do with keeping current costs and expenses of an ongoing business. The benefit of using this type of source is that the more efficient and conscious an entrepreneur becomes, the more chances for an entrepreneur to access additional funding (Kaplan, 2001).

### 2.6.7 Equity finance

Venter, Urban and Rwigema (2008) point out that when entrepreneurs are unable to fund their ventures using their own money, they may make use of equity or investment finance. This method requires the entrepreneurs to establish a company, partnership or close corporation, to attract shareholder capital. Entrepreneurs can establish a company in order to generate large amounts of capital through share offerings. After formation of a company entrepreneurs become shareholders who are entitled to share in the profits. When used accordingly, shares can help in the expansion of businesses.

### 2.6.8 Angel investors

Venter, Urban and Rwigema (2008), define an angel as a private investor who often has nonmonetary motives for investing as well as the usual financial ones. They are wealthy individuals who are looking to invest in new ventures which show promise and potential. Angel financiers are considered to be a more friendly and accessible alternative to venture capitalists, particularly for seed and start-up capital. Unlike venture capitalists who demonstrate more narrow focusing on specific industry, angel investors will generally have a more open approach and will lend skills top a business regardless of industry.

## **2.7 The role of the government in developing and enabling small business environment**

Silvester (2006) states that many governments have developed assistance programmes aimed at helping prospective entrepreneurs and existing small firms. Investing in new and growing firms provides tax revenue for the state.

The government has developed policy framework which could help South African entrepreneurs in starting and nurturing a new venture. Since 1996, the ANC led government has committed itself in promoting economic growth. The Reconstruction and Development Programme (RDP) was replaced with Growth, Employment and

Redistribution (GEAR) strategy. However, these strategies have been considered to be insufficient to reduce high levels of poverty and unemployment. Consequently, this led to the formation of the Accelerated and Shared Growth Initiative of South Africa (AsgiSA), which aimed at halving unemployment and poverty by 2014 (Venter, Urban and Rwigema, 2008).

According to Venter, Urban and Rwigema (2008), AsgiSA's intention is to assist in achieving the government's objectives more effectively. Some of the benefits of AsgiSA include: better infrastructure; more opportunities; active commitment to SMMEs; more efficient processes and procedures; better access to finance; access to better skilled labour; and a more investor-friendly environment.

The government's policy framework also includes Labour Policy, Occupational Health and Safety, Compensation for Occupational Injuries and Diseases Act, Unemployment Insurance Act, Taxation Policy, Employment Equity Act, and the Skills Development Act. Other important policies include the Competition Policy, Intellectual Property Policy, and Black Economic Empowerment Policy. Through its policies, the government has also established some means of accessing capital for the new and developing businesses. Therefore, people entering business need to have insight and understanding about the laws applicable to business in order to sustain and promote their businesses (Nieman et al., 2008).

The National Small Business Act of 1996 initiated the path for the Department of Trade and Industry (DTI) to deal with small, medium and micro-enterprise (SMME) development in South Africa. This Act was a result of a White Paper on the national strategy for the improvement and advancement of small business in South Africa. They further say that the goal of the National Small Business Enabling Act is the establishment of a positive and conducive environment for merging and developing SMMEs (Nieman et al., 2008).

Rwigema and Venter (2004: 316) stress that in the schedule of the Act, SMMEs are classified by sector or subsector in terms of full-time staff complement, annual turnover, as well as gross asset value. "There are 2935 registered businesses in the Durban Chamber of Business and Industry database. These businesses are from different sectors which include transportation, government sectors, finance, tourism manufacturing, and tourism. Durban's

large port gives it dominance over many other centres in South Africa for export-related industry. And it is the leading economic driver in KwaZulu-Natal, contributing over half of the province's output, employment and income. In addition to that, Durban contributes 15% of national output, 14% of household income and 11% of national employment” (L. Nhleko, personal communication, July 30, 2010). According to Singh (2009), Mkhwanazi Xolani, Chairman of BHP Billiton, SA, revealed that a study by the Department of Trade and Industry indicated that SMMEs contribute more than 42% of the country’s gross domestic product.

The principle of SMME establishment in South Africa is to develop a conducive environment for small enterprises; ensure equality with regard to provision of capital and earning opportunity; enforce cohesive unity between developing enterprises; make developing enterprises ready to compete with the challenges of a globally competent economy; deal with the issues that disempowered black people from business engagement as a result of apartheid; promote the development of women in all business spheres; establish long-time work; concentrate more on economic development; and ensure fairness between larger and developing business (Nieman et al., 2008).

## **2.8 The role of the Industrial Development Corporation**

One of the impediments faced by developing entrepreneurs is raising capital. They also encounter problems when attempting to access financial institutions. They are regarded as high risk because they do not have collateral which financial institutions can use to recover the amount should the entrepreneur default (Venter, Urban and Rwigema, 2008). Nieman et al (2008) state that the Industrial Development Corporation of South Africa Limited (IDC) is a national development finance institution owned by the government. The main purpose for the formation of the IDC is the provision of finance to entrepreneurs to develop competitive industries. The core strategies of the IDC are as follows: keeping regular financial freedom; arranging risk capital to a variety of industrial schemes; recognising and supporting opportunities not yet addressed by the market; giving new entrepreneurs legal authority; encouraging the making of goods by medium-sized factories; creating local and international participation and partnerships in schemes that provide advantage to South Africa and the Southern African Development Community (SADC) and promoting diversity of the African continent through investing in human capital effectively.

## **2.9 Business agencies and support programmes**

Rwigema and Venter (2004) point out that the Department of Trade and Industry came up with a number of initiatives to promote the developing business sector. The institutions established to support the growth of SMMEs are Ntsika Enterprise Promotion, Khula Enterprise Finance, and the National Small Business Council and Umsobomvu Youth Fund.

### **2.9.1 The role and functions of Ntsika**

Ntsika is responsible for the provision of non-financial support and business development services – for example, training, advice, and counselling (Rwigema and Venter, 2004). It runs three programmes. These are Local Business Service Centre programme, the Tender Advice Centre Programme and Investment Development Programme (Macleod and Terblanche, 2004).

Nieman et al (2008) state that the objectives of Ntsika are stipulated in the Small Business Act of 1996, as follows:

- Develop and monitor a national programme of policy research.
- Collect and disseminate data regarding small business.
- Support the strengthening of small business service providers.
- Use finance to help small business service providers to deliver high quality services.
- Facilitate growing demand-side interventions.

Ntsika provides the following services: it is involvement in management and entrepreneurial training; it offers counselling, advice and technical support; it develops a network of service providers; it offers institutional funding; it does research and provides information; it arranges design services; it establishes market access and business connections, and offers advice on tendering (Nieman et al., 2008).

### **2.9.2 The involvement of Khula Enterprise Finance Limited in business**

Nieman et al, (2008) state that Khula Enterprise Finance Limited was formed in 1996 as a result of a DTI initiative, and functioned as an independent, “limited liability” company. Its purpose was to provide support and capital to both small and giant enterprises.



Khula is the state's official small enterprise capital agency which does not lend directly to small businesses (Terblanche, Moeng and Macleod, 2008). Small businesses acquire financial support through intermediaries. Khula's financial pack includes loans, national credit guarantee scheme, grants and institutional capacity. The roles and functions of Khula agency are grouped into support for financial intermediaries as retail distribution networks, and direct services to SMMEs. A micro lending scheme called Khula Start came into existence in September 1998 to consider the needs of SMMEs, especially in the areas in the country. It provides loans of three thousands rands (maximum) to survivalist entrepreneurs (Nieman et al., 2008).

Bank loan guarantees constitute Khula's most stable projects, but the progress is slow and fraught with conflict. The project has assisted about 2 000 entrepreneurs to date. Khula is prepared to guarantee up to 80 per cent of a bank loan to an entrepreneur with little security, and expects banks to avail themselves sufficiently of the scheme. Khula's recent programme, the Land Reform Credit Fund, is apparently making impressive progress. The fund provides soft loans to farmers who are willing to share with disadvantaged communities part of their land. Interest on loans is usually 2 or 3 per cent below prime, depending on the extent of empowerment. Despite the many challenges, Khula has accomplished a great deal since its inception, but much remains to be done (Nieman et al., 2008).

### **2.9.3 The Local Business Service Centre Programme**

The local business service centre (LBSC) Programme provides for local partnerships in devising mechanisms for encompassing and directing SMME development activities within a national development framework. This is achieved through practical programme partnership between all three levels of government, local communities and the private sector (Nieman et al., 2008).

At the national level, the LBSC Programme contributes to a number of national development initiatives. These include the creation of jobs, creation of wealth and transformation and empowerment.

At local level, the LBSC Programme has been developed to assist with a number of critical functions within local economies. These functions include: expanding the access of the

local people to SMME supports services; expanding opportunities for participation in local development efforts by communities; providing a focal point for expansion: development of local economic, employment and enterprise opportunities; and increasing the flow of resources (e.g. money and expertise) into the local community (Nieman et al., 2008).

Different entrepreneurs are faced with several difficulties, but business support such as business counselling, mentoring, networking and incubation should be rewarding to all entrepreneurs. According to Nieman et al (2008), the core services of the LBSC Programme, discussed below are important.

The provision of information to entrepreneurs is extremely useful. It can include technical publications on specific aspects of production; source books and guides on assessing viability; guides on market research and business planning; contact information of local enterprise development agencies and services (Nieman et al., 2008).

Training is usually provided to entrepreneurs to improve their competence in running an enterprise or its production process. It may include technical training to improve technical skills and capacities of the enterprise; entrepreneurial training to improve entrepreneurship and management skills within the enterprise; organisational training to enhance the capacity of organisations such as LBSCs or small business membership organisations to represent their members or provide services to entrepreneurs (Nieman et al, 2008).

Counselling or consultancy, like training, is provided to entrepreneurs to improve their competences in running an enterprise. In contrast to training, counselling is a specifically tailored service provided to an individual enterprise or to small groups of enterprises, and usually addresses a particular problem (Nieman et al., 2008).

Networking and linkages refer to the formulation of contracts, collaboration, clustering or twinning arrangements between and across firms. Networks and linkages are an important instrument for SMME development. They can be formed within specific industry factors or regions or by particular types of entrepreneurs to learn from each other rather than from people working outside the entrepreneurial setting (Nieman et al., 2008). Building networks and strategic alliances is crucial in business. Entrepreneurs should know the

different types of networks and groups that they should partner with to build their social capital and the variety of networking strategies used by other entrepreneurs (Gundry and Kikul, 2007).

#### **2.9.4 Umsobomvu Youth Fund**

According to Venter, Urban and Rwigema (2008), the Umsobomvu Youth Fund (UYF) was created by the government in 2001 to help in creating jobs and developing skills among young South Africans.

The authors mention that UYF offers multiple products and services which include advisory services (information provision, career counselling, outreach to rural areas, youth advisory centres, access to job information and the business consulting services voucher); training (entrepreneurial, graduate development and life skills); community engagement (volunteer mentoring and the national youth service); and access to finances (micro-loans as well as SMMEs loans).

#### **2.10 The impact of technology on the entrepreneur**

According to Venter, Urban and Rwigema (2008), technology is the application of science to solving problems or improving operations. They further argue that information and knowledge drive today's global economy. The lack of technology skills of the most of the business people in South Africa has also been mentioned as one of the reasons for business failure. SMME's are unable to bear the costs of new and expensive technology. Although technologies are expensive, entrepreneurs must weigh the benefits and costs of alternative technologies before committing themselves. Using technology can help entrepreneurs control many tasks. Entrepreneurs can gather information electronically on computer, share, study, or store it for future reference. Entrepreneurs as agents of change, require continuous information about their environment (Rwigema and Venter, 2004). Equally important, Hisrich, Peters and Shepherd (2005) add that the provision of technology has brought great assistance for entrepreneurs.

#### **2.11 The role of knowledge management in developing business**

According to Drucker (1985), innovation that is supported by knowledge is the super star of entrepreneurship. Entrepreneurial knowledge is essential in running a business. Entrepreneurial knowledge involves financial knowledge, technical knowledge and

management knowledge. Venter, Urban and Rwigema (2008), argue that a new venture often requires capital to start the business. It is therefore crucial for the entrepreneur to recognize different ways of finances and be able to make a correct choice, under different circumstances.

Entrepreneurs should always keep abreast with the latest laws and regulations that impact them. Knowledge empowers and develops courage in entrepreneurs to challenge difficulties that others are too scared to take on (Hamel, 2007). Surely, knowledge enables entrepreneurs to serve their customers better. In addition knowledge can be a critical source of competitive advantage. Therefore, keeping abreast with the latest information, laws and regulations that impact entrepreneurs could help in promoting growth of businesses.

### **2.12 Understanding strategies for business expansion**

For Lynch (1997), strategy is defined as the direction an organisation intends to take in the future, mindful of its context, resources, purpose and objectives. Research studies indicate that established businesses whose decision-making has become routinised and even bureaucratized, have no space in fast growing ventures which are innovating and changing the rules of competition within its marketplace. Venter, Urban and Rwigema (2008), argue that strategic thinking is an extremely important stage in the growth and sustainability of a business. It involves the analysis of strengths, weaknesses, opportunities and threats, penetrating existing and new markets, and diversifying and innovating products and services. Business ventures that develop into high-growth businesses play a vital role in the creation of jobs. Creation of jobs could help in the alleviation of unemployment and poverty. Therefore, entrepreneurs need to develop a strategy and communicate it to stakeholders (Wickham, 2004).

### **2.13 Entry into new markets**

Van Aardt, et al (2008) argue that competition can be either good or bad for a business, depending on the business acumen of the entrepreneur, and the type of business in which she or he is involved. This suggests that an entrepreneur needs to conduct market analyses before starting a business to collect information about the competitors. According to Porter (2004), the good tool to use to conduct market analyses is the 'Five forces' model, namely:

- Threat of entry.

- Power of buyers.
- Power of suppliers.
- Threat of substitutes.
- Competitive rivalry.

Equally important, entrepreneurs need to improve their education, for instance, by pursuing an MBA, to gain appropriate entrepreneurial and innovative strategic management skills. Equally important, without strategic and entrepreneurial skills an entrepreneur may fail to decide on what group of customers and market segments the business should concentrate.

