RESEARCH INTO ENTREPRENEURSHIP AND SMALL BUSINESS IN SOUTH AFRICA: CURRENT STATUS AND FUTURE CHALLENGES

By

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DECLARATION

I, Paul Tai-Hing, declare that this dissertation entitled “Research into Entrepreneurship and Small Business in South Africa: Current Status and Future Challenges” is my own work, that all sources used or quoted have been indicated and acknowledged by means of complete references, and that this dissertation has not been previously submitted by me for a degree at any other university.

.................................................. ..................................................

Paul Tai-Hing Date
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EXECUTIVE SUMMARY

This research seeks to advance knowledge of the current state of entrepreneurship and small businesses in South Africa, and reports on a review of 32 articles and 244 research abstracts in the field. The studies as a whole indicate that entrepreneurs in South Africa require more knowledge in the fields of:

- Networking in business
- Internationalisation of business
- Entrepreneurship training

Since the 1990s, research in entrepreneurship has grown in terms of the number of articles published and conference papers presented. In many countries entrepreneurship has also become part of the political agenda as it is perceived as a possible solution to high unemployment rates. In addition, interest in entrepreneurship has heightened during the 2000s, especially in business schools. Much of this interest is driven by student demand for courses in entrepreneurship, either because of genuine interest in the subject, or because students see entrepreneurship education as a useful hedge given uncertain corporate careers.

Most of the entrepreneurship research abstracts reviewed for this study focused on race, gender and ethical issues in South Africa. These three research topics focused on:

- Attitudes and experiences of black women: differ from other racial groups in business with the results indicating that black women were competent and highly-motivated, but lacked communication skills and Western business orientation. Many black women also desired equality although their male counterparts opposed this. Black women also lacked role models and career guidance.
- Different population groups participate in the economy: reflect regional, income, expenditure, skill, occupational and labour differences, including labour supply and demand.
- Ethics concerns: include whether it should be taught in the human resources management curricula taught in universities.
From the findings it appeared that entrepreneurship research in South Africa is fairly similar to international research contexts. As entrepreneurship and small businesses are diverse and multi-disciplinary, the studies reviewed indicated a wide range of different models, theories, frameworks, and combinations of these. However, the theoretical richness of the studies reviewed was, in many cases, relatively low, and only a few of the studies could be regarded as highly-theoretical. In addition, the presentation of the various theories and models applied was very often inadequately reported. It is also important to note that altogether between 7 and 11% of the studies were without any well-argued theoretical framework. Thus, researchers in the field should discuss the theoretical frameworks applied in their empirical analyses, to ensure this will improve the theoretical understanding of the phenomenon.

Although this study made use of the mixed-method approach to conduct the research, it is also important to note that, in 12% of cases, methodological issues were poorly described. Most of the studies often did not describe the data collection response rate provide sample demographic and firm size details as well as identify the target industry. These details were often missing or loosely defined. The reasons for the selection of a certain research approach were also poorly explained, making many of the research studies deficient or limited methodologically. These omissions present a challenge, not only to authors in the field, but also to reviewers and editors in academic journals, as this impacts on the scientific rigor of published papers. On the basis of published papers reviewed, it seems that, personally-administered data collection works best in South Africa.

From the research studies undertaken in South Africa, it is evident that much has been researched in the areas of gender (specifically the role of women in business), entrepreneurship training and ethics in business. It is evident that during the 1980s, no research was conducted in South Africa in the areas of family businesses and entrepreneurship training, while international research focuses on these topics. During the 1990s, no research focused on networking in small businesses, and during the 2000s, there was a lack of research on internationalisation of businesses as only six articles were published from 2000 until 2011 on these topics. This highlights a need for internationalisation research especially as it is well-documented
that the South African economy cannot survive if it does not take cognisance of its international competitors.

On the basis of the articles and abstracts reviewed, the current state of knowledge concerning entrepreneurship and small businesses in South Africa was assessed, especially the need for the internationalisation of South African small businesses. Moreover, research studies could also focus on the obstacles encountered in the internationalisation process of South African small businesses.
CHAPTER 1 - INTRODUCTION, BACKGROUND AND SCOPE OF THE STUDY

1.1. INTRODUCTION

Londström (2005) argued that entrepreneurship is a relatively new field of research and is approximately 20-25 years old. The researcher suggests that since the 1990s, research in entrepreneurship has grown in terms of articles published and conference papers presented. In many countries, entrepreneurship has also become part of the political agenda as entrepreneurship is perceived as a possible solution to high unemployment rates.

Venkataraman (2007) observes that interest in entrepreneurship has heightened during the 2000s, especially in business schools. Much of this interest is driven by student demand for courses in entrepreneurship, either because of genuine interest in the subject, or because students see entrepreneurship education as a useful hedge given uncertain corporate careers.

As the research interests in this field increases, it becomes important to understand which areas of the discipline have received academic attention, and which areas are still under researched. Therefore, this study investigates areas of entrepreneurial research in South Africa to provide an understanding of current research into entrepreneurship and small businesses in South Africa and also to indicate possible future areas for entrepreneurial research.

1.2. BACKGROUND TO THE STUDY

Entrepreneurship and small business play a vital role in the economy of every country, and has been the driving force behind economic development for some time (Schumpeter, 1954; Baumol, 1990; Jesselyn & Mitchell, 2006). Several researchers have also indicated that economic growth correlates with the number of new businesses started (Gorman, Hanlon & King, 1997; Jack & Anderson, 1998; Hisrich & Peters, 2002; Henry, Hill & Leitch, 2003).
If entrepreneurship is about the entrepreneur that recognises economic opportunities and takes action to exploit them, it ought to be of great importance when talking about the changes towards a knowledge economy during the previous decades. However, entrepreneurship research has not been a loud voice in society change discussions, and entrepreneurship researchers have also not paid particular attention to this development (Londström, 2008).

1.3. LITERATURE OVERVIEW

1.3.1 A definition of entrepreneurship

Hisrich, Peters and Shepherd (2007) define entrepreneurship as the process of creating wealth. The wealth is created by individuals who assume the major risks in terms of equity, time and/or career commitment or provide value for some product or service. The product or service may or may not be new or unique, but value must somehow be infused by the entrepreneur by receiving and locating the necessary skills and resources.

Hisrich, et al (2007) also provide an alternative definition and define entrepreneurship as the process of creating something new with value by devoting the necessary time and effort, assuming the accompanying financial, psychic, and social risks, and receiving the resulting rewards of monetary and personal satisfaction and independence.

Badenhorst-Weiss, Cant and Du Toit (2007) define entrepreneurship as the process of mobilising and risking resources to utilise a business opportunity or introduce an innovation in such a way that the needs of society for products and services are satisfied, jobs are created, and the owner of the business profits from it. This process includes new as well as existing businesses, but the emphasis is usually on new products or services and new businesses.

The common theme underlying all the definitions is that entrepreneurship involves risk and creates wealth.
Table 1 outlines various definitions of entrepreneurship as defined by different authors.

**Table 1: Definitions of entrepreneurship**

<table>
<thead>
<tr>
<th>SOURCE</th>
<th>DEFINITION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zimmerer and Scarborough (2005:4)</td>
<td>The creation of a new business in the face of risk and uncertainty for the purpose of achieving profit and growth by identifying significant opportunities and assembling the necessary resources to capitalise on them</td>
</tr>
<tr>
<td>Badenhorst-Weiss, Cant and Du Toit (2010:42)</td>
<td>The process by which individuals pursue opportunities without regard to resources they currently control</td>
</tr>
<tr>
<td>Coulter (2003:8)</td>
<td>The process whereby an individual or group of individuals use organised efforts to pursue opportunities to create value and grow by fulfilling wants and needs through innovation and uniqueness, no matter what resources the entrepreneur has currently</td>
</tr>
<tr>
<td>Dollinger (2007:5)</td>
<td>The creation of an innovative economic organisation (or network of organisations) for the purpose of gain or growth under conditions of risk and uncertainty</td>
</tr>
</tbody>
</table>

Source: Own creation

From the Table 1, it is evident that many different definitions exist for Entrepreneurship and that there is no agreement on what it entails. For the purpose of this study, the definition as identified by Zimmerer and Scarborough (2005) will be used. The definition is easy to understand and highlights the two common key factors which underlie the definitions in Table 1, namely, entrepreneurship is the:

- creation of a new business in the face of risk and uncertainty
- formation of the business is in pursuit of profit

### 1.3.2 The History of entrepreneurship and entrepreneurship research

Entrepreneurship can be traced back to the 17th century when the well-known author and economist Cantillon regarded the entrepreneur as a risk taker in his theory. By the 18th century clear distinctions were made between the entrepreneur and capital provider. This distinction was mainly due to the outcome of global industrialisation and the period of Thomas Edison's “financial crunch” (Hisrich, et al, 2007). Although Edison wanted to add to technological advancements but could not do so because of financial constraints he, later generated capital from private sources to finance his experiments in the fields of chemistry and electricity (Hisrich, et al, 2007). In the late 19th and 20th century, the entire global scenario changed. There was not much
difference in entrepreneurs and managers as both were often regarded as the same. Hisrich, *et al.* (2007) regarded entrepreneurs as organisers who control, systematise, purchase raw materials, arrange infrastructure, throw in their own inventiveness and expertise, then, finally, plan and administer the venture.

Researchers in different disciplines have long taken an interest in entrepreneurship, represented by precursors such as Richard Cantillon, Jean Baptiste Say, Carl Menger and Alfred Marshall in the 18th and 19th centuries. It is thus clear that it was the economists who first researched entrepreneurs.

During the 1950s and 1960s behavioural science researchers became interested in the topic of entrepreneurship. Their point of departure was: Why do some individuals tend to start their own business whereas others do not? The answer was: It depended on some individuals having certain qualities that others lacked. To understand the entrepreneur as a person, an interest in entrepreneurship research took place among psychologists such as David McClelland and Everett Hagen, as well as social anthropologists like Fredrik Barth and Clifford Geertz, and historians such as David Landes. Thus, in the 1950s and 1960s, entrepreneurship research was characterised by a strong behavioural science tradition.

It was not until the end of the 1970s and beginning of the 1980s that an emerging group of scholars from different disciplines became interested in entrepreneurship making the phenomenon visible and attracting other researchers to start research projects on entrepreneurship. Londströms (2008) identified three phases of entrepreneurial research, namely, the emerging phase during the 1980s which focused on society, whereas the second growth phase of the 1990s focused on the topic itself. The last phase, namely, the domain phase, of the 2000s strongly focuses on the domain and indicated that entrepreneurial research follow traditional scientific approaches.

### 1.3.3 Importance of entrepreneurship

From a South African perspective, the importance of small businesses contributing to national wealth is critical. The South African economy is growing at a rate of 6,6% per annum whilst the population is growing at a rate of -0,051% per annum (South
Africa Demographics, 2011). For South Africa to maintain its existing level of wealth, it is generally accepted by economists that the country needs to grow at twice the rate of its population growth rate per annum. It thus means that the economy is required to grow at approximately 5.6% per annum. Various strategies can be formulated by government and businesses to achieve this growth rate but the need to stimulate the growth of small- to medium-sized enterprises is widely acknowledged as having the best potential to achieve the required growth. For this reason, policymakers need to review the growth potential of small businesses. With this in mind, there is a need to:

- Understand the regional context of the development of small businesses in a peripheral region and the problems specific to such firms
- Undertake an examination of the management of small businesses with respect to the linkages between owner-manager; their competencies (experience and expertise); the resources (venture capital) available to the firm and the management of these resources
- Examine how policies/strategies could be improved/developed to assist small businesses to access the necessary venture capital to start and continue to manage their businesses successfully

Badenhorst-Weiss, et al (2007) allude to entrepreneurial activity as the essential source of economic growth and social development, and the key role played by this factor of production has been underestimated for decades. Entrepreneurship is the spark that brings all the factors of production into motion. However, it is also important to realise that entrepreneurship itself is, in turn, mobilised by the confidence, creativity, skills, and expectations of the entrepreneur. If the entrepreneurial spirit is absent, the production machine does not go into action.

Opportunity and high-growth entrepreneurs are of major importance to any economy, but this does not mean that low-growth entrepreneurial businesses are also not important. Small- and medium-sized enterprises (SMEs) account for 97.5% of all businesses in South Africa and generate 35% of Gross Domestic Profit (GDP) (StatsOnline, 2011). Although the SMEs employ 55% of all the formal private-sector employees, more than 90% of SMEs employ fewer than 20 people, with the average
business in South Africa employing 13 people. In the United States of America, Japan and Germany, small businesses contribute to more than half the GDP in each country.

However, in developed economies, small businesses employ up to 500 people. In South Africa, the upper limit of small businesses is 50 employees and for medium businesses, it is 200 employees (Small and medium sized enterprises, 2011).

Groenewald and Mitchell (2006) further explain that entrepreneurship brings about change not only for a country, but also for communities and citizens. For Groenewald and Mitchell (2006), the following are reasons why entrepreneurship is regarded as important:

a) **Entrepreneurship can build a strong economy**

For a strong and healthy economy, it is important for a country to promote and develop entrepreneurship among its citizens. Many economies around the world have succeeded as a result of encouraging entrepreneurship as they, encourage entrepreneurs to identify and develop business opportunities. Government regulations ruling the setting up of a business are usually kept to a minimum so that potential entrepreneurs do not become discouraged as it is generally quite easy to meet the regulations that exist.

b) **Entrepreneurship provides employment**

In societies where entrepreneurship is not encouraged, people need to find work as employees. However, by encouraging entrepreneurship, governments can provide employment opportunities because entrepreneurs often employ people. With more entrepreneurial activity, more employment opportunities are provided.

c) **Entrepreneurship provides choice**

At another level, entrepreneurship can provide consumers with a wider choice of products and services. Entrepreneurs can bring new products, services and ideas to the market, and they can change the way goods and services are presented to the market.
d) **Entrepreneurship generates more opportunities**

Throughout history, innovation in one area has encouraged innovations in others. New products and services can open new markets for related goods and services. For example, the simple innovation, of the pencil led to the innovation of the eraser.

### 1.3.4 Factors influencing entrepreneurship

There is still no agreement as to why some people choose self-employment and others choose to work for someone else. Lambing and Kuehl (2003) identify the following factors that influence entrepreneurship:

**a) Individual – entrepreneurs exhibit the following characteristics:**

- Passion for the business
- Tenacity despite failure
- Confidence
- Self-determination
- Management of risk
- Changes seen as opportunities
- Tolerance for ambiguity
- Initiative and a need for achievement
- Detail orientation and perfectionism
- Perception of passing time
- Creativity
- Big picture view
- Motivating factors
- Self-efficacy
b) Cultural factors  
c) Circumstances in society  
d) Combination of factors  

1.4. PROBLEM STATEMENT  

From the literature overview, it is evident that research into the current state of entrepreneurship and small business research in South Africa is required.  