Markides (1997) points out that even if enterprises move into new markets with all the expected capabilities put together in the right combination, they still cannot succeed in advancing to the right positions. He further argues that to gain a supportive advantage, diversifying enterprises should establish something different, something that is impossible for the competitor to perform. Competition can hinder the expansion of businesses. An entrepreneur needs to know how to sustain and expand business despite competitive pressures, for instance, knowing the routes to expansion through new market entry; understanding customer expectations; knowing how a customer's buying decision will be influenced; understanding distribution route; understanding how the product should be priced and knowing what support will be expected from the distributors (Wickham, 2004).

#### **2.14 Tax implications for entrepreneurs**

Every year, slight changes are made to the tax system, sometimes with significant implications for small businesses. Venter, Urban and Rwigema (2008), point out that it is imperative that entrepreneurs initiating new businesses are aware of the different tax implications. Some other goods and services are exempt from VAT, which means that no VAT is charged. Entrepreneurs have the right to claim for depreciation. They need to understand about taxes levied in South Africa. It is therefore important to keep up-to-date with reports in the press, and to approach the South African Revenue Services.

Entrepreneurs should be aware of the three taxes applicable to the small business: income tax; value added tax and capital gains tax (Macleod and Terblanche, 2004).

### **2.15 The importance of insurance in business**

Financial impact can be minimised by purchasing insurance. Sacks (2001) points out that insurance is always a costly procedure. However, if you do not provide for it you could lose much more than just a premium every month. An entrepreneur needs to consider what kinds of cover he or she needs and this will vary somewhat with the kind of business which he or she runs. Business insurance is vital to ensure the continuation of business. A simple theft or some other kind of loss can set you back financially if you are not covered. Many businesses even go bankrupt because they cannot recover from the loss. Insurance coverage is, therefore, essential from the start for almost all kinds of business (Golzen and Reuvid, 2004: 58).

### **2.16 Buying an existing business can offer a greater chance of success**

According to Zimmerer and Scarborough (2005), purchasing a thriving business at an acceptable price increases the likelihood of success. The previous management already has established a customer base, built supplier relationships, and business systems are in place. On the contrary, starting a business from scratch takes considerable time and effort, usually requiring several years to get it to a level of profitability (Price, 1999).

### **2.17 The importance of suppliers**

According to Cronje et al (2005) suppliers provide materials, including raw materials, equipment and energy, and capital and labour. If a business cannot obtain the right inputs of the necessary quality, in the right quantity, and at the right price for the production of its products, then it cannot achieve any success in a competitive market environment. A business depends not only on suppliers of raw materials, but also on suppliers of capital. Banks and shareholders are such suppliers. Another supplier which businesses need is the provision of labour.

### **2.18 Conclusion**

This chapter has discussed the current literature on entrepreneurs focusing on different factors contributing to the success of entrepreneurs in Durban.

The literature review has shown that the contributions made by the government and business agencies to small businesses could bring success to entrepreneurs. It examined the importance of personality in developing and running a business and indicates that in some

businesses, where family members are a part of the business, there are great opportunities for success. Accomplishment of entrepreneurial success has also been associated with the entrepreneur's knowledge of business strategies as well as his/her technical knowledge. The next chapter covers the research methodology to be used in carrying out surveys among entrepreneurs and those who intend to start their own businesses in Durban.

## **CHAPTER 3**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter presents the methods that will be used in this study to investigate factors impacting on entrepreneurial success in Durban. The chapter describes the aims and objectives of the study, data collection strategies, the research design, sampling procedure, data gathering methods and data analysis methods.

#### **3.2. Aim and Objectives of the Study**

As Chapter One indicated, this study aims to answer the following research question: What factors impact on entrepreneurial success, and what processes are put into place to help entrepreneurs survive? The objectives of this study are:

- To identify different types of support available to entrepreneur.
- To identify the role that government can play in supporting entrepreneurs.
- To impart knowledge to the community on how to access funds to start a business.
- To assess how to revive entrepreneurial spirit.
- To help develop confidence in those who want to establish or expand their businesses.
- To assess how venture creation can be promoted.
- To have an understanding of how entrepreneurs in Durban succeeded in launching their businesses.

The objectives are closely linked to the research question, and will also help solve the research problem. These objectives will help in determining what data the researcher will need to collect data. Lastly, they will ensure that the data collection instrument is designed appropriately. The specific questions aimed at gaining the perceptions on the factors impacting on entrepreneurial success will be based on various types of support available to entrepreneurs, business management skills required to help entrepreneurs survive, and the personality traits of a successful entrepreneur.

#### **3.3. Data Collection Strategies**

According to Maree (2008), a researcher should give a clear and specific explanation of



how data are to be collected. In this chapter, a quantitative research method will be used. Quantitative research implies that data are in the form of numbers, contrary to those in the form of words. This method is recommended as the researcher knows clearly in advance what he is looking for. The method is relevant since the study will use statistics to present the results, and since it allows data to be collected and analysed fairly quickly. Using quantitative methods, it is probable to give accurate and testable expression to qualitative ideas. As this method involves surveys, it can provide reliable direction for planning programmes, and retain anonymity of the participant. This method is objective since the researcher is not involved in the process.

As the study focused on the perceptions of people who intend to create new venture and those with relevant expertise in businesses, quantitative techniques are relevant. Therefore, it was decided that the best method to collect reliable data from these primary sources would be by a survey. To conduct a survey, a well-designed questionnaire addressing the research questions was given to 100 selected respondents. In quantitative research, a variety of strategies can be utilised when collecting data. These include attitude scales or observational tools, interviews and questionnaires.

Questionnaires are the universally used data gathering tools and involve largely of closed questions with a choice of fixed answers. Postal questionnaires are managed via the mail and have the value of perceived anonymity. Questionnaires can also be executed in face-to-face interviews or in some cases, over the telephone. In this study, questionnaires were administered personally and electronically. The questions were summarised using descriptive statistics and correlating the perceptions onto a matrix.

### **3.4 Research Design and Methods**

#### **3.4.1 Research Design**

In this study, a quantitative methodology was used. A quantitative approach deals with data that are primarily recorded numerically and derive meaning from the participant's perspective. The quantitative methodology was appropriate because this study considers the use of designed questionnaires, where the response choices have been preplanned. The methodology is quantitative because a structured questionnaire addressing specific research questions was used and because the analytical tools are quantitative in nature. The

quantitative approach is useful for this study because the data collected and used focused on the participants' subjective experiences and the manner in which they interpreted them.

According to Leedy and Ormrod (2001), quantitative research helps in the validation of relationships and enhances generalisability. An exploratory study was undertaken to have a better understanding of the research problem. Since the research is aimed at finding the important factors that influence success of entrepreneurship, exploratory studies are relevant, and necessary when some facts are known, but more information is needed for developing a viable theoretical framework (Sekaran, 2003). The type of investigation which the researcher used, is a correlational study. The correlational study would help determine what factors contribute to entrepreneurial success.

The researcher's interference was minimal. The researcher generally in this approach developed a theoretical framework, collected data from people who intended to start their own businesses and other entrepreneurs through a questionnaire, and analysed the data to come up with the findings. These findings could assist in checking whether this research could be applicable to other settings. In other words, the research findings could help in developing generalisations that could contribute to the study. The researcher in this scenario would not interfere with the normal activities of the respondents. This means research could be done in a non-contrived setting with no interference with normal work (Sekaran, 2003).

In this study, the unit of analysis is individual. Data that were collected from each individual respondent and each respondent's response, were regarded as an individual data sources.

Due to time constraints and costs involved, a cross-sectional study was conducted whereby the researcher collected data pertinent to finding the answer to the research question at a point in time.

The researcher opted to conduct research in Durban, and planned to use a sample rather than a whole population from which to collect data. Collecting data from the whole population would be restricted by time, costs and other human resources. A non-probability sampling technique was chosen, where convenience sampling was conducted.

This means that the information was gathered from members of the population who were easily accessible and able to provide it (Sekaran and Bougie, 2010). One hundred participants were selected for the purpose of the research. The target population for this study was managers who are at the lower level management positions, and executive managers. Managers who were involved in this research included Indians, Africans, Coloureds and Whites, men and women aged between 20 and 70 years. About sixty out of the one hundred entrepreneurs interviewed were Blacks. The study also found out that, out of 100 entrepreneurs, 10 have never attended school, 16 have primary education, 51 have secondary education, while 23 have university level of education.

Businesses surveyed included real estate, retailers, manufacturers, service providers and financial businesses. Although the research was conducted on both formal sector and informal sector businesses, but it concentrated more on formal sector businesses.

#### **3.4.1.1 Construction of Instrument**

Before construction of the instrument, the researcher identified its objectives, and the kind of data that needed to be collected. The researcher communicated the purpose of the questionnaire clearly to potential respondents. The confidentiality of responses was assured. According to Saunders, Lewis and Thornhill (2003), the researcher should introduce the questionnaire and emphasise its anonymous or confidential nature. Respect for the privacy of participants is becoming an increasingly significant issue (Denscombe, 2007). The instrument contained simple instructions on how to complete the questionnaire. At the end of the questionnaire, the researcher added a nice touch to thank the respondent for his/her time and consideration.

Bryman and Bell (2003) warn that one ought to ensure that questionnaire questions relate to research questions. All the possible questions for the current study were written down. The questionnaire started with warm-up questions which would make it less possible for the respondent to disengage from the questionnaire. Warm-up questions were questions on issues such as age, gender, sector of the economy, and years as a business owner. A logical order of questions was developed and the split of questions over pages was avoided. In addition to that, overcrowding the questionnaire with questions was also avoided.

Questions were kept simple. The instrument was not too long. It contained 25 closed questions. These were questions in which all possible answers were identified and the respondents were asked to choose one of the answers. In the following example, respondent was asked whether the establishment or expansion of his/her business was important. The questions offered options from 1 to 7, where 1 was *strongly disagree* and 7 was *strongly agree*. The respondent indicated a response to each question/ statement by making a cross (X), tick, highlighting, encircling or colouring the most accurate response to reflect his/her position. Where there were no answers the question was left unmarked. Below is an illustration of how the instrument was designed.

Establishment or expansion of your business is important to you.

Strongly Agree	Agree	Mildly Agree	Neutral	Mildly Disagree	Disagree	Strongly Disagree
7	6	5	4	3	2	1

Closed questions with ranked answers have the following benefits:

- There is a great level of control to the researcher as the respondent is directed to answer particular questions.
- There is no interpretation of the respondents' handwriting.
- Respondents do not have to write extensively, but have to cross, tick, highlight, circle or colour answers.
- Respondents who are not highly motivated make minimal effort in answering questions.
- Closed questions save time because less time is used to complete the questionnaire.

#### **3.4.1.2 Recruitment of Study Participants**

Soon after receipt of ethical clearance approval from an ethics committee, the researcher arranged to meet with the participants to introduce and discuss the project with them. The researcher explained the purpose of the research and how it would benefit the community.

During the recruitment stage, snowball sampling was applied. A small number of potential participants were approached. They were informed that the instrument had twenty-five closed questions and assured that it was less time consuming. They were also warned that

there would be minimal time and effort on their part because they would simply tick, cross, circle, highlight or colour the relevant answer. Moreover, there would be no writing.

Respondents were assured that anonymity and confidentiality would be maintained by not revealing the names of those who would participate in completing the questionnaires or interviews; their companies would not be divulged. Having an understanding of the purpose of the study; how much time the questionnaires could consume; how much effort could be exerted in completing the form, and how anonymity and confidentiality could be protected, almost all those who were recruited participated in the project.

### **3.4.2 Pretesting and Validation**

It is crucial that questionnaires are tested before they are given to potential participants. Due to time constraints, the questionnaire was tested on six potential respondents which included entrepreneurs and those people intending to start their own businesses. These were respondents who were representative of the researcher's definite sample. The broad inclusion criteria were intended to enhance generalisability. This test helped in determining how much time it would take for potential respondents to answer the questionnaire. The researcher took detailed notes on how participants reacted to the format of the instrument and the specific questions. Test results were analysed and indicated that time consumption was reasonable. Some changes were made to the questionnaire.

In assuring validity, the study was designed in such a way that it appropriately measured what it set out to measure. This was achieved through the use of quality questioning. The sample size of 100 respondents, which utilised broad inclusion criteria, could enhance generalisability of the study. To measure internal consistency and reliability in the research literature, Cronbach's Alpha, which was based on correlation matrix, was used. Data analyses also included descriptive statistics; Pearson's correlations; and multiple regressions.

### **3.4.3 Administration of the Questionnaire**

A yardstick for successful questionnaires is the maximum respondents' response rate. The researcher personally administered questionnaires to individual participants. This helped in developing rapport with the participants while introducing the project. In addition to that, clarifications needed by the participants were provided instantly. The researcher was able

to collect the questionnaires immediately after they were completed. In that way, the researcher managed to achieve a 100 % response rate. Personally administered questionnaires were best suited because the respondents were located in close proximity to one another. However, some questionnaires were e-mailed. These e-mailed questionnaires had a very low response rate.

Before completion of the questionnaire, the researcher explained the purpose of questionnaires and confidentiality of all responses. After collection of the questionnaires, data were entered into an electronic database.

### **3.5 Analysis of the Data**

The kind of data that the study sought to collect and the size of the sample implicated the kind of analysis that the researcher would be able to conduct. The nature of the research is descriptive and the nature of the data, quantitative. The Likert Scale type of question, which provided seven options, was offered. The data for all 100 respondents were recorded in Excel software and then transferred to SPSS. Each of the twenty-five questions became known as the variable numbers; for example, question 1 became variable number 1 (var0001), etc. These variable numbers can be converted to variable names. These variables are known as nominal variations because they have categories that could not be rank ordered.

Data analyses included descriptive statistics; Pearson's correlations; Cronbach's Alpha, and multiple regressions. The analysis also involved mathematical procedures and statistical tests of significance, which is termed inferential statistics (White, 2000).

### **3.6 Summary**

This chapter presented the research methodology and research design used to conduct this study. This chapter has outlined the aim of this study and its objectives. It also delved into data collection strategies, the research design, data gathering methods, construction of the instrument, recruitment of study participants, pretesting and validation, administration of the questionnaire and how data were analysed. A sample of 100 respondents was drawn from people who intended to start their own businesses, managers or directors, and entrepreneurs in the Durban area. These were the specific types of people who could provide the desired information because they were the only ones who have it. This type of

sampling design is called purposive sampling. The researcher made initial contact with a small group of people who are relevant to the research topic and then used these to establish contact with others. Bryman (2003) calls this approach snowball sampling. Data were collected using a questionnaire developed by the researcher.

In the next chapter, presentation of the results of this study will be made.