Ritchie and Lam (2006) identify the following seven strategic themes as key drivers for economic growth, improved productivity and a wider involvement in enterprise for all:  

- Building an enterprise culture  
- Encouraging a more dynamic start-up market  
- Building the capability for small business growth  
- Improving access to finance for small businesses  
- Encouraging more enterprise in disadvantaged communities and underrepresented groups  
- Improving small businesses’ experience of government services  
- Developing better regulation and policy  

The question can thus be posed: What is the current status of entrepreneurship and small business research and which future entrepreneurial areas should be pursued?  

1.5. OBJECTIVES OF THE STUDY  

1.5.1 Primary objective  

The primary objective of this study is to investigate research into entrepreneurship and small business in South Africa so that the current status and future challenges of entrepreneurship and small business can be identified.
1.5.2 Secondary research objectives

The following serve as secondary objectives for this study:

- To provide a literature overview of entrepreneurship research
- To identify areas of entrepreneurship research
- To conduct a content analysis of South African entrepreneurship and small business research that have been published
- To draw conclusions and make recommendations from the findings for future research.

1.5.3 Research questions

This study will attempt to provide answers to the following research questions:

- What is the current state of knowledge and research regarding entrepreneurship and small businesses in South Africa?
- What theoretical frameworks and methodologies have been applied in these studies?
- How should entrepreneurship and small businesses in South Africa be studied in the future?

1.6. RESEARCH DESIGN AND METHODOLOGY

1.6.1 Secondary research

A comprehensive literature search was conducted to identify as many sources as possible on entrepreneurship and small businesses research. International and national data searches were conducted by the Library of the Nelson Mandela Metropolitan University (NMMU) and to date include: Sabinet databases; ISAP (National library of South Africa); and SAe Publications; EBSCO: MasterFile premier, Business Source premier, Academic Source premier; FS Articles First; Kovsidex; SA Cat and FS Worldcat; ScienceDirect; UPECAT; Google searches; Dialog and Dissertation Abstracts database.
Data was also accessed from other international and national libraries by means of the inter-library loan facilities at NMMU. The secondary research provided a background and built some guidelines on the nature of entrepreneurship and small businesses research in general. As far as can be ascertained, no similar research study has been undertaken previously in South Africa.

1.6.2 Primary research

To study published research into small businesses and entrepreneurship in South Africa, a comprehensive literature and data base search was conducted. The following data bases were extensively scrutinised to extract all published research on entrepreneurship and small businesses in South Africa for the past 15 years:

- EBSCOHOST
- EMERALD
- NEXUS

Data searches and extraction of published articles were performed by a research assistant appointed by the Nelson Mandela Metropolitan University.

1.6.3 Research design

According to Struwig and Stead (2001), there are two basic types of research designs, namely, qualitative and quantitative research designs.

Quantitative research requires that the data collected can be expressed in numbers (they can be quantified). The most common methods used to conduct quantitative research are exploratory, descriptive, experimental and quasi-experimental (Struwig & Stead, 2001)

Zikmund, Babin, Carr and Griffin (2010) explain that the choice of research design depends on the nature of the research, the setting, the possible limitations and the underlying paradigm that informs the research project. As this study employs content analysis that produce quantitative data, a quantitative research design was selected.
1.6.4 Data collection

All articles available on the electronic data bases of EBSCOHOST, EMERALD and NEXUS that related to entrepreneurship and small businesses in South Africa were sourced and printed. This formed the primary source of data for this study. The reason for choosing these data bases were the cost and time involved in obtaining the published articles. The NMMU subscribes to the above data bases which facilitate access and downloading of the articles. The NEXUS data base does not contain articles, but provided a list of all completed research projects in a specific field in South Africa. A qualitative methodology includes the following data-collection procedure:

- Downloading and printing a copy of a selected article, and then noting relevant information while reading through the article by making a brief notes in the margins about the nature of the information.
- Studying the margin notes and listing of the different types of information identified.
- Categorising the list of items excerpted from the text so that the article focus is described. At this stage, identify as many categories as possible, as the number of categories can be reduced at a later stage if necessary.
- Considering the list of categories identified from the transcript (published articles) to determine if some of the categories are linked in some way.
- Establishing a final list of categories when no new categories have emerged, and all the items of relevant and interesting information have been accommodated in the existing categories. At this stage, the different categories are colour-coded using a coloured highlighter pen for each category to highlight items of data in the transcripts (published journal articles).
- Ensuring that information that was not highlighted at all (because it did not appear relevant at the time), is checked once again for relevance.
- Triangulating the finalised categories with another researcher to see if she/he also identifies the same categories and agrees with the list produced.

Trustworthiness of the research was enhanced by triangulating the researchers. This involves the use of more than one researcher to analyse the data (Struwig & Stead...
2001). Inter-rater reliability was also performed in that another researcher verified the categories and ensured that the data was correctly analysed.

As the journals available on the electronic library data base analysed are part of the public domain, there were no ethical considerations.

1.6.5 Data analysis

Qualitative content analysis was utilised which in turn produced quantitative data. The quantitative data was analysed using descriptive statistics to describe the research results and chi-square and t-tests were used to describe the result differences.

1.7. SCOPE OF THE STUDY

The research explores the various areas of research that have been conducted for entrepreneurship and small businesses in South Africa. At this stage of the data collection, it is difficult to foresee the number of published articles that can be sourced on selected data bases relating to entrepreneurship and small businesses in South Africa. Only published articles from 1980 – 2011 will be considered for inclusion in the study as it may be difficult to locate published articles before 1995.

1.8. STRUCTURE OF THE RESEARCH

This study will include the following chapters:

Chapter 1: General Introduction

Chapter one provides an introduction to the study, the research objectives, research design and scope of the study.

Chapter 2: Literature Study of Entrepreneurship and Small Business Research

To provide a context for the study, this chapter defines entrepreneurship and provides an understanding of the term, entrepreneurship. The importance of
entrepreneurship in South Africa is also explained and previous research conducted in this area is identified.

Chapter 3: Research Methodology

This chapter deals with the methodology selected to conduct the empirical research. The chapter explores the research design, the research paradigm selection, the sample population and design, as well as the data collection and analysis methods.

Chapter 4: Research Findings

The focus of chapter 4 is the analysis and interpretation of research results. The chapter tabulates the results from the analysis, explores the data and discusses the findings.

Chapter 5: Conclusion and Recommendations

This chapter revisits the research problems and objectives of the research. The chapter discusses the conclusions and recommendations of the research. In addition, the limitations of the research are highlighted and the areas for further research suggested.
CHAPTER 2 – A LITERATURE OVERVIEW OF RESEARCH CONDUCTED IN ENTREPRENEURSHIP AND SMALL BUSINESSES

2.1 INTRODUCTION

It is the primary objective of this study to investigate research into entrepreneurship and small businesses in South Africa so as to establish the current status and future challenges. It is, therefore, necessary to first consider the concepts entrepreneurship and small business.

The concepts of entrepreneurship and small business are sometimes used interchangeably in the literature, however, Thurik and Wennekers (2004), Longenecker, Moore and Petty (2003), and Burns (2001) suggest that the two terms are related, but not synonymous.