# CHAPTER 4

## PRESENTATION OF RESULTS

### 4.1 Introduction

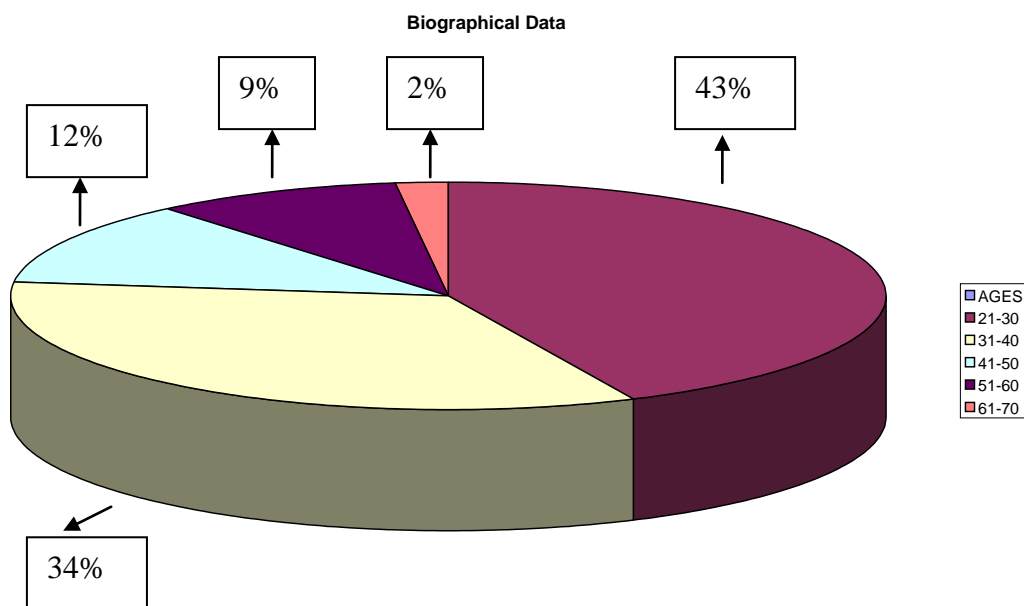
In order to analyse, explain and provide information regarding factors impacting on entrepreneurial success, the researcher used quantitative research techniques in this study. Quantitative techniques could make it easy for the researcher to analyse, explain and provide information on the factors impacting on entrepreneurial success in Durban. This chapter will deal with the analysis of data collected from the questionnaire which involved one hundred participants whose responses displayed their perceptions of the factors impacting on entrepreneurial success in Durban. In this section data will be analysed employing correlations and regression analysis, and the findings will be presented in numerical values.

Rates of responses will be interpreted as follows: strongly agree = SA; agree = A; mildly agree = MA; neutral = N; mildly disagree = MD; disagree = D; and strongly disagree = SD

### 4.2 Biographical Data

The biographical data figure below clearly shows ages in percent.

**Table 4.1 Biographical Data**





The above pie chart reflects the ages of the participants in the study. According to this figure, ages of respondents were analysed as follows:

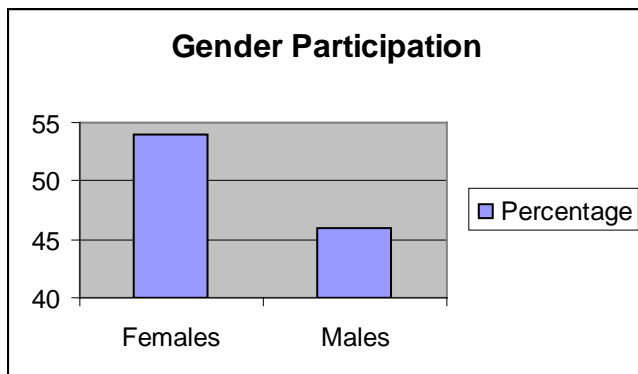
- Ages 21-30 accounted for 43%;
- Ages 31-40 accounted for 34%;
- Ages 41-50 accounted for 12%;
- Ages 51-60 accounted for 9%, and
- Ages 61-70 accounted for 2%.

The above pie chart also demonstrates that the youth ages, 21-30 and 31- 40 together contributed 77% of the total of the respondents. This indicates that a large number of youth are interested in owning businesses.

### 4.3 Gender Participation

The study also looked at how gender participated in business. Gender participation is shown on the diagram below.

**Table 4.2 Gender Participation**



With regard to gender, the table reveals that 54% females and 46% males participated in the study. Females are in majority whereas males are in minority. The table is an indication that a high percentage of female respondents are committed to business.

### 4.4 Cronbach's Alpha

Cronbach's Alpha has been used as a measure to test reliability by looking at the inter-correlation of items in this study. It helps in evaluating the internal consistency and reliability of many scores in order to obtain a summary.

A sample of the result gained for Cronbach's Alpha test is shown in the tables below.

**Table 4.3 Case Processing Summary**

		N	%
Cases	Valid	90	90.0
	Excluded(a)	10	10
	Total	100	100.0

(a) Listwise deletion based on all variables in the procedure.

**Table 4.4 Reliability Statistics**

Cronbach's Alpha	Cronbach's Alpha based on Standardised Items	N of Items
.704	.740	25

Table 4.3 shows the case processing summary. The population is 100 and the actual responses reviewed from the respondents are 90%, with 10% exclusions. This is because some of the questions were not answered. Table 4.4 is the Reliability Statistics Table, which shows the Cronbach's Alpha at .70. An alpha based on standardising the items is (.74). This makes items more reliable, and is acceptable since alpha is more than .60. Reliabilities which are smaller than .60 are regarded as poor.

The table below provides descriptive statistics (mean, standard deviation, and N) for the variables to be correlated.

**Table 4.5 Item statistics**

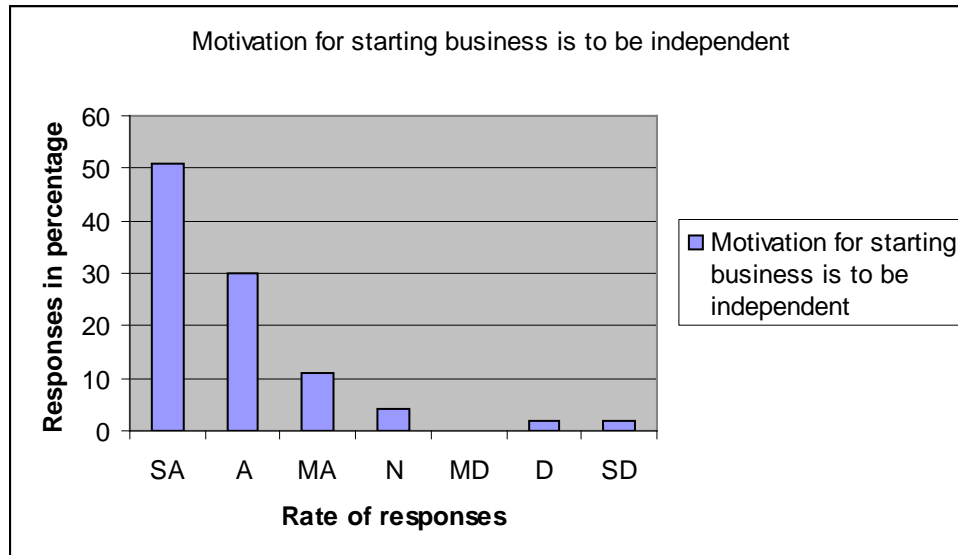
	Mean	Std. Deviation	N
Business is important	6.66	.639	90
You are confident	6.48	.963	90
Knowledge drives economy	6.41	1.037	90
Personality is a predictor	6.28	1.152	90
Technology supports business	6.23	.875	90
Your business will develop	6.23	.735	90
Entrepreneurs are independent	6.19	1.189	90
You understand strategies	6.08	.939	90
You are successful	5.96	1.141	90
You are informed about laws	5.80	1.124	90
You can start a project	5.60	1.216	90
You know requirements	5.54	1.334	90
You are optimistic about the country	5.44	1.255	90
You can acquire funds	5.39	1.435	90
Insurance is important	5.33	1.406	90
Lack of suppliers deters	5.27	1.919	90
Buying existing business helps	5.14	1.387	90
Entering markets is hard	4.81	1.728	90
Tax regulations deter business	4.80	1.630	90
Family helps in business	4.34	2.073	90
Competition deters business	3.96	2.130	90
Parents were entrepreneurial	3.84	2.233	90
Agencies support business	3.81	2.055	90
Government supports business	3.21	2.085	90
Parents funded business	3.01	2.053	90

N is 90 because 10 respondents have some missing data.

#### 4.5 An entrepreneur’s primary motivation for a starting business is to be independent

The table below shows the results for “A motivation for a starting a business is to be independent”.

**Table 4.6 Motivation for a starting business is to be independent**

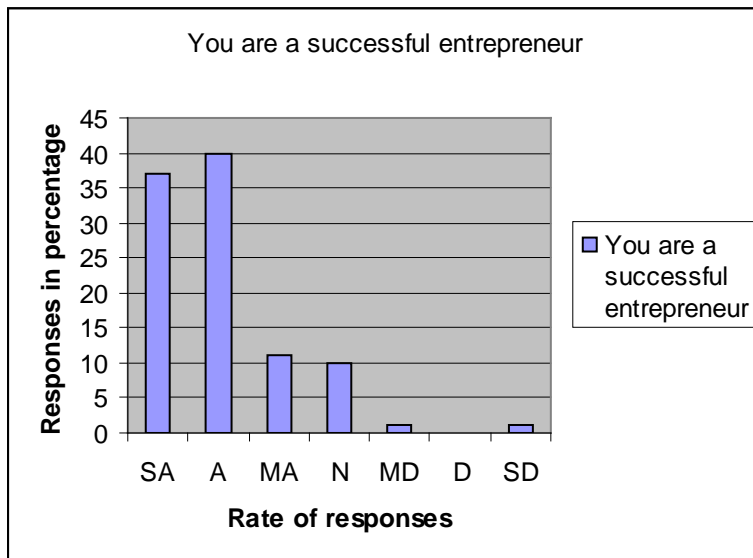


Clearly, the graph shows that the majority of people establish businesses with the intention to be independent. It shows that the majority of participants, 51% strongly agree; 30% agree, and 11% mildly agree. 4% were neutral; 2% disagreed, and lastly, 2% strongly disagreed.

#### 4.6 You view yourself as a successful entrepreneur

The table below shows the results for “You view yourself as a successful entrepreneur”.

**Table 4.7 You view yourself as a successful entrepreneur**

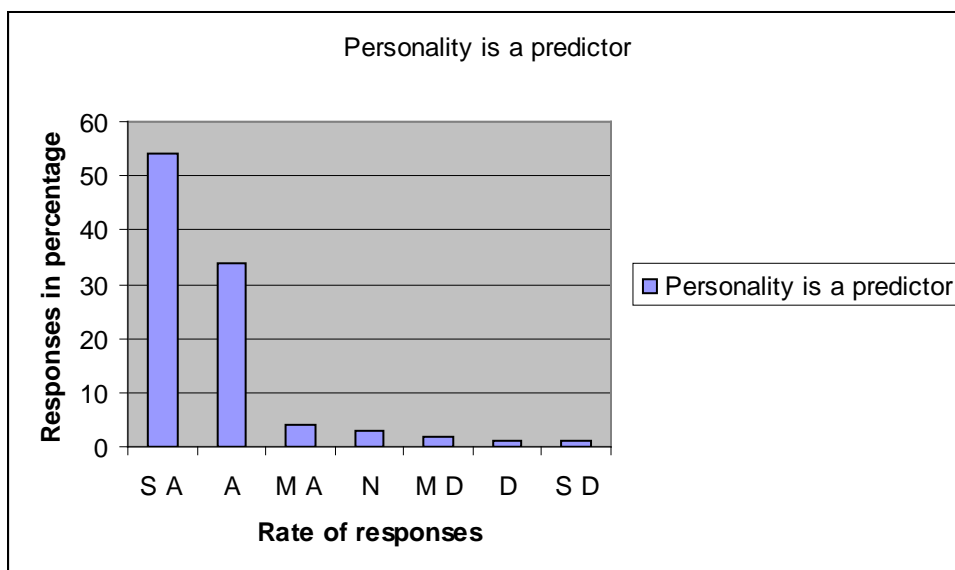


The table above demonstrates that the majority of participants 40% agreed; 37 % said strongly agreed; 11% mildly agreed; 10% were neutral; 1% mildly disagreed; and lastly, 1% strongly disagreed.

**4.7 Personality is a reliable predictor of future behaviour in business**

The table below shows the results for the ‘Personality is a reliable predictor of future behaviour in business’.

**Table 4.8 Personality is a reliable predictor of future behaviour in business**

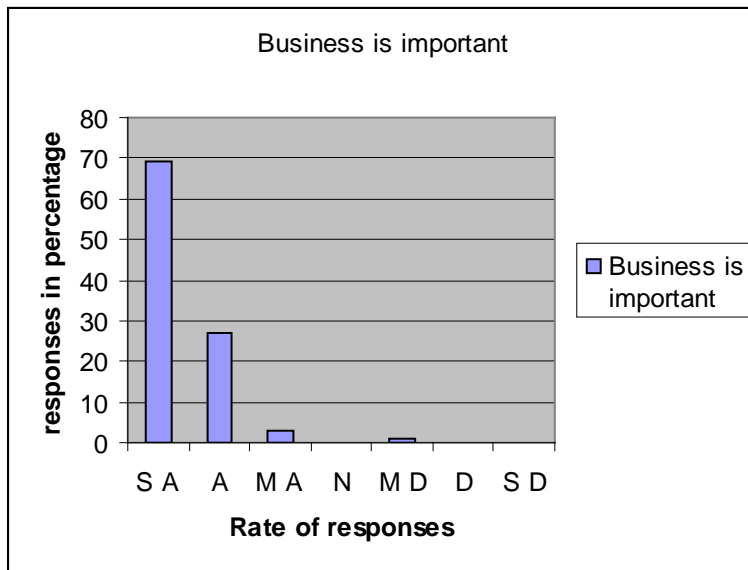


The table above indicates that there is an agreement with what the respondents perceived. The majority of participants, 54% strongly agreed; 34% agreed; 4% mildly agreed; 3% were neutral; 2% mildly disagreed, 1% said disagreed and strongly disagreed respectively.

**4.8 Establishment or expansion of your business is important to you.**

The table below shows the results for the ‘Establishment or expansion of your business is important to you’.