After defining the concepts of entrepreneurship and small business, an investigation into entrepreneurial and small business research will be conducted. The overview of the research covers the decades from the 1980s to the 2000s.

2.2 DEFINING ENTREPRENEURSHIP AND SMALL BUSINESS

Although entrepreneurship and small business are sometimes used as synonyms in literature (Badenhorst-Weiss, et al, 2007), some researchers distinguish between the two.

2.2.1 Defining entrepreneurship

Most texts relating to entrepreneurship start by defining, or at least attempt to define entrepreneurship. However, by screening the multitude of definitions, it is apparent that there is no generally accepted or agreed upon definition for the term entrepreneurship, despite all the interest shown in this discipline. Hisrich and Peters (2002) as well as Kuratko and Hodgetts (2009) caution that there is no one correct and accepted definition as the study of entrepreneurship is still emerging and, as such, debate concerning the term must be encouraged.
In 1964, Drucker (in Hisrich & Peters, 2007) defined entrepreneurship as the maximising of opportunities. Leibenstein’s (1968 in Binks & Vale, 1990) observations suggest that a successful entrepreneur needs to synchronise inputs from several different markets, which implies that two types of entrepreneurs can be identified. The first type refers to Schumpeter’s (1954) entrepreneur, who arranges new combinations of setting up new business and making a profit. The second type refers to an entrepreneur who performs a managerial function by establishing or organising traditional combinations (Binks & Vale, 1990).

Dollinger (2007) defines entrepreneurship to be the creation of an innovative economic organisation (or network of organisations) for the purpose of gain or growth under conditions of risk and uncertainty. Hisrich and Peters (2007) define entrepreneurship to be the process of creating something new of value, by devoting the necessary time and effort, assuming the accompanying financial, psychic and social risks, and receiving the resulting rewards of monetary and personal satisfaction and independence.

Kuratko and Hodgetts (2009) contend that entrepreneurship is an interdisciplinary concept and this is evidenced in the multitude of definitions. The interdisciplinary nature of entrepreneurship implies various approaches to aid the understanding of this field. It is also necessary to briefly mention these approaches to better understand the concept of entrepreneurship.

Table 2.1 outlines different definitions for entrepreneurship.

<table>
<thead>
<tr>
<th>SOURCE</th>
<th>DEFINITION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zimmerer and Scarborough (2005:4)</td>
<td>The creation of a new business in the face of risk and uncertainty for the purpose of achieving profit and growth by identifying significant opportunities and assembling the necessary resources to capitalise on them</td>
</tr>
<tr>
<td>Badenhorst-Weiss, Cant and Du Toit (2010:42)</td>
<td>The process by which individuals pursue opportunities without regard to resources they currently control</td>
</tr>
</tbody>
</table>
Table 2.1 indicates some definitions of entrepreneurship, but for the purpose of this study, the definition as presented by Zimmer and Scarborough (2005) will be used; namely, that entrepreneurship is the creation of a new business in the face of risk and uncertainty for the purpose of achieving profit and growth by identifying significant opportunities and assembling the necessary resources to capitalise on them.

The definition is easy to understand and highlights the two common key factors which underlie all definitions identified in Table 2.1, namely, entrepreneurship is the:

- creation of a new business in the face of risk and uncertainty
- formation of the business is in pursuit of profit

It is evident from the multitude of definitions that entrepreneurship is a composite of the person who engages in some type of behavior; namely, engaging in risk and uncertainty.

2.2.2 Defining small business

Policy makers who have been confronted with growing concerns about the increases in unemployment, lack of job creation, poor economic growth and globalisation believe that entrepreneurship is the solution to these concerns (Thurik & Wennekers, 2004).

Storey (2000) noted that politicians around the globe have, over the past decade, emphasised the importance of small enterprises as mechanisms for job creation, innovation and the long-term growth and development of economies. There are a
number of terms used when referring to a small business. These include the terms Small Medium and Micro-sized Enterprise (SMME) as in the case of South Africa, Small Medium-sized Enterprise (SME) and, the generic term, small business or small firm. This study focuses on small businesses since they are regarded as having the potential for job creation and making a substantial contribution (35%) to GDP of South Africa (Rwigema & Venter, 2004).

The concept of small business, like the term entrepreneurship, has numerous definitions (Culkin & Smith, 2000). However, researchers cannot agree upon the objective measures to define a small firm. For example, the different sectors of an economy will have different interpretations of the word, small. Various measures are used including turnover, number of employees, profitability or net worth. However, some researchers use a combination of measures like number of employees and turnover.

The different definitions of small business according to industry sector illustrated in Table 2.2 are based upon the National Small Business Act (1996).

<table>
<thead>
<tr>
<th>Sector or subsectors in accordance with the Industrial Classification</th>
<th>Size of Class</th>
<th>Total full-time equivalent of paid employees less than</th>
<th>Total annual turnover less than</th>
<th>Total gross asset value (fixed property excluded) less than</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>Medium Small Very small Micro</td>
<td>120 50 10 5</td>
<td>R4.00m R2.00m R0.40m R0.15m</td>
<td>R4.00m R2.00m R0.40m R0.10m</td>
</tr>
<tr>
<td>Mining and Quarrying</td>
<td>Medium Small Very small Micro</td>
<td>200 50 20 5</td>
<td>R30.00m R7.50m R3.00m R0.15m</td>
<td>R18.0m R4.50m R1.80m R0.10m</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>Medium Small Very small Micro</td>
<td>200 50 20 5</td>
<td>R40.00m R10.00m R4.00m R0.15m</td>
<td>R15.00m R3.75m R1.50m R0.10m</td>
</tr>
<tr>
<td>Electricity, Gas and Water</td>
<td>Medium Small Very small Micro</td>
<td>200 50 20 5</td>
<td>R40.00m R10.00m R4.00m R0.15m</td>
<td>R15.00m R3.75m R1.50m R0.10m</td>
</tr>
<tr>
<td>Construction</td>
<td>Medium Small Very small Micro</td>
<td>200 50 20 5</td>
<td>R20.00m R5.00m R2.00m R0.15m</td>
<td>R4.00m R1.00m R0.40m R0.10m</td>
</tr>
<tr>
<td>Sector or subsectors in accordance with the Standard Industrial Classification</td>
<td>Size or Class</td>
<td>Total full-time equivalent of paid employees less than</td>
<td>Total annual turnover less than</td>
<td>Total gross asset value (fixed property excluded) less than</td>
</tr>
<tr>
<td>-------------------------------------------------------------------------------------------------</td>
<td>---------------</td>
<td>-----------------------------------------------------</td>
<td>-------------------------------</td>
<td>--------------------------------------------------------</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>Medium Small</td>
<td>120 50 10 5</td>
<td>R50.00m R25.00m R5.00m R0.15m</td>
<td>R8.00m R4.00m R0.50m R0.10m</td>
</tr>
<tr>
<td></td>
<td>Very small Micro</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial Agents and Allied Services</td>
<td>Medium Small</td>
<td>120 50 10 5</td>
<td>R40.00m R10.00m R4.00m R0.15m</td>
<td>R8.00m R4.00m R0.50m R0.10m</td>
</tr>
<tr>
<td></td>
<td>Very small Micro</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Catering</td>
<td>Medium Small</td>
<td>120 50 10 5</td>
<td>R10.00m R5.00m R1.00m R0.15m</td>
<td>R2.00m R1.00m R0.20m R0.10m</td>
</tr>
<tr>
<td></td>
<td>Very small Micro</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transport</td>
<td>Medium Small</td>
<td>120 50 10 5</td>
<td>R20.00m R10.00m R2.00m R0.15m</td>
<td>R5.00m R2.50m R0.50m R0.10m</td>
</tr>
<tr>
<td></td>
<td>Very small Micro</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Storage</td>
<td>Medium Small</td>
<td>120 50 10 5</td>
<td>R20.00m R10.00m R2.00m R0.15m</td>
<td>R5.00m R2.50m R0.50m R0.10m</td>
</tr>
<tr>
<td></td>
<td>Very small Micro</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Communications</td>
<td>Medium Small</td>
<td>120 50 10 5</td>
<td>R20.00m R10.00m R2.00m R0.15m</td>
<td>R5.00m R2.50m R0.50m R0.10m</td>
</tr>
<tr>
<td></td>
<td>Very small Micro</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance</td>
<td>Medium Small</td>
<td>120 50 10 5</td>
<td>R20.00m R10.00m R2.00m R0.15m</td>
<td>R4.00m R2.00m R0.40m R0.10m</td>
</tr>
<tr>
<td></td>
<td>Very small Micro</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business Services</td>
<td>Medium Small</td>
<td>120 50 10 5</td>
<td>R20.00m R10.00m R2.00m R0.15m</td>
<td>R4.00m R2.00m R0.40m R0.10m</td>
</tr>
<tr>
<td></td>
<td>Very small Micro</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community</td>
<td>Medium Small</td>
<td>120 50 10 5</td>
<td>R10.00m R5.00m R1.00m R0.15m</td>
<td>R5.00m R2.50m R0.50m R0.10m</td>
</tr>
<tr>
<td></td>
<td>Very small Micro</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social and Personal Services</td>
<td>Medium Small</td>
<td>120 50 10 5</td>
<td>R10.00m R5.00m R1.00m R0.15m</td>
<td>R5.00m R2.50m R0.50m R0.10m</td>
</tr>
<tr>
<td></td>
<td>Very small Micro</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