**Table 4.9 Establishment or expansion of your business is important to you**

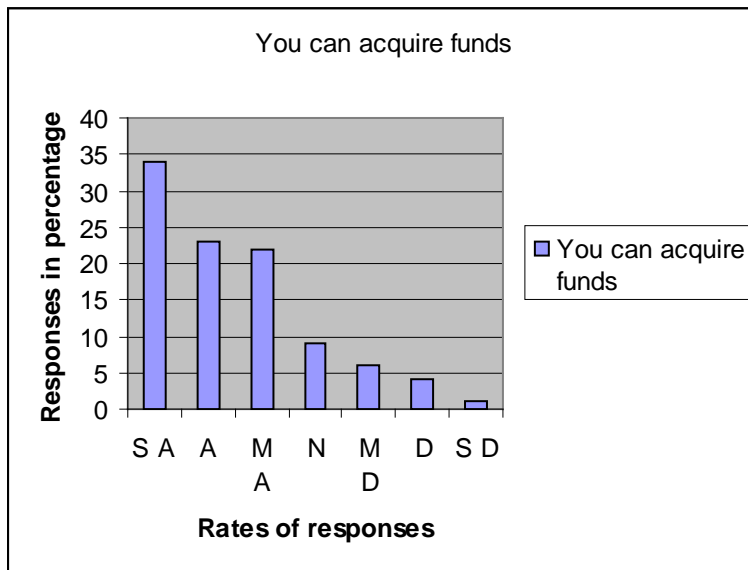


The above table clearly demonstrates that the establishment or expansion of business is important to respondents. The majority of respondents, 69% strongly agreed; 27% agreed; 3% mildly agreed; and lastly, 1% mildly disagreed.

**4.9 You can acquire funds needed to open/ expand your business**

The table below shows the results for ‘You can acquire funds needed to open/expand your business’.

**Table 4.10 You can acquire funds needed to open/expand your business**

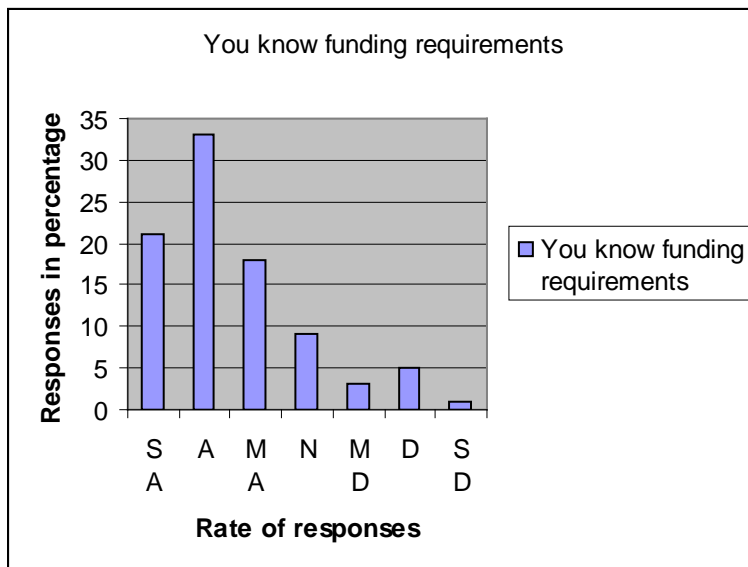


The above graph indicates that the majority of participants are able to acquire funds needed to open or expand their businesses. 34 % agreed; 23% strongly agreed; 22% mildly agreed; 9% were neutral; 6% mildly disagreed; 4% disagreed, and 1% strongly disagreed.

**4.10 You know the funding requirements**

The table below shows the results for “You know the funding requirements’ .

**Table 4.11 You know the funding requirements**

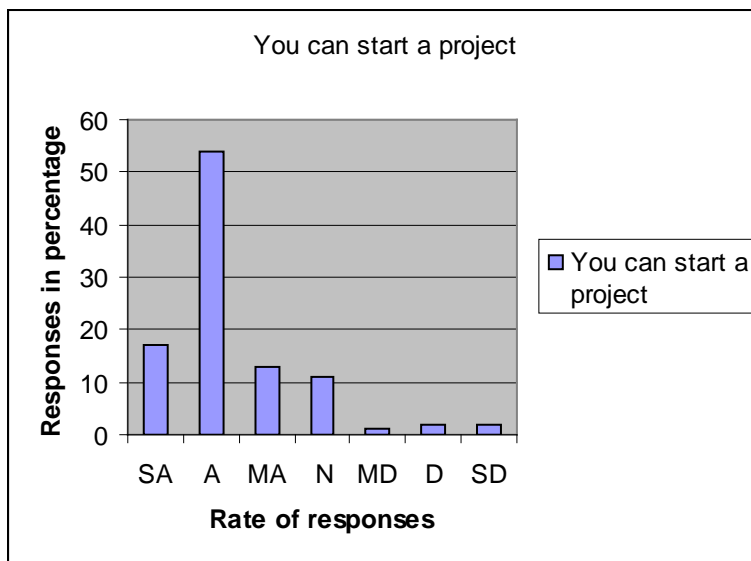


The table above clearly demonstrates that the majority of respondents are knowledgeable about the requirements of the funding sources. A large number of respondents, 33% agreed; 21% strongly agreed; 18% mildly agreed; 9% were neutral; 5% disagreed; 3% mildly disagreed and lastly, 1% strongly disagreed. Entrepreneurs ought to plan in advance on how they could raise funds for establishing their businesses. This also includes knowledge on requirements and expectations of financial institutions. Lack of knowledge on funding sources may impede entrepreneurial success.

#### 4.11 You can start a project in spite of a myriad of obstacles

Entrepreneurs are people who take risks. They lead a life full of uncertainty. They are persistent despite the obstacles they come across. The table below shows the results for ‘You can start a project in spite of a myriad of obstacles’.

**Table 4.12 You can start a project in spite of a myriad of obstacles**



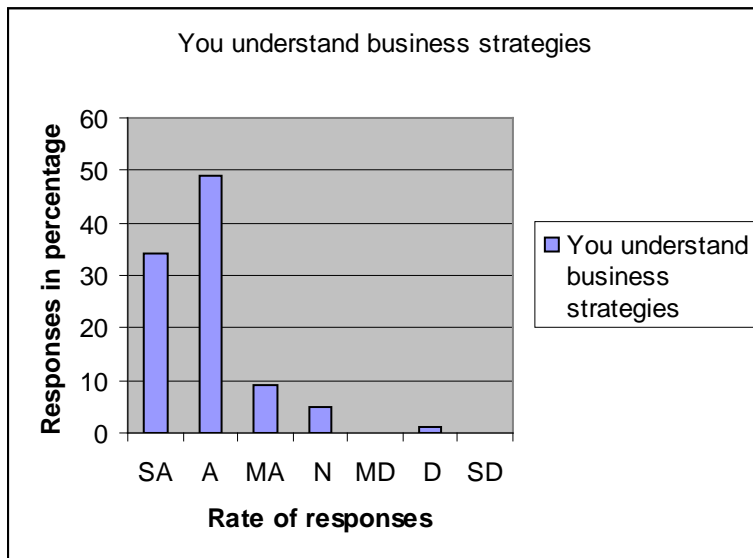
The graph above demonstrates that the majority of respondents can start businesses in spite of obstacles. The results demonstrate that 54% agreed; 17% strongly agreed; 13% mildly agreed; 11% were neutral; 2% disagreed and strongly disagreed respectively; and 1% mildly disagreed.

#### 4.12 You understand strategies for your business expansion

The table below shows the results for ‘You understand strategies for your business expansion’.



**Table 4.13 You understand strategies for your business expansion**

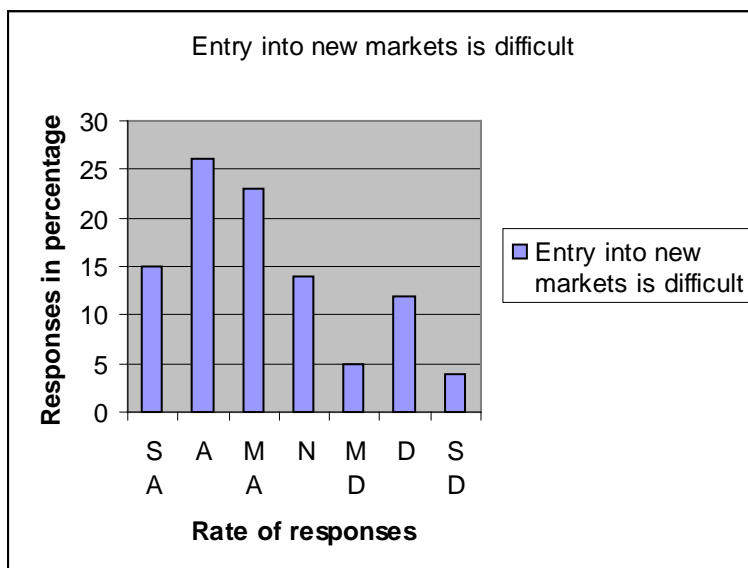


The table above demonstrates that the majority of participants understand business strategies. A good strategy would help in setting objectives and making decision. Without a well-defined strategy, an entrepreneur may not decide wisely. Research findings show that 49% agreed; 34% strongly agreed; 9% mildly agreed; 5% were neutral and 1% disagreed.

**4.13 Entry into new markets is now too difficult**

The table below shows the results for ‘Entry into new markets is now too difficult’.

**Table 4.14 Entry into new markets is now too difficult**

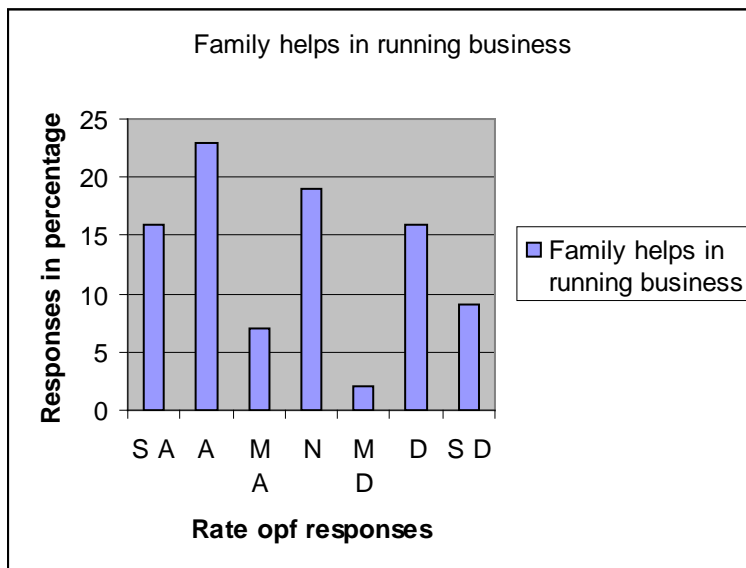


The table above clearly indicates that the majority of respondents find it difficult to enter new markets. The findings of this study illustrate that the respondents who said entry into new markets is difficult, were as follows: 26% agreed; 23% mildly agreed; 15% strongly agreed; 14% were neutral; 12% disagreed; 5% said mildly disagreed, and lastly, 4% strongly disagreed.

#### 4.14 Your family members help you in the day-to-day running of your business

The table below shows the results for ‘Your family members help you in the day-to-day running of your business’.

**Table 4.15 Your family members help you in the day-to-day running of your business**

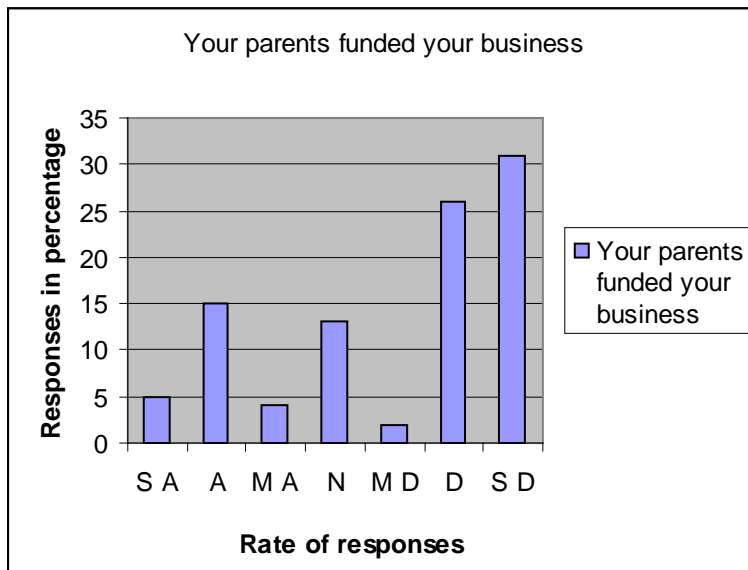


The graph above demonstrates that the majority of respondents agree that their family members help in the day-to-day running of their businesses. The findings of the study indicate that 23% agreed; 19% were neutral; 16% strongly agreed and disagreed respectively; 9% strongly disagreed; 7% mildly agreed, and 2% mildly disagreed.

#### 4.15 Your parents funded in part of the start-up of your business

Unlike other financial sources which put interest when lending capital, families do not ask for interest. Families are a major source of funds. The table below shows the results for ‘Your parents funded in part of the start-up of your business’.

**Table 4.16 Your parents funded in part of the start-up of your business**

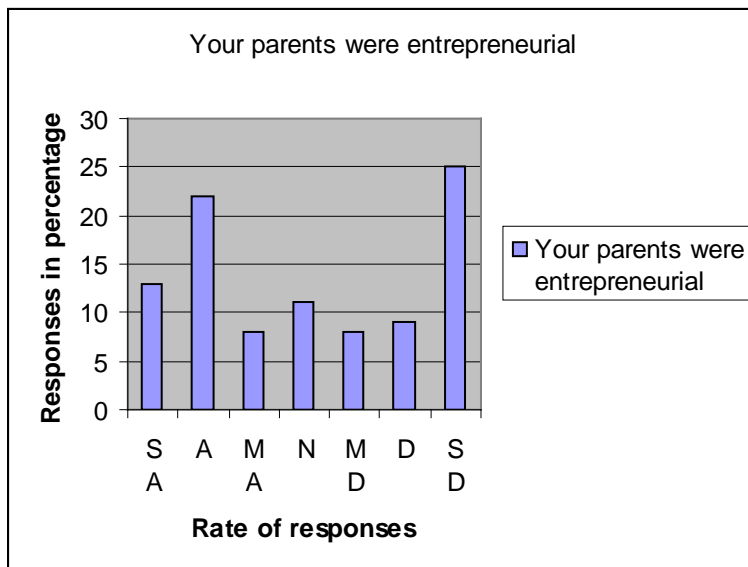


The graph above demonstrates that the majority of respondents disagree that part of their businesses were funded by their parents. The results of this research demonstrates that 31% strongly disagreed; 26% disagreed; 15% agreed; 13% were neutral; 5% strongly agreed; 4% mildly agreed, and lastly, 2% mildly disagreed.

**4.16 Your parents were entrepreneurial**

The table below shows the results for ‘Your parents were entrepreneurial’.

**Table 4.17 Your parents were entrepreneurial**

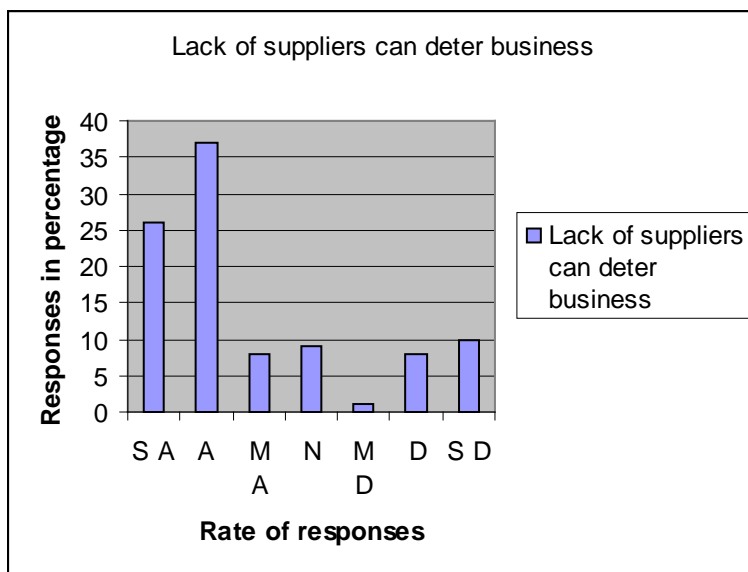


The above table shows the numbers of entrepreneurs' parents who were involved in their business. The research results demonstrate that the majority, 25% strongly disagreed; 22% agreed; 13% strongly agreed; 11% were neutral; 9% disagreed; 8% mildly disagreed and mildly agreed respectively.

#### 4.17 Lack of suppliers can deter you from opening/expanding your business

The table below shows the results for 'Lack of suppliers can deter you from opening/expanding your business'.

**Table 4.18 Lack of suppliers can deter you from opening/expanding your business**



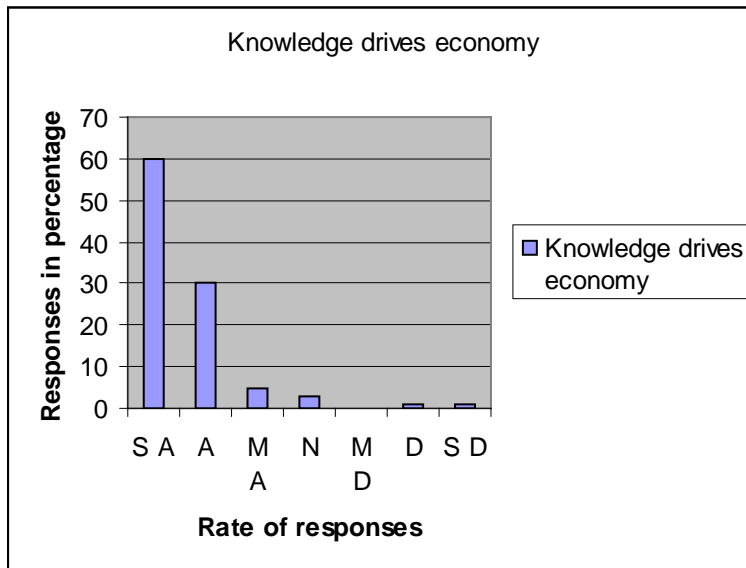
Van Aardt et al (2008) point that suppliers seek the businesses that purchase from them to survive, as failing would mean losing customers. Suppliers would therefore assist entrepreneurs by providing advice on management and make recommendations on improving the business.

The results shown on the graph above illustrate that respondents who are in agreement with this statement ranged as follows: 37% agreed; 26% strongly agreed; 10% strongly disagreed; 9% were neutral; 8% disagreed and mildly agreed respectively, and lastly 1% mildly disagreed. The graph demonstrates that the majority of respondents agree that lack of suppliers can deter them from opening or expanding their businesses.

#### 4.18 Knowledge drives today's global economy

Knowledge empowers and promotes brevity in entrepreneurs to face challenges that others are too frightened to attempt. Furthermore, knowledge enables entrepreneurs to serve their customers better. Therefore, lack of knowledge may impede entrepreneurial success. The table below shows the results for 'Knowledge drives today's global economy'.

**Table 4.19 Knowledge drives today's global economy**

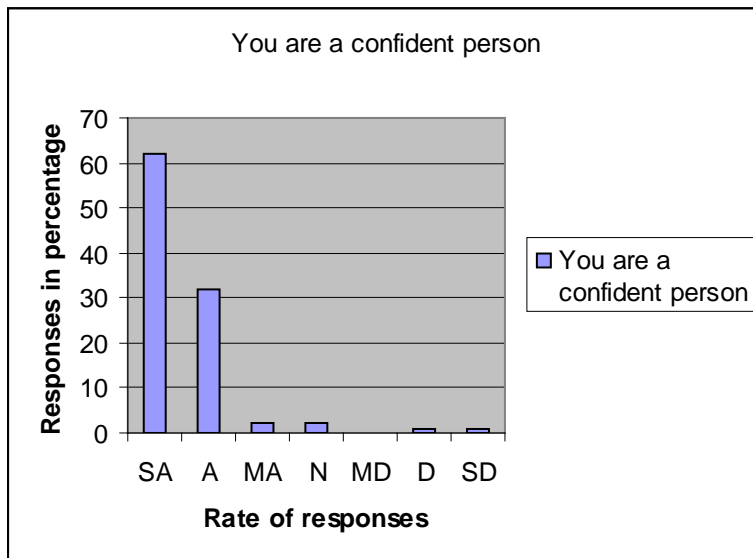


The graph above demonstrates that the majority of respondents agree that knowledge drives today's global economy. The results of this study reflects that the majority, 60% strongly agreed; 30% agreed; 5% mildly agreed; 3% were neutral; and lastly, 1% disagreed and strongly disagreed respectively.

#### 4.19 You are a confident person

The table below shows the results for 'You are a confident person'.

**Table 4.20 You are a confident person**

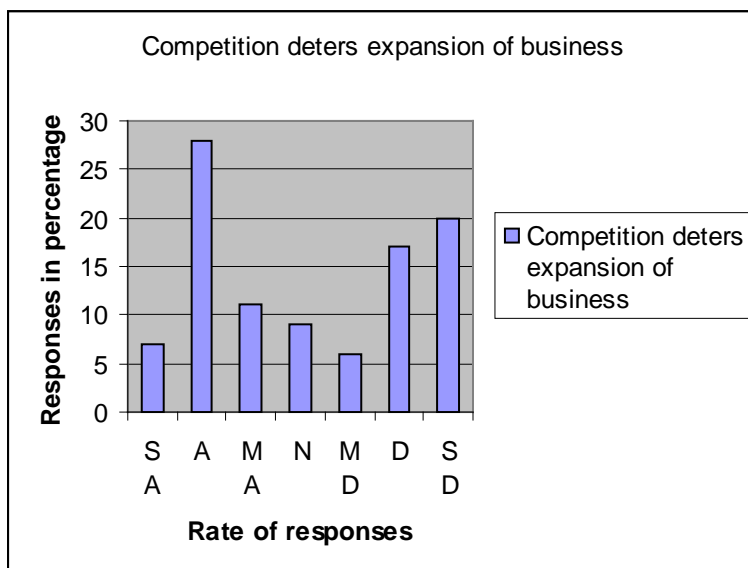


The graph above demonstrates that the majority of respondents are confident. Research findings produced by this analysis indicate that the majority of the respondents are confident. 62% strongly agreed; 32% agreed; 2% mildly agreed and were neutral respectively; and lastly 1% disagreed and strongly disagreed respectively.

**4.20 Competition can deter you from expanding your business**

The table below shows the results for ‘Competition can deter you from expanding your business’.

**Table 4.21 Competition can deter you from expanding your business**

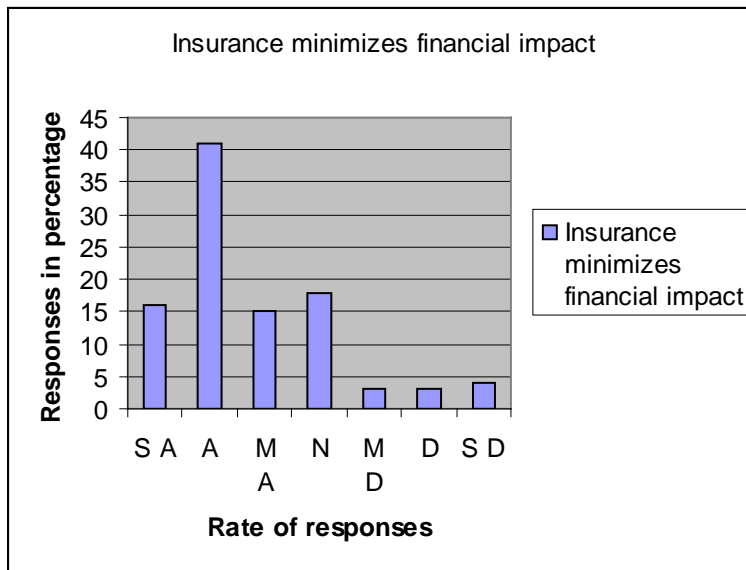


The table above illustrates the results of the respondents with regard to competition showing that 28% agreed that competition deters business; 20% who strongly disagreed; 17% disagreed; 11% mildly agreed; 9% were neutral; 7% strongly agreed; 6% mildly disagreed.

#### 4.21 Insurance minimises financial impact

The table below shows the results for ‘Insurance minimizes financial impact’.

**Table 4.22 Insurance minimizes financial impact**



Entrepreneurs face different risks in their businesses. Some risks can be stopped, and some can be reduced. Some of the risks they face include loss of profits, fire, theft of money in transit, burglary, losses during transportation, loss of a key personnel, and accidents.

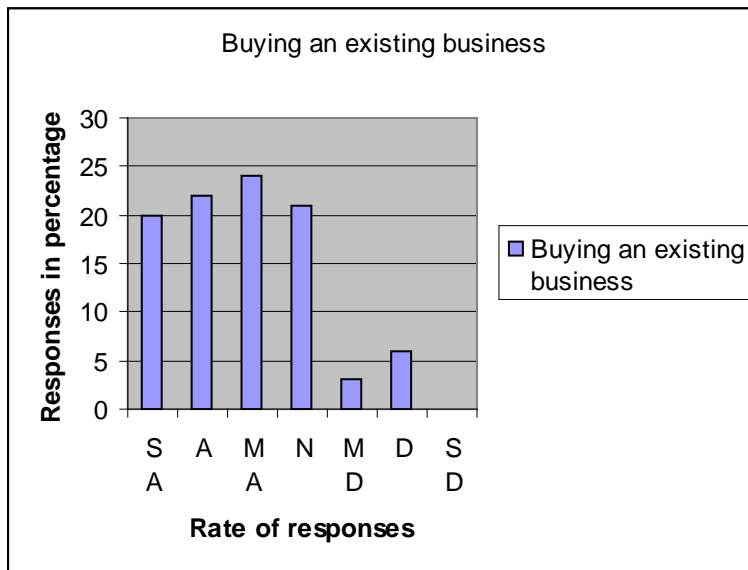
Therefore, entrepreneurs need to perceive means to reduce harmful effects of risks.

Insurance is one of the ways that can reduce financial impact. The above graph demonstrates that 41% agreed; 18 were neutral; 16% strongly agreed; 15% mildly agreed; 4% strongly disagreed, and lastly, 3% mildly disagreed and disagreed respectively.

#### 4.22 Buying an existing business can offer you a greater chance of success

The table below shows the results for ‘Buying an existing business can offer you a greater chance of success’.

**Table 4.23 Buying an existing business can offer you a greater chance of success**



The table above clearly indicates that the majority of respondents feel that buying an existing business can offer them a greater chance of success. The graph shows that 24% mildly agreed; 22% agreed; 21% were neutral; 20% strongly agreed; 6% disagreed, and lastly, 3% mildly disagreed.

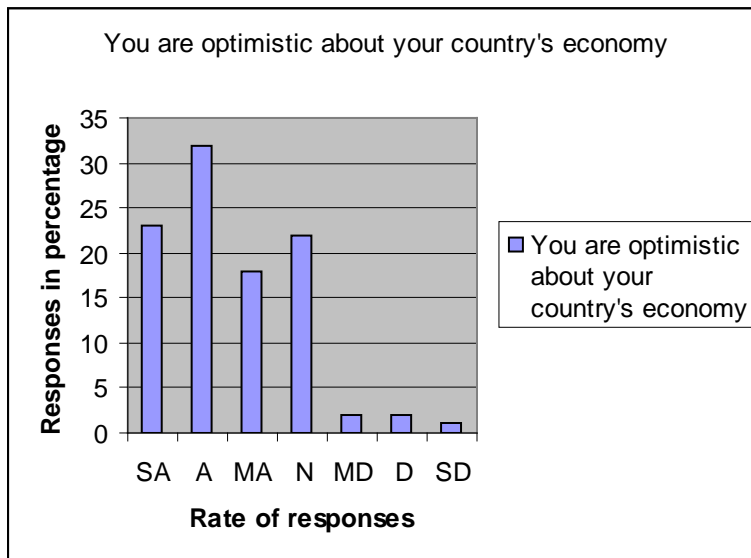
Some entrepreneurs prefer purchasing an existing business than starting one from scratch. This might be caused by the complications involved in starting a business and lack of knowledge thereof. The above results indicate that most people agree that buying an existing business can offer greater chances of success.

**4.23 You are optimistic about your country’s economic future**

The table below shows the results for ‘You are optimistic about your country’s economic future’.