Table 2.2 outlines how the South African law defines a small business. When discussing the nature of the small firm, it is important to determine what makes small firms different from large firms.

According to Burns (2001:9), "small firms are not just scaled down versions of large ones". Therefore, the manner in which small firms go about their business differs
from larger organisations, and conduct their business in fundamentally different ways (Burns, 2001).

Katz and Green (2007) and Burns (2001), highlight the following characteristics of small firms, which distinguish them from larger firms:

- are always short of cash which limits their strategic options
- approach to risk and uncertainty is not rational
- are influenced by owner-manager’s characteristics
- are seen as a social entity and often revolves around personal relationships
- require business options to provide a quick pay-off to offset the cash constraints
- make short-term decisions mostly operate in a single market offering a limited range of products and services
- become over-reliant on a few customers which makes them vulnerable to failure should a key customer discontinue doing business with the small firm
- make more judgmental decisions, involving fewer people and, therefore, made much quicker
- are more responsive to changes in the marketplace
- are less likely to influence developments in the marketplace but can respond or adjust to changes in the marketplace much quicker than larger firms

Entrepreneurship is thus a behaviour that focuses on opportunities rather than resources and this type of behaviour is present in both small and large firms alike (Thurik & Wennekers, 2004). Small businesses can be seen as the simple running of a firm for a living, such as shopkeepers, professional people, and franchisees. However, if the small firms engage in the introduction of new products and processes that change the industry, these firms are identified as Schumpeterian in nature (Thurik & Wennekers, 2004), which, by implication, would make them entrepreneurial in nature. Rwigma and Venter (2004) warn that not all small firms are entrepreneurial, despite making a significant contribution to the economy. The average shopkeeper, selling everyday items, is not classified as entrepreneurial due to the absence of innovation and change.
This observation, however, implies that small firms can be vehicles for entrepreneurship, since entrepreneurship has as a dimension of innovation. Thurik and Wennekers (2004) observed that small businesses are vehicles for entrepreneurship contributing not only to employment and social and political stability, but also to innovative and competitive power.

2.3. HISTORY OF ENTREPRENEURSHIP

Hisrich, et al (2005) indicate that Marco Polo who attempted to establish a trade route to the Far East during the 1200s was an entrepreneur (1271). As a go-between, Marco Polo signed contracts with a money person (the forerunner of venture capitalist) to sell his goods. A common contract during this time provided a loan to the merchant-adventurer at a 22.5% rate, including insurance. While the capitalist was a passive risk bearer, the merchant-adventurer took the active role in trading, bearing all the physical and emotional risks. When the merchant-adventurer successfully sold the goods and completed the trip, the profits were divided with the capitalist taking most of them (up to 75%), while the merchant-adventurer settled for the remaining 25%.

During the Middle Ages, the term, entrepreneur was used to describe both an actor and a person who managed large production projects. Lambing and Kuehl (2003), explain that in such large production projects, the person did not take any risks, but merely managed the project using the resources provided, usually by the government of the country. A typical entrepreneur in the Middle Ages was the cleric who was in charge of immense architectural works, such as castles and fortifications, public buildings, abbeys and cathedrals.

The re-emergent connection of risk entrepreneurship developed in the 17th century, with an entrepreneur being a person who entered into a contractual agreement with the government to perform a service or to supply stipulated products. Since the contract price was fixed, any resulting profits or losses were for those of the entrepreneur. One entrepreneur of this period was John Law, a Frenchman, who was allowed to establish a royal bank. The bank eventually evolved into an exclusive franchise to form a trading company in the New World, namely, the Mississippi
Company. Unfortunately, this monopoly on French trade led to Law’s downfall when he attempted to push the company’s stock price higher than the value of its assets, leading to the collapse of the company (Hisrich, et al, 2005).

Richard Cantillon (1680-1734), who understood Law’s mistake and developed one of the early entrepreneur theories, is regarded by some as the founder of the term. Cantillon viewed the entrepreneur as a risk taker, observing that merchants, farmers, craftsmen and other sole proprietors “buy at a certain price and sell at an uncertain price, therefore, operating at a risk.”

In the 18th century, as identified by Kuratko and Hodgetts (2009), the person with capital was differentiated from the one who needed capital. In other words, the entrepreneur was distinguished from the capital provider (the present day venture capitalist). One reason for this differentiation was the industrialisation that was occurring throughout the world. Many of the inventions developed during this time were reactions to the changing world, as was the case with the inventions of Eli Whitney and Thomas Edison (Kuratko & Hodgetts, 2009). Both Whitney and Edison were developing new technologies and were unable to finance their inventions themselves. Whereas Whitney financed his cotton gin with expropriated British Crown property, Edison raised capital from private sources to develop and experiment in the fields of electricity and chemistry. Both Edison and Whitney were capital users (entrepreneurs), not providers (venture capitalists). A venture capitalist is a professional money manager who makes risk investments from a pool of equity capital to obtain a high rate of return on the investments.