**Table 4.24 You are optimistic about your country's economic future**

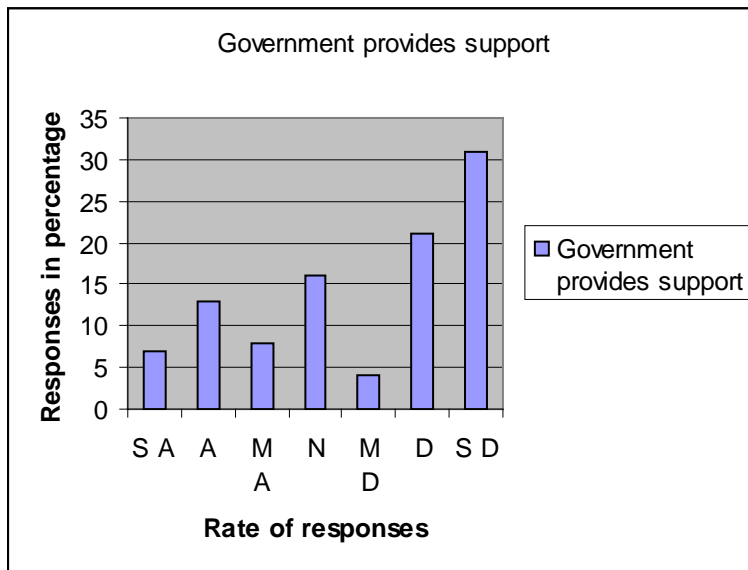


The table above clearly illustrates that the majority of respondents are optimistic about their country. Some people are pessimistic about their country, while on the other hand, others are optimistic. Those who are optimistic appear to be driven by encouragement and motivation. The above graph indicates that the majority of respondents, 32% agreed; 23% strongly agreed; 22% were neutral; 18% mildly agreed; 2% disagreed and mildly disagreed respectively, and lastly, 1% strongly disagreed.

#### **4.24 The government provides support for your businesses**

The table below shows the results for 'The government provides support for your businesses'.

**Table 4.25 The government provides support for your businesses**

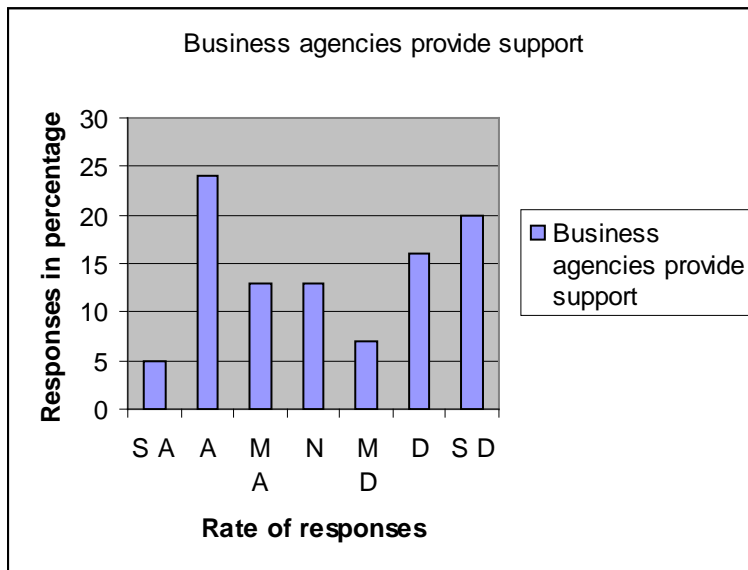


The government had designed programmes to help small businesses access funds and to run their businesses: however, low scores show that the government is supportive. 31% strongly disagreed; 21% disagreed; 16% were neutral; 13% said agreed; 8% mildly agreed; 7% strongly agreed, and lastly, 4% mildly disagreed. The table clearly demonstrates that the majority of respondents do not get support from the government.

**4.25 Business agencies provide support for your business**

The table below shows the results for ‘Business agencies provide support for your business’.

**Table 4.26 Business agencies provide support for your business**

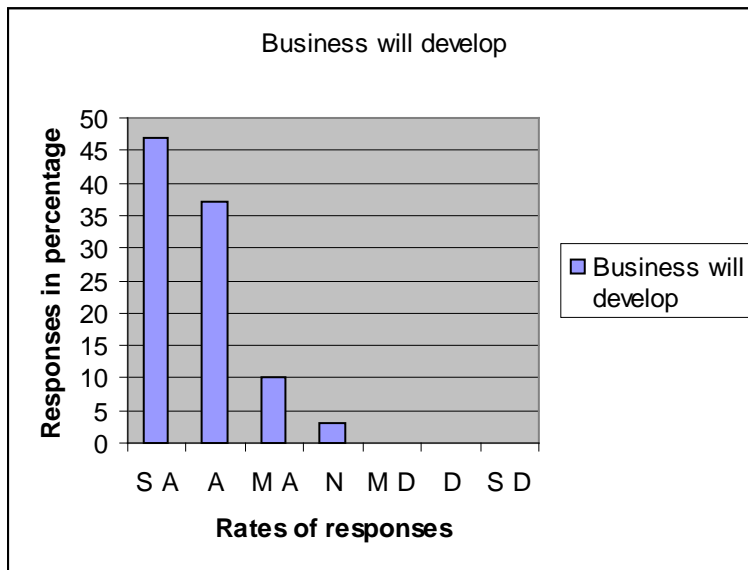


There are established organisations which help in gathering and cascading entrepreneurial data. These organisations also assist small enterprises through provision of finance and other tasks, such as assessing business sites. The table above indicates that nearly half of the respondents show that they do not get support from business agencies. The results show that 24% agreed; 20% strongly disagreed; 16% disagreed; 13% mildly agreed and were neutral respectively; 7% mildly disagreed, and lastly, 5% strongly agreed.

**4.26 Looking ahead five years, your business would have developed**

The table below shows the results for ‘Looking ahead five years, your business would have developed’.

**Table 4.27 Looking ahead five years, your business would have developed**

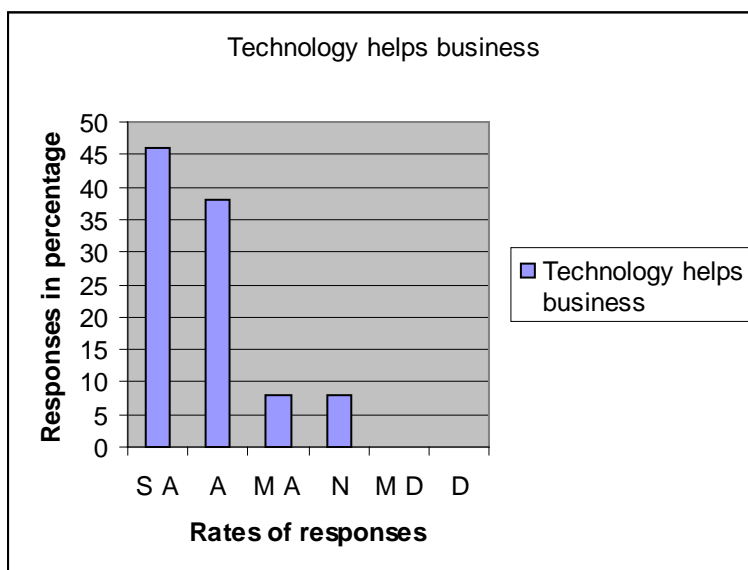


The table above obviously illustrates that the majority of respondents are optimistic about their businesses. Entrepreneurs are confident people and they have a belief that they should eventually accomplish their goal, which is to succeed in their businesses. They look into the future optimistically. The majority of respondents agree with this statement. 47% agreed; 37% strongly agreed; 10% mildly agreed, and finally 3% were neutral.

**4.27 Provision of technology will help your business**

The table below shows the results for ‘Provision of technology will help your business’.

**Table 4.28 Provision of technology will help your business**



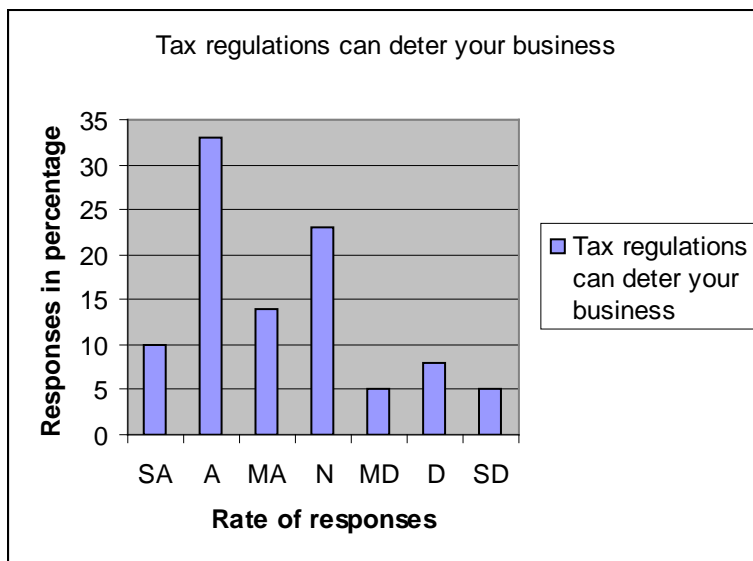
The above graph indicates that the majority of people agree that provision of technology helps in the running of businesses. The majority respondents, 46% strongly agreed; 38% agreed; 8% mildly agreed and were neutral respectively. The table clearly demonstrates that the majority of respondents support the provision of technology.

Up-to-date and appropriate knowledge is necessary for the success of business. Effective strategy formulation and implementation rely on updated knowledge. Today entrepreneurs utilise the Internet to market, buy and sell, and investigate opportunities.

#### 4.28 Tax regulations can deter you from developing your business

The table below shows the results for ‘Tax regulations can deter you from developing your business’.

**Table 4.29 Tax regulations can deter you from developing your business**



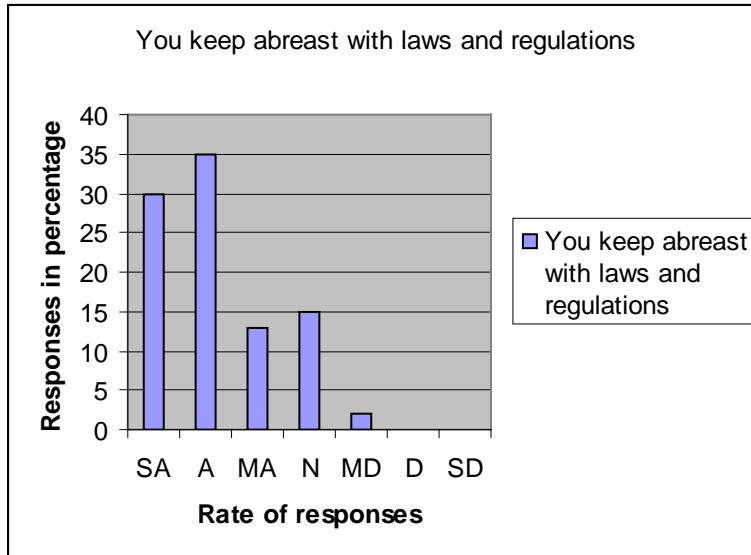
Tax is the main way government can boost the economy of the country. Entrepreneurs who abide by the tax regulations encounter no difficulties in running their businesses. The results yielded by this research are indicated by the above graph as well. It demonstrates that 33% agreed; 23% were neutral; 14% mildly agreed; 10% strongly agreed; 8% disagreed, and lastly, 5% mildly disagreed and strongly disagreed respectively.

#### 4.29 You keep abreast with the latest laws and regulations that impact entrepreneurs

The table below shows the results for ‘You keep abreast with the latest laws and

regulations that impact entrepreneurs’.

**Table 4.30 You keep abreast with the latest laws and regulations that impact entrepreneurs**



The table above clearly indicates that the majority of respondents understand that keeping abreast with the laws and regulations related to business is important. Since there are many developments and changes in the economy, people entering businesses need to have an insight into and understanding of the laws applicable to business in order to sustain and promote their businesses. Thus keeping abreast with the latest laws and regulations is crucial in sustaining businesses. The findings indicate that 35% agreed; 30% strongly agreed; 15% were neutral; 13% mildly agreed, and lastly, 2% mildly disagreed.

### 4.30 Correlation Analysis

#### 4.30.1 You are a successful entrepreneur and personality is a predictor

The tables below show an agreement between you are successful entrepreneur and personality as a predictor.

**Table 4.30.1.31 Descriptive statistics (You are successful entrepreneur and personality is a predictor)**

	N	Range	Minimum	Maximum	Mean	Std. Deviation
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic
You are successful	100	6	1	7	5.98	1.110
Personality is a predictor	100	6	1	7	6.30	1.106
Valid N (listwise)	100					

**Table 4.30.1.32 Correlation (You are a successful entrepreneur and personality is a predictor)**

		You are successful	Personality is a predictor
You are successful	Pearson Correlation	1	.466(**)
	Sig. (2-tailed)		.000
Personality is a predictor	Pearson Correlation	.466(**)	1
	Sig. (2-tailed)	.000	

\*\* Correlation is significant at the 0.01 level (2-tailed).

The tables above show an agreement between you are successful and personality is a reliable predictor. In the first table above descriptive statistics (mean, standard deviation, and N) are provided for the variables to be correlated. The second table shows correlation, which is significant at 0.01 level (2-tailed). The Pearson Correlation coefficient is .47; the significance level (sig.) or p is .000 and the number of participants with both variables (you are successful and personality is a reliable predictor), is 100. This could also be written as  $r = .47$ ;  $p = .000$ . As the correlation is positive, this suggests that high personality is generally associated with high success, medium personality with medium success, and low with low. This means that entrepreneurs with high personality are likely to succeed in their

businesses. If the correlation was not significant, there would be no agreement between success and personality.

#### 4.30.2 Technology supports business and your business will develop.

Tables below demonstrate a positive correlation between your business will develop and technology supports business.

**Table 4.30.2.33 Descriptive statistics (Technology supports business and your business will develop)**

	N	Range	Minimum	Maximum	Mean	Std. Deviation
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic
Technology supports business	100	6	1	7	6.23	.875
Your business will develop	100	6	1	7	6.23	.735
Valid N (listwise)	98					

**Table 4.30.2.34 Correlation (Technology supports business and your business will develop)**

		Technology supports businesses	Your business will develop
Technology supports businesses	Pearson Correlation	1	.488(*)
	Sig. (2-tailed)		.000
Your business will develop	Pearson Correlation	.488(*)	1
	Sig. (2-tailed)	.000	

\*\* Correlation is significant at the 0.05 level (2-tailed).

The above tables show a linear relationship between technology supports business and your business will develop. In the first table above, descriptive statistics (mean, standard deviation, and N) are provided for the variables to be correlated. The second table shows correlation. The scores of technology supports business appear to be connected to the



scores of your business will develop. This is proved by the descriptive statistics and significant correlation at the 0.05 level (2-tailed). The Pearson Correlation coefficient is .49; the significance level (sig.) or p is .000 and the number of participants with both variables (technology supports business and your business will develop) is 98. This could also be written as  $r = .49$ ;  $p = .000$ .

Statistics above demonstrate a positive association between technology supports and business development because high scores for technology supports business tend to match up with the high scores for your business will develop. As the correlation is positive, this suggests that high technology support is generally associated with high business development, medium technology support with medium business development, and low with low. If the correlation was not significant, there would be no agreement between technology support and business development. The statistics demonstrate that the majority of respondents perceive that technology can help in the development of businesses

#### 4.30.3 Business is important and you are confident

The tables above show an agreement between business is important and you are confident.

**Table 4.30.3.35 Descriptive statistics (Business is important and you are confident)**

	N	Range	Minimum	Maximum	Mean	Std. Deviation
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic
Business is important	100	4	3	7	6.66	.639
You are confident	100	6	1	7	6.48	.963
Valid N (listwise)	90					

**Table 4.30.3.36 Correlation (Business is important and you are confident)**

		Business is important	You are confident
Business is important	Pearson Correlation	1	.480(**)
	Sig. (2-tailed)		.001
You are confident	Pearson Correlation	.480(**)	1
	Sig. (2-tailed)	.001	

\*\* Correlation is significant at the 0.01 level (2-tailed).

The tables above demonstrate a statistically significant association between business is

important and you are confident. In the first table above descriptive statistics (mean, standard deviation, and N) are provided for the variables to be correlated. The second table shows correlation. This is supported by the scores of business is important, which appear to be connected to the scores of you are confident. This is proved by the descriptive statistics and significant correlation at the 0.01 level (2-tailed). As the correlation is positive, this suggests that high confidence is generally associated with high valuing of business, medium confidence with medium valuing of business, and low with low. If the correlation was not significant, there would be no agreement between importance of business and confidence. The Pearson Correlation coefficient is .48; the significance level (**sig.**) or p is .001 and the number of participants with both variables (business is important and you are confident) is 90. This could also be written as  $r = .48$ ;  $p = .001$ . Statistics indicate that the majority of respondents are confident to run their businesses. Statistics also indicate that the respondents view business as something significant to them.

#### 4.30.4 You know funding requirements and you can start a project

The tables below confirm a significant relationship between ‘you know’ requirements and you can start a project.

**Table 4.30.4.37 Descriptive statistics (You know funding requirements and you can start a project)**

	N	Range	Minimum	Maximum	Mean	Std. Deviation
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic
You know funding requirements	100	6	1	7	5.54	1.334
You can start a project	99	6	1	7	5.60	1.216
Valid N (listwise)	90					

**Table 4.30.4.38 Correlation (‘you know’ requirements and you can start a project)**

		You know funding requirements	You can start a project
You know funding requirements	Pearson Correlation	1	.442(**)
	Sig. (2-tailed)		.000
You can start a project	Pearson Correlation	.442(**)	1
	Sig. (2-tailed)	.000	

\*\* Correlation is significant at the 0.01 level (2-tailed).

The tables above confirm a significant relationship between ‘you know’ requirements and you can start a project. In the first table descriptive statistics (mean, standard deviation, and N) are provided for the variables to be correlated. The second table shows correlation. This is because scores of you know requirements and you can start a project appear to be connected to each other. Evidence of descriptive statistics and significant correlation at the 0.01 level (2-tailed) agrees with this. The Pearson Correlation coefficient is .44; the significance level (sig.) or p is .000 and the number of participants with both variables (you know requirements and you can start a project) is 90. This could also be written as  $r = .44$ ;  $p = .000$ .

Statistics above demonstrate a positive relationship between you know funding requirements and you can start a project because the scores for you know the funding requirements appear to be paired with scores for you can start a project. This also suggests that the majority of the respondents perceive that it is possible for entrepreneurs to start businesses when they know the funding requirements. As the correlation is positive, this suggests that high knowledge on requirements is generally associated with high intention to start a project, medium knowledge on requirements with medium intention to start a project, and low with low. If the correlation was not significant, there would be no agreement between knowledge on requirements and intention to start a project.

#### 4.30.5 You can acquire funds and you know requirements

Tables below illustrate an agreement between you can acquire funds and ‘you know’ requirements.

**Table 4.30.5.39 Descriptive statistics (You can acquire funds and ‘you know’ requirements)**

	N	Range	Minimum	Maximum	Mean	Std. Deviation
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic
You can acquire funds	100	6	1	7	5.39	1.435
You know requirements	100	6	1	7	5.54	1.334
Valid N (listwise)	90					

**Table 4.30.5.40 Correlation (You can acquire funds and you know the funding requirements)**

		You can acquire funds	You know funding requirements
You can acquire funds	Pearson Correlation	1	.428(**)
	Sig. (2-tailed)		.000
You know the funding requirements	Pearson Correlation	.428(**)	1
	Sig. (2-tailed)	.000	

\*\* Correlation is significant at the 0.01 level (2-tailed).

The tables above illustrate an agreement between you can acquire funds and you know the funding requirements. In the first table above, descriptive statistics (mean, standard deviation, and N) are provided for the variables to be correlated. The second table shows correlation. This is proved by the descriptive statistics and significant correlation at the 0.01 level (2-tailed). The Pearson Correlation coefficient is .43; the significance level (sig.) or p is .000 and the number of participants with both variables (you can acquire funds and you know requirements) is 90. This could also be written as  $r = .43$ ;  $p = .000$ .

The results yielded by this analysis indicate a significant correlation between you can acquire funds and you know the requirements. High scores for you can acquire funds tend to match up with high scores for you funding requirements. As the correlation is positive, this suggests that high knowledge on requirements is generally associated with great acquiring of fund, medium knowledge on requirements with medium acquiring of funds, and low with low. Statistics indicate that the majority of respondents perceive that one could easily get funds if one knows what the financial institutions require. If the correlation was not significant, there would be no agreement between knowledge on requirements and acquiring of funds. Statistics above demonstrate a need for workshops on how to access start-up capital.

#### **4.30.6 Knowledge drives economy and business is important**

The tables below show a statistically significant association between knowledge drives economy and business is important.

**Table 4.30.6.41 Descriptive statistics (Knowledge drives economy and business is important)**

	N	Range	Minimum	Maximum	Mean	Std. Deviation
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic
Knowledge drives economy	100	6	1	7	6.41	1.037
Business is important	100	6	1	7	6.66	.639
Valid N (listwise)	90					

**Table 4.30.6.42 Correlation (Knowledge drives economy and business is important)**

		Knowledge drives economy	Business is important
Knowledge drives economy	Pearson Correlation	1	.444(**)
	Sig. (2-tailed)		.000
Business is important	Pearson Correlation	.444(**)	1
	Sig. (2-tailed)	.000	

\*\* Correlation is significant at the 0.01 level (2-tailed).

The tables above show a statistically significant association between knowledge drives economy and business is important. In the first table above descriptive statistics (mean, standard deviation, and N) are provided for the variables to be correlated. The second table shows correlation. The scores of both variables appear to be linked to each other. This is proved by the descriptive statistics and significant correlation at the 0.01 level (2-tailed).

The Pearson Correlation coefficient is .44; the significance level (**sig.**) or p is .000 and the number of participants with both variables (knowledge drives economy and business is important) is 90. This could also be written as  $r = .44$ ;  $p = .000$ . As the correlation is positive, this suggests that high confidence is generally associated with high valuing of business, medium confidence with medium valuing of business, and low with low. Statistics above indicate that high scores of entrepreneurs regard business knowledge as one of the important aspects that could help in the development of businesses. If the

correlation was not significant, there would be no agreement between importance of business and confidence.

#### 4.30.7 Government supports businesses and agencies support businesses

The tables below show a statistically significant association between family helps in business and parents funded business.

**Table 4.30.7.43 Descriptive statistics (Government supports business and agencies support businesses)**

	N	Range	Minimum	Maximum	Mean	Std. Deviation
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic
Government supports businesses	100	6	1	7	3.21	2.085
Agencies support businesses	100	6	1	7	3.81	2.055
Valid N (listwise)	90					

**Table 4.30.7.44 Correlation (Government supports business and agencies support businesses)**

		Government supports businesses	Agencies support businesses
Government supports businesses	Pearson Correlation	1	.462(**)
	Sig. (2-tailed)		.001
Agencies support businesses	Pearson Correlation	.462(**)	1
	Sig. (2-tailed)	.001	

\*\* Correlation is significant at the 0.01 level (2-tailed).

The results above indicate a positive relationship between government supports businesses and agencies support businesses. In the first table above descriptive statistics (mean, standard deviation, and N) are provided for the variables to be correlated. The second table shows correlation. The scores of the above variables appear to be connected to each other. This is supported by descriptive statistics and significant correlation at the 0.01 level (2-

tailed). The Pearson Correlation coefficient is .46; the significance level (sig.) or p is .001 and the number of participants with both variables (government supports businesses and agencies support businesses) is 90. This could also be written as  $r = .46$ ;  $p = .001$ . As the correlation is positive, this suggests that more government support is generally associated with more agencies support, medium government support with medium agencies support, and low with low. If the correlation was not significant, there would be no agreement between government support and agencies support. Statistics above indicate that majority of respondents seek government's and agencies' support to prosper their businesses.

### 4.31 Regression Analysis

The study has used the multiple regression technique to evaluate and establish a quantitative association between dependent and independent variables.

The table below shows a model summary on regression.

**Table 4.31.1.45 Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.705(a)	.497	.309	.954

(a) Predictors: (Constant). You are informed about laws, competition deters business, you can start a project, parents were entrepreneurial, business is important, family helps in business, government supports business, entrepreneurs are independent, entering markets is hard, lack of suppliers deters, buying existing business helps, you trust your country's economy, your business will develop, you can acquire funds, personality is a predictor, you understand strategies, agencies support business, you are confident, insurance is important, tax regulations deter business, you know requirements, technology supports business, knowledge drives economy, parents funded business.

(b) Dependent Variable: You are successful

The Model Summary table demonstrates that the multiple correlation coefficient (R), utilising all the predictors at the same time is .71. This means Beta is positive at .71 and the adjusted R Squared is .31, meaning that 31% of the variance in the dependent variable, you are successful can be predicted from the combination of independent variables. The adjusted R Squared is lower than the unadjusted R Squared (.50). R square of .497 provides an approximation of how well the models relates to the study.

**Table 4.31.1.46 ANOVA (b)**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	57.584	24	2.399	2.637	.001(a)
	Residual	58.236	64	.910		
	Total	115.820	88			



(a) Predictors: (Constant). You are informed about laws, competition deters business, you can start a project, parents were entrepreneurial, business is important, family helps in business, government supports business, entrepreneurs are independent, entering markets is hard, lack of suppliers deters, buying existing business helps, you trust your country's economy, your business will develop, you can acquire funds, personality is a predictor, you understand strategies, agencies support business, you are confident, insurance is important, tax regulations deter business, you know requirements, technology supports business, knowledge drives economy, parents funded business.

(b) Dependent Variable: You are successful

The Anova Table demonstrates that  $F= 2.64$  and is statistically significant. This is an indication that predictors are associated together to predict you are successful. The association of variables to predict you are successful from the predictors was statistically significant,  $F(24.64=2.64, p < .001)$ .

Below is the coefficient table which shows the standardized beta coefficients.

**Table 4.31.1.47 Coefficients (a)**

Model		Unstandardised Coefficients		Standardised Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.256	1.640		-.156	.876
	Entrepreneurs are independent	.161	.107	.167	1.496	.139
	Personality is a predictor	.421	.110	.425	3.824	.000
	Business is important	-.031	.238	-.017	-.130	.897
	You can acquire funds	.252	.093	.317	2.707	.009
	You know requirements	-.095	.109	-.111	-.871	.387
	You can start a project	-.085	.120	-.091	-.710	.480
	You understand strategies	.015	.151	.013	.103	.918
	Entering markets is hard	-.027	.074	-.040	-.363	.718
	Family helps in business	.086	.064	.155	1.350	.182
	Parents funded business	.170	.080	.304	2.134	.037
	Parents were entrepreneurial	-.023	.072	-.044	-.313	.755
	Lack of suppliers deters	-.024	.076	-.040	-.309	.758
	Knowledge drives economy	.059	.153	.054	.387	.700
	You are confident	.064	.143	.054	.449	.655
	competition deters business	.001	.060	.002	.017	.986
	Insurance is important	-.178	.099	-.219	-1.791	.078
	Buying existing business helps	-.035	.090	-.043	-.390	.698
	You trust your country's economy	.041	.108	.043	.380	.705
	Government supports business	.005	.067	.009	.071	.944
	Agencies support business	-.096	.066	-.173	-1.454	.151
	Your business will develop	.309	.211	.199	1.462	.149
	Technology supports business	.038	.171	.029	.220	.827
	Tax regulations deter business	-.025	.085	-.035	-.294	.770
	you are informed about laws	.033	.113	.033	.297	.768

a) Dependent Variable: You are successful

The above Coefficient Table illustrates the standardised beta coefficients, which are interpreted in the same way as correlation coefficients. The t value and the Sig prove whether each independent variable is significantly contributing to the dependent variable.

Only personality is a predictor, and you can acquire funds, significantly contributes as a variable to the equation.

In this study, the high percentage of success could be linked with a high range of understanding strategies, high range of technology supports businesses, high range of government supports business, high range importance of business, high percentage of being informed about laws, and high percentage of buying existing business. The range of understanding strategies ( $b = 0.15$ ,  $p = .918$ ) is significant, and the coefficient is positive which demonstrates that understanding strategies is associated with the range of success. The technology support ( $b = 0.38$ ,  $p = .827$ ) is significant, and the coefficient is positive, demonstrating that for receiving technological support, the range of success is more developed. The level of government support ( $b = 0.05$ ,  $p = .944$ ) is significant, and the coefficient is positive. The level of business is important ( $b = -.031$ ,  $p = .897$ ) is significant, and the coefficient is positive. The level of you are informed ( $b = 0.33$ ,  $p = .768$ ) is significant, and the coefficient is positive. Lastly, the level of buying existing business ( $b = -.035$ ,  $p = .698$ ) is significant, and the coefficient is positive. The study shows a positive link between the above predictors and the dependent variable “you are successful”.