At the time of the Industrial Revolution (1830), Jean-Baptiste Say expanded the definition of an entrepreneur to include the possession of managerial skills (Outcalt, 2000). Say believed that the entrepreneur was able to coordinate and combine factors of production. Binks and Vale (1990) provide an overview of the Austrian and Neo-Austrian contributions, and include the views of Carl Menger (1840-1921), Friedrich von Wieser (1851-1926) and Israel Kirzner (1973). Binks and Vale (1990) suggest that the motive of the Austrians in defining entrepreneurship reflected the need to provide an identity to the decision-maker who was responsible for pursuing the ever-elusive equilibrium between supply and demand as demand and supply conditions are always changing.
In the late 19th and early 20th centuries, entrepreneurs were frequently not distinguished from managers and were viewed mostly from an economic perspective. Hisrich, et al (2005:7) provide the following definition of an early 19th and 20th century entrepreneur:

The entrepreneur organizes and operates an enterprise for personal gain. He pays current prices for the materials consumed in the business, for the use of the land, for the personal services he employs, and for the capital he requires. He contributes his own initiative, skill, and ingenuity in planning, organizing and administering the enterprise. He also assumes the chance of loss and gain consequent to unforeseen and uncontrollable circumstances. The net residue of the annual receipts of the enterprise after all costs have been paid, he retains for himself.

Andrew Carnegie is one of the best examples of the personal gain entrepreneur definition. Carnegie invented nothing, but rather adapted and developed new technology in the creation of products to achieve economic vitality. Carnegie, who descended from a poor Scottish family, made the American steel industry one of the wonders of the industrial world, primarily through his unremittting competitiveness rather than his inventiveness or creativity (Hisrich, et al, 2005).

In the middle of the 20th century, the notion of an entrepreneur as an innovator was established, and Hisrich, et al (2005:7) provide an alternative definition for the innovator entrepreneur:

The function of the entrepreneur is to reform or revolutionize the pattern of production by exploiting an invention or, more generally, an untried technological method of producing a new commodity or producing an old one in a new way, opening a new source of supply of materials or a new outlet for products, by organizing a new industry.

The concept of innovation and newness is an integral part of entrepreneurship in this definition. Innovation, the act of introducing something new, is one of the most difficult tasks for the entrepreneur. It takes not only the ability to create and conceptualise, but also the ability to understand all the forces at work in the environment. The newness can consist of anything from a new product to a new distribution system to a method for developing a new organisational structure. Edward Harriman, who reorganised the Ontario and Southern railroad through the Northern Pacific Trust, and John Pierpont Morgan, who developed his large banking house by reorganising and financing the nation’s industries, are examples of
entrepreneurs fitting this definition. These organisational innovations are frequently as difficult to develop successfully as the more traditional technological innovations (transistors, computers, lasers) that are usually associated with being an entrepreneur (Hisrich, et al 2005).

This ability to innovate can be observed throughout history, from the Egyptians who designed and built the pyramids out of stone blocks weighing many tons each, to the Apollo lunar model, laser surgery, and wireless communication. Although the tools have changed with advances in science and technology, the ability to innovate has been present in every civilisation.

No discussion on entrepreneurship is complete without considering the contribution of Joseph Schumpeter (1883-1950). Schumpeter's entrepreneur could not be placed in one category of person, but rather introduced the concepts of "new combinations" which involve a change in product or process and that existed for as long as the introduction of new combination of inputs was underway (Deakins & Freel, 2003; Binks & Vale, 1990).

2.4 SCHOOLS OF ENTREPRENEURSHIP THOUGHT

Entrepreneurship is seen as being interdisciplinary and, given its nature, various approaches or schools of thought can be used to gain a better understanding of this concept (Kuratko & Hodgetts, 2009). The various schools of thought provide a means of examining the diversity of viewpoints about entrepreneurship (Kuratko & Hodgetts, 2009; Deakins & Freel, 2003).

It is not the intention of this study to investigate the details and motivations of the multitude of approaches to understanding entrepreneurship. The approaches have been included to illustrate that numerous perspectives and/or approaches and/or paradigms that exist attempting to contextualise or define entrepreneurship. These include:
2.4.1 Environmental school of thought

According to Kuratko and Hodgetts (2009), this approach focuses on the positive and negative external factors that affect a potential entrepreneur’s lifestyle in terms of moulding of entrepreneurial desires. Both the social and work environment can influence the desire to become an entrepreneur. For example, the support and encouragement of friends and family might very well influence a person’s desire to become an entrepreneur.

2.4.2 Financial/Capital school of thought

This approach focuses on the entire entrepreneurial venture from a financial management perspective where decisions involving finances are taken during the entire life-cycle of the business. Every phase of the venture is viewed in terms of capital. For example, the start-up phase requires seed capital or venture capital resources and the decision is to proceed or abandon the venture depending on the availability of capital (Kuratko & Hodgetts, 2009). This view suggests that a person would engage in an entrepreneurial venture if capital were readily available.

2.4.3 Displacement school of thought

Ronstadt (in Kuratko & Hodgetts, 2009) notes that people by nature will not pursue a venture and often are forced to become entrepreneurial owing to displacement. Three major types of displacements include political, cultural and economic displacement. An example of political displacement might be the introduction of laws that limit a particular industry. An example of cultural displacement might be the issues of race, religion, ethnic background and sex that afflict minority groups who might feel persecuted and move towards an entrepreneurial venture (Kuratko & Hodgetts, 2009). An example of economic displacement might be a person who is retrenched and this might give rise to entrepreneurial pursuits.

The first three displacement approaches are classified as the macro view by Kuratko and Hodgetts (2009) and present a number of factors that relate to the success or failure in modern day entrepreneurial ventures. Two important points are worth noting; firstly, these factors are external to people; and secondly, they are beyond
the control of people. This approach is also called the *external locus of control*. The macro view will aid and improve the understanding of entrepreneurship because the person will have gained a broader understanding of issues like economics, cultural influences, government policies and financial matters as a result of entrepreneurial ventures.

The following three approaches are named the *micro view* (Kuratko & Hodgetts, 2009), and focus on factors specific to the entrepreneur. They are also called the *internal locus of control* because the person has direct control or influence on outcomes.

### 2.4.4 Entrepreneurial trait school of thought

Researchers and writers from this school of thought have been interested in identifying those traits that are common to successful entrepreneurs to develop a profile of a successful entrepreneur. According to Kuratko and Hodgetts (2009), this approach is grounded in the study of successful entrepreneurs who tend to exhibit similar behaviour patterns which if emulated, will lead to success. For example, achievement, creativity, determination and technical knowledge are factors common to successful entrepreneurs (Kuratko & Hodgetts, 2009).

Deakins and Freel (2003) acknowledge there has been some dispute over whether entrepreneurial characteristics can be identified. If it is claimed that these traits are inherent, then there is little use encouraging new entrepreneurs to start new ventures. Deakins and Freel (2003) highlight various criticisms to this approach. Firstly, it is inappropriate to search for a significant single trait; and, secondly, it ignores environmental factors that may be more important than personality. The other reasons include that the approach comprises an essentially static analysis approach to the more dynamic process of entrepreneurship; and it ignores the role of learning, preparation and serendipity in the process of entrepreneurship.

### 2.4.5 Venture opportunity school of thought

This particular school of thought focuses on the opportunity aspect of venture development (Kuratko & Hodgetts, 2009). The focus is on the process the
entrepreneur goes through from the search and development of ideas and concepts through to the implementation of venture opportunities. Creativity and market awareness is essential and developing the right idea at the right time for the right market is key to entrepreneurial success (Kuratko & Hodgetts, 2009).