#### **4.32 Conclusion**

In this chapter, the results of the study were presented using quantitative techniques. The analysis involved the production of tables, charts and graphs. The analysis also involved mathematical procedures and statistical tests of significance. Inferential statistics employed the Pearson Correlation and multiple regression analysis. The approaches used would determine if there is an existence of differences and relationships on the correlated variables.

The next chapter will deal with the recommendations and conclusion on the factors impacting on entrepreneurial success in Durban.

## **CHAPTER 5**

### **DISCUSSION OF FINDINGS**

#### **5.1 Introduction**

In this chapter a conclusion is drawn and recommendations made that could be employed to help those who intend to establish their own ventures as entrepreneurs in Durban. The findings presented in Chapter Four will be analysed with the intention to answer the research question. Recommendations will be made, followed by the final conclusion. The research question reads as follows:

- What factors impact on entrepreneurial success in Durban?

#### **5.2 Discussion of Findings**

The study indicated that the majority of respondents are confident in running their businesses. They believe knowledge drives economy. According to the study most of the respondents keep abreast with laws and policies. As stated by the findings of the study, hindrance to the success of entrepreneurs is related to incapability to penetrate new markets, reflected in Table 4.14, lack of personal support system reflected in Table 4.16 and Table 4.17, inadequate government support, reflected in Table 4.25, and lack of support from agents, reflected in Table 4.26.

##### **5.2.1 Incapability to enter new markets**

Competency has been regarded as a great contributor to the success of many businesses. Research results show a contradiction. There is a high number of respondents who said they know expansion strategies, but also found entry into new markets difficult. This clearly indicates that a great number of respondents are not obtaining adequate supportive programmes to develop their enterprises. They lack competitive strategies.

The study reflects the incapability of the respondents to enter into new markets. This is evidenced in the following data where respondents highlighted their difficulty in entering new markets. 15% strongly agreed; 26% agreed; 23% mildly agreed; 14% were neutral; 5% mildly disagreed; 12% disagreed, and 4% strongly disagreed. Entrepreneurs are confident in their capabilities and their business concept. They have a belief that they are capable of accomplishing whatever they plan to do. Entrepreneurs who conduct market analyses find it easy to determine demographic profile of customers. Entrepreneurs who

obtain information of their potential markets are likely to succeed in their businesses. Therefore, even entering new markets would not be difficult for entrepreneurs.

### **5.2.2 Lack of personal support**

Lack of personal support has been regarded as a major cause of the lack of success of most black business people. The data analysis demonstrates that the majority of entrepreneurs are not receiving funding support from their families to develop their businesses. The majority of respondents 31% said strongly disagreed; 26% said disagreed; 15% said agreed; 13% were neutral; 11% said neutral; 5% said strongly agreed; 4% said mildly agreed and mildly agreed respectively. This clearly demonstrates that the majority of the respondents are struggling to get funds for the start-up. One of the essential requirements of developing enterprise is capital.

The data analysis also indicates that the majority of respondents do not get the know-how experience. Most entrepreneurs indicated that their parents were not entrepreneurial. Research findings show that the majority of respondents (25%) said strongly disagreed; (22%) said agreed; (13%) said strongly agreed; (11%) said neutral; (9%) said disagreed; 8% said mildly disagreed and mildly agreed respectively. People born and raised in an entrepreneurial environment gain early experiences that help them develop the skills, competencies, and self-confidence that contribute to later decisions to become entrepreneurs, and to their ability to succeed.

### **5.2.3 Inadequate government support**

The review of literature illustrates that the state has established several supportive programmes to assist developing entrepreneurs to access funds to run their businesses. These include programmes such as Ntsika Agency and Umsobomvu Youth Advisory Centres, which are aimed at uplifting small enterprises. The study also illustrates that the government introduced the White Paper to promote small businesses. However, low scores show that the government is not supportive. 31% strongly disagreed; 21% disagreed; 16% were neutral; 13% agreed; 8% mildly agreed; 7% strongly agreed, and lastly, 4% mildly disagreed. The literature review on the factors impacting on entrepreneurial success has shown a lack of government intervention, a lack of support from business agencies and a lack of strategies to enter new markets.

#### **5.2.4 Lack of agents support**

Literature review reveals that the Department of Trade and Industry came up with a number of initiatives to promote the developing business sector. These include the establishment of some institutions to support the growth of SMMEs, but the research findings indicate that the majority of entrepreneurs are not obtaining adequate support from agents. The results yielded by the study show that the majority of respondents 20% said strongly disagreed; followed by 16% who disagreed; 13% were neutral and mildly agreed respectively; 24% agreed; 5% strongly agreed, and lastly, 7% mildly disagreed. The majority of respondents indicated that only those who are well established in businesses receive support from agents.

### **5.3 Recommendations**

With regard to the findings indicated above, the following recommendations are suggested.

The study shows that the majority of participants do not have a background for business as most of them indicated that they are from families who were not entrepreneurial. The study also shows that the majority of respondents do not obtain financial support from their families. On the other hand, they have indicated that expansion of their businesses is important. This clearly shows that if workshops could be organised they might attend in large numbers so as to expand their knowledge and skills to effectively start or run their businesses. Therefore, the government at local level should strive to organise seminars and workshops for young entrepreneurs, which can equip them with skills to develop their businesses. These workshops and trainings should concentrate more on uplifting literacy and number skills. Business skills are required to run business effectively.

It is further recommended that tertiary institutions, like the University of KwaZulu-Natal, through its Graduate School of Business, work-hand-in-hand with local government at local municipality level in developing business seminars and training courses for young entrepreneurs, preferably in the participants' language. It is recommended that training should include:

- Pre-establishment phase training which involves preparing a business plan, industry analysis, choosing a venture form, accessing finance, and policies impacting on entrepreneurs.

- Establishment phase training which involves strategic business management skills. Hopefully, this might help novice entrepreneurs acquire appropriate skills to start and develop their businesses.

Satellite offices which could be close to Black people (in terms of residence and business) should also be established to help those people who spend huge costs and go long distances to seek help. These offices would assist with the information regarding administration of businesses, marketing and management of finance.

The study shows that the majority of respondents are seeking agents support, however, affordability is the hindrance. Agents play a vital role in the upliftment of small businesses. They provide advices and appropriate information. For example, estate agents could provide support and advice in acquiring the most suitable location for the enterprise. Insurance agents could provide information on how to reduce risks. It is recommended that the government fund agents to help reduce their charges so that entrepreneurs would be able to consult them.

#### **5.4 Limitations of the study**

One limit that could affect the study is that some of the potential entrepreneurs did not and could not respond appropriately as they did not have adequate information about the business. The study was unable to get information on the number of types of businesses or entrepreneurs in Durban. If the study had managed to access the number of businesses or entrepreneurs in Durban, it would be strengthened.

#### **5.5 Summary**

The study has highlighted the significance of the involvement of the state in the upliftment of entrepreneurs. There is an indication that most businesses fail because entrepreneurs are not exposed to proper information which could help sustain their businesses. Therefore, difficulties indicated in this study need urgent attention.

This research suggests that there is a demand for more business seminars and trainings to be conducted to equip developing entrepreneurs.

## **5.6 Conclusion**

A matter of concern in this research was the lack of success of the entrepreneurs in their businesses in spite of the support programmes designed by the government. The analysis reveals that inadequate government support is a subject issue. A remark on this research is that participants are not pleased with the extent of support provided by the state to enterprises. In conclusion, it is consequently recommended that the government create more satellite buildings for businesses. The purpose for these offices would be to provide assistance to entrepreneurs and people who want to start their own businesses.

The researcher strongly urges further work to explore the problem statement of this research and to address further issues pertaining to the factors impacting on entrepreneurial success.



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## APPENDICES

### QUESTIONNAIRE

#### Factors impacting on entrepreneurial success in Durban

You are invited to participate in a research project entitled: Factors impacting on entrepreneurial success in Durban, South Africa. This research is aimed at determining whether the factors that drive entrepreneurship in Durban, South Africa, are sufficient to promote economic development. It will also assist in determining and evaluating the government's contribution in the promotion of entrepreneurs and then make recommendations on means to encourage entrepreneurship.

The questionnaire can be filled in by people who own a business, or intend to start a business, directors, and senior managers, answering in their individual capacity

#### How to complete the questionnaire

All the questions offer you options from 1 to 7, where 1 is *strongly disagree* and 7 is *strongly agree*. Indicate your response to each question/ statement by making a cross (X), tick, highlighting, encircling or colouring the most accurate response to reflect your position. If you have no answers to the question leave the question unmarked. There are 25 questions.

1. An entrepreneur's primary motivation for a starting a business is to be independent.

Strongly disagree	Disagree	Mildly disagree	Neutral	Mildly agree	Agree	Strongly agree
1	2	3	4	5	6	7

2. You view yourself as a successful entrepreneur.

Strongly disagree	Disagree	Mildly disagree	Neutral	Mildly agree	Agree	Strongly agree
1	2	3	4	5	6	7

3. Personality is a reliable predictor of future behaviour in business.

Strongly disagree	Disagree	Mildly disagree	Neutral	Mildly agree	Agree	Strongly agree
1	2	3	4	5	6	7

4. Establishment or expansion of your business is important to you.

Strongly disagree	Disagree	Mildly disagree	Neutral	Mildly agree	Agree	Strongly agree
1	2	3	4	5	6	7

5. You can acquire funds needed to open/expand your business.

Strongly disagree	Disagree	Mildly disagree	Neutral	Mildly agree	Agree	Strongly agree
1	2	3	4	5	6	7

6. You are knowledgeable about the requirements of the funding sources.

Strongly disagree	Disagree	Mildly disagree	Neutral	Mildly agree	Agree	Strongly agree
1	2	3	4	5	6	7

7. You can start a project in spite of a myriad of obstacles.

Strongly disagree	Disagree	Mildly disagree	Neutral	Mildly agree	Agree	Strongly agree
1	2	3	4	5	6	7

8. You understand strategies for your business expansion.

Strongly disagree	Disagree	Mildly disagree	Neutral	Mildly agree	Agree	Strongly agree
1	2	3	4	5	6	7

9. Entry into new markets is now too difficult.

Strongly disagree	Disagree	Mildly disagree	Neutral	Mildly agree	Agree	Strongly agree
1	2	3	4	5	6	7

10. Your family members help you in the day-to-day running of your business.

Strongly disagree	Disagree	Mildly disagree	Neutral	Mildly agree	Agree	Strongly agree
1	2	3	4	5	6	7

11. Your parents funded part of the start-up of your business.

Strongly disagree	Disagree	Mildly disagree	Neutral	Mildly agree	Agree	Strongly agree
1	2	3	4	5	6	7

12. Your parents were entrepreneurial.

Strongly disagree	Disagree	Mildly disagree	Neutral	Mildly agree	Agree	Strongly agree
1	2	3	4	5	6	7

13. Lack of suppliers can deter you from opening/expanding your business.

Strongly disagree	Disagree	Mildly disagree	Neutral	Mildly agree	Agree	Strongly agree
1	2	3	4	5	6	7

14. Knowledge drives today's global economy.

Strongly disagree	Disagree	Mildly disagree	Neutral	Mildly agree	Agree	Strongly agree
1	2	3	4	5	6	7

15. You are a confident person.

Strongly disagree	Disagree	Mildly disagree	Neutral	Mildly agree	Agree	Strongly agree
1	2	3	4	5	6	7

16. Competition can deter you from expanding your business.

Strongly disagree	Disagree	Mildly disagree	Neutral	Mildly agree	Agree	Strongly agree
1	2	3	4	5	6	7

17. Financial impact can be minimised by purchasing insurance.

Strongly disagree	Disagree	Mildly disagree	Neutral	Mildly agree	Agree	Strongly agree
1	2	3	4	5	6	7

18. Buying an existing business can offer you a greater chance of success.

Strongly disagree	Disagree	Mildly disagree	Neutral	Mildly agree	Agree	Strongly agree
1	2	3	4	5	6	7

19. You are optimistic about your country's economic future.

Strongly disagree	Disagree	Mildly disagree	Neutral	Mildly agree	Agree	Strongly agree
1	2	3	4	5	6	7

20. The government provides support for your business.

Strongly disagree	Disagree	Mildly disagree	Neutral	Mildly agree	Agree	Strongly agree
1	2	3	4	5	6	7

21. Business agencies provide support for your business.

Strongly disagree	Disagree	Mildly disagree	Neutral	Mildly agree	Agree	Strongly agree
1	2	3	4	5	6	7

22. Looking ahead five years, your business would have developed.

Strongly disagree	Disagree	Mildly disagree	Neutral	Mildly agree	Agree	Strongly agree
1	2	3	4	5	6	7

23. Provision of technology will help your business.

Strongly disagree	Disagree	Mildly disagree	Neutral	Mildly agree	Agree	Strongly agree
1	2	3	4	5	6	7

24. Tax regulations can deter you from developing your business.

Strongly disagree	Disagree	Mildly disagree	Neutral	Mildly agree	Agree	Strongly agree
1	2	3	4	5	6	7

25. You keep abreast with the latest laws and regulations that impact entrepreneurs.

Strongly disagree	Disagree	Mildly disagree	Neutral	Mildly agree	Agree	Strongly agree
1	2	3	4	5	6	7





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09 April 2010

Mr T V Ndlovu  
P O Box 564  
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4000

Dear Mr Ndlovu

**PROTOCOL: Factors impacting on entrepreneurial success in Durban**  
**ETHICAL APPROVAL NUMBER: HSS/0168/2010 M: Faculty of Management Studies**

In response to your application dated 07 April 2010, Student Number: **992239940** the Humanities & Social Sciences Ethics Committee has considered the abovementioned application and the protocol has been given **FULL APPROVAL**.

**PLEASE NOTE: Research data should be securely stored in the school/department for a period of 5 years.**

I take this opportunity of wishing you everything of the best with your study.

Yours faithfully

**Professor Steve Collings (Chair)**  
**HUMANITIES & SOCIAL SCIENCES ETHICS COMMITTEE**

SC/sn

cc: Dr M Challenor (Supervisor)  
cc: Ms C Haddon