2.4.6 Strategy formulation school of thought

Kuratko and Hodgetts (2009) suggest that the strategy formulation approach in entrepreneurial theory emphasises the planning process in successful venture development. This particular approach encompasses a breadth of managerial capabilities that require an interdisciplinary approach and Kuratko and Hodgetts (2009) believe that strategic planning is inextricably interwoven into the process of management. Kuratko and Hodgetts (2009) view this approach as the leveraging of unique markets, unique people, unique products, or unique resources are identified, used, or constructed into effective venture formations.

Entrepreneurship can also be viewed through a process approach that attempts to structure the entrepreneurial process and its various factors (Kuratko & Hodgetts, 2009). The following three schools of thought are the most common process approaches.

2.4.7 Entrepreneurial events approach

Kuratko and Hodgetts (2009) view entrepreneurship as a series of continuous processes and not a series of isolated activities. This approach is primarily concerned with the processes the entrepreneur would undertake in terms of planning, implementing and controlling their entrepreneurial activities.

2.4.8 Entrepreneurial assessment approach

Kuratko and Hodgetts (2009) propose the assessment approach which entails assessments being made qualitatively, quantitatively, ethically and strategically with regard to the entrepreneur, the environment and the venture. The results of the assessments must be compared to the appropriate phase of the entrepreneurial career, that is, whether the entrepreneur is at the beginning, the middle or the late stage of their entrepreneurial career.
2.4.9 Multidimensional approach

This is a more detailed approach to entrepreneurship involving a complex framework, which encompasses the person (for example, need for achievement), the environment (for example, presence of experienced entrepreneurs), the organisation (for example, type of firm), and the venture process (for example, the entrepreneur locates the business opportunity). It is the complex interaction among the four major dimensions that moves the entrepreneur from a segmented approach to a dynamic interactive process approach (Kuratko & Hodgetts, 2009).

2.4.10 Economic approach

The economic approach focuses on the role of the entrepreneur in economic development and the application of economic theory. According to Deakins and Freel (2003), the entrepreneur can be viewed as someone who coordinates different factors of production, but the important difference is that this role is seen as a non-important one. In this instance, the entrepreneur is seen as a pure risk taker with the reward being the ability to appropriate profits. Consensus that has emerged amongst the proponents of this approach is that in conditions of uncertainty and change, the entrepreneur is a key player in the economy.

By presenting the various schools of thought on entrepreneurship, a better understanding of the emergence of a body of knowledge that is dynamic and forever-changing is gained. There is also no right or wrong entrepreneurial approach. This dynamic concept of entrepreneurship is viewed from numerous perspectives which give rise to some of the approaches identified. The list is by no means exhaustive but provides an overview of some of the major contributions in the field of entrepreneurship.

2.5. IMPORTANCE OF ENTREPRENEURSHIP

From a South African perspective, the importance of entrepreneurship in contributing to national wealth is critical. The South African economy is growing at a rate of 6,6% per annum, whilst the population is growing at a rate of -0,051% per annum (South African Demographics, 2011). Therefore, for South Africa to maintain its existing
level of wealth, it is generally accepted by economists that the country needs to grow at twice the rate of its population growth rate per annum. It thus means that the economy is required to grow at approximately 5.6% per annum. Various strategies can be formulated by government and business aimed at achieving this growth rate but the need to stimulate the growth of small-to medium-sized enterprises is widely acknowledged as having the best potential to achieve the required growth. For this reason, policy-makers need to review seriously the growth potential of small businesses. Therefore, there is a need to:

- Understand the regional context of the development of small businesses in a peripheral region and the problems specific to such firms.
- Undertake an examination of the management of small businesses with respect to the linkages between owner-manager; their competencies (experience and expertise); the resources (venture capital) available to the firm and the management of these resources.
- Examine how policies/strategies could be improved/developed to assist small businesses to access the necessary venture capital to start and continue to manage their businesses successfully.

Badenhorst-Weiss, et al (2007) allude to entrepreneurial activity as the essential source of economic growth and social development, and the key role played by this factor of production has been underestimated for decades. Entrepreneurship is the spark that brings all the factors of production into motion. However, it is also important to realise that entrepreneurship itself is, in turn, mobilised by the confidence, creativity, skills and expectations of people. If the entrepreneurial spirit is absent, the production machine does not go into action.

Opportunity and high-growth entrepreneurs are of major importance to any economy, but this does not mean low-growth entrepreneurial businesses are not important. Small- and medium-sized enterprises (SMEs) account for 97.5% of all businesses in South Africa and generate 35% of GDP. Although the SMEs employ 55% of all the formal private sector employees, more than 90% of SMEs employ fewer than 20 people, with the average business in South Africa employing 13 people. In the USA, Japan and Germany, small businesses contribute more than half the GDP in each
country. However, in developed economies, small businesses employ up to 500 people. In South Africa, the upper limit of small businesses is 50 employees and for medium businesses, it is 200 employees (Badenhorst-Weiss, et al 2007)

Figure 2.1 illustrates the employment size of businesses in the USA

![Figure 2.1: Employment size of business in the United States](image)


From Figure 2.1, it is evident that over 80% of businesses in the USA have fewer than 100 employees. In fact, 50% of the businesses employ between one and four people only.

Groenewald and Mitchell (2006) further explain that entrepreneurship brings about change not only for a country, but also for communities and people. The following are reasons why entrepreneurship is regarded as important:

a) **Entrepreneurship can build a strong economy**

For a strong and healthy economy, it is important for a country to promote and develop entrepreneurship among its citizens. Many economies around the world have succeeded as a result of encouraging entrepreneurship. In these countries, entrepreneurs are encouraged to identify and develop business opportunities. Government regulations ruling the setting up of a business are usually kept to a
minimum so that people do not become discouraged as it is generally quite easy to meet the regulations that exist.

b) **Entrepreneurship provides employment**

In societies where entrepreneurship is not encouraged, people need to find work as employees. By encouraging entrepreneurship, governments can provide employment opportunities because entrepreneurs often employ people. Therefore, with many entrepreneurial activities, more employment opportunities are provided.

c) **Entrepreneurship provides choice**

Entrepreneurship can provide consumers with wider choice of products and services. Entrepreneurs can bring new products, services and ideas to the market, and they can change the way goods and services are presented to the market.

d) **Entrepreneurship generates more opportunities**

Throughout history, innovation in one area has encouraged innovations in others. New products and services can open new markets for related goods and services. The simple innovation, for example, of the pencil, led to the innovation of the eraser.

An economy, therefore, with a thriving small business sector, will be healthy because small businesses are able to adapt to change much more easily than big businesses. Therefore, small businesses, with their advantages over big businesses, have the opportunity to succeed more (Groenewald & Mitchell, 2006).

2.6. **FACTORS INFLUENCING ENTREPRENEURSHIP**

There is still no agreement as to why some people choose self-employment and others choose to work for someone else. Recent studies (Dollinger, 2003) have identified four spheres of influence in determining entrepreneurial behaviour, namely, the individual, the ethnocultural environment, the circumstances in society, and a combination of these.
Lambing and Kuehl (2003) identify the following spheres that influence entrepreneurship:

2.6.1. *The individual*

An individual is a person who has:

- **Passion for the business** - Entrepreneurs must have more than a casual interest in the business because there will be many hurdles and obstacles to be overcome. If there is no passion, or consuming interest, the business will not succeed.

- **Tenacity despite failure** - Because of the hurdles and obstacles that must be overcome, entrepreneurs must be consistently persistent. Many successful entrepreneurs succeeded only after they had failed several times.

- **Confidence** - Entrepreneurs are confident in their abilities and the business concept. They believe they have the ability to accomplish whatever they set out to do. This confidence is not unfounded, as they often have an in-depth knowledge of the market and the industry while working for someone else.

- **Self-determination** - Nearly every authority on entrepreneurship recognises the importance of self-motivation and self-determination for entrepreneurial success. Entrepreneurs believe that their success or failure depends on their own actions, and this quality is known as the internal locus of control.

- **Management of risk** - Entrepreneurs often define the risks early in the entrepreneurial process and minimise them to the least extent possible. They also perceive risk differently from others.

- **Seeing changes as opportunities** - Entrepreneurs perceive change as normal and necessary. They search for change, respond to it, and exploit it as an opportunity, which is the basis of innovation.

- **Tolerance for ambiguity** - Entrepreneurs have a very unstructured life as no one is setting schedules or step-by-step processes for the entrepreneur to follow. There is no guarantee of success as uncontrollable factors such as the economy, the weather and changes in consumer tastes often have a dramatic effect on a business. Therefore, an entrepreneur’s life can be described as a professional life riddled by ambiguity, with a consistent lack of clarity. However,
the successful entrepreneur feels comfortable with this uncertainty.

- **Initiative and a need for achievement** - Successful entrepreneurs take the initiative in situations where others may not. Their willingness to act on their ideas often distinguishes them from those who are not entrepreneurs. Many people have good ideas but these ideas are not converted into action. Entrepreneurs act on their ideas because they have a high need for achievement, shown in many studies to be higher than that of the general population. That achievement motive is converted into drive and initiative that results in accomplishments.

- **Detail orientation and perfectionism** - Entrepreneurs are often perfectionists, and striving for excellence, or perfection, helps make the business successful. Although entrepreneurs often pay attention to detail and the need for perfection may result in a quality product or service, this often becomes a source of frustration for employees, who may not be perfectionists themselves. Because of this, the employees may perceive the entrepreneur as a difficult employer.

- **Perception of passing time** - Entrepreneurs are aware that time is passing quickly and they, therefore, often appear impatient. Because of this time orientation, nothing is ever done soon enough and everything is a crisis. As with the tendency for perfectionism, this hurry-up attitude may irritate employees who do not see the same urgency in all situations.

- **Creativity** - One of the reasons for entrepreneur success is that they have imaginations and can envision alternative scenarios. For example, they have the ability to recognise opportunities that other people do not see.

- **Ability to see the big picture** - Entrepreneurs often see things in the holistic sense as they can see the *big picture* when others only the parts. One study found that successful owners of manufacturing firms gathered more information about the business environment, and more often, than those who were less successful (Lambing & Kuehl, 2003). This process, known as *scanning the environment*, allows the entrepreneur to see the entire business environment and the industry and helps to formulate the larger picture of the business activity. This is important in determining how the company will compete.

- **Motivating factors** - Although many people believe that entrepreneurs are
motivated by money, there are other more important factors. The need for achievement and a desire for independence are perceived as more important than money. Entrepreneurs often decide to start their own businesses to avoid having a boss. In addition, many are self-employed for less pay than they would receive if they worked for someone else.

- Self-efficacy - This has been defined as a person's belief in his or her capability to perform a task. It has been found that a sense of personal efficacy that is both accurate and strong is essential to the initiation and persistence of performance in all aspects of human development. Therefore, a person who believes he or she would be successful as an entrepreneur is more likely to pursue it as a career option.

2.6.2. Cultural factors

Lambing and Kuehl (2003) present the view that ethnic enterprise is often overrepresented in the small business sector; that is, members of some ethnocultural groups typically have a higher rate of business formation and ownership than do others. However, the effect of culture on entrepreneurial tendencies is not completely clear, because people from different cultural groups do not all become entrepreneurs for the same reason. The effect of culture and traits may be intertwined, since some studies have shown that different cultures have varying values and beliefs. Another potentially important factor is whether a culture generally has an internal locus of control as people from a culture with an internal locus of control may be more predisposed to believe they have a chance of succeeding as entrepreneurs.

2.6.3. Circumstances in society

In all societies, there are those who have not planned to be entrepreneurs, but who find at some point they are pushed towards self-employment. Immigrants in many countries follow this route if they find that their language and job skills do not meet the needs of employers. This is considered an adaptive-response behaviour.

Whether a person becomes an entrepreneur or decides to be an employee is, therefore, the result of many factors. Because such tendencies might be enhanced
under the right set of circumstances, some might suggest that concentration be placed on nurturing the entrepreneurial spirit of young children.

2.7. AREAS OF ENTREPRENEURSHIP RESEARCH IN THE 1980s

During the 1980s, entrepreneurial research in general focused on:

- Women and entrepreneurship
- Family businesses
- Entrepreneurship training

Section 2.7 discusses these research focus areas by highlighting some of the research articles published.

2.7.1. Women as entrepreneurs

The research of Scott (1986), Chaganti (1986) as well as Goffee and Scase (1980) focus on women as entrepreneurs.

a) Research conducted by Scott (1986)

Scott (1986) conducted research into why women became entrepreneurs.

- Background to the study

There has been a marked growth in the number of women-owned businesses, possibly as a result, of the comparatively large number of women occupying the lower levels of the corporate ladder. Many have found it impossible to climb to a level where they are able to be in control and, consequently, they have opted to start their own businesses. Another explanation is that many women have come to the conclusion that compared to working for others, running one’s own business is more compatible with a woman’s demanding role in child rearing, because of the greater flexibility afforded by setting one’s own working hours. Testing these assumptions and other popular hypotheses the growth in woman-owned businesses was the objective of this study.
• Study design

In this quantitative study, questionnaires were sent to 600 business managers in the state of Georgia with the greater Atlanta area accounting for the majority of the respondents. The response rate was fair as 53% of the questionnaires were returned. Respondents were asked about their personal and business characteristics; their reasons for going into business; the disadvantages and advantages of being a woman business owner; their chief problem and what they now wished they had done differently; how important income from their business was; and whether their expectations had been met. In order to gain fresh insights and to collect qualitative data, respondents were encouraged to add their comments, and many did.

To investigate whether there was a difference between male and female entrepreneurs, a second questionnaire intended for male as well as female respondents was later sent to advertising and public relations firms and retailers in the greater Atlanta area. These industries were chosen because the great majority of the respondents to the first survey were engaged in retailing or other service businesses. The relevant questions on the second questionnaire were identical to those on the first. One hundred and seventy-one of these additional questionnaires were sent out, and 47% were returned.

Sixteen percent of the women entrepreneurs who participated in this study indicated that they had gone into business with a relative, most commonly a husband, while three% had acquired a business through inheritance. Another 16% had gone into business with non-relatives. The substantial majority (64%), however, had established or purchased businesses of their own. Forty percent of the respondents had previous experience in businesses of the same type as the ones they now owned.

Of the 145 women entrepreneurs completing the question, 86 indicated that they were married, while seven were widowed, 38 were divorced, and 14 had never been married. Thirty-four indicated they had one child, while 76 had more than one and 35 were childless.
The educational attainment of the group was above average, although very few had studied business. However, a majority of these women entrepreneurs had previous managerial experience. Sixty-three percent had been employed as managers before going into business for themselves.

- Main findings

Sixteen percent of the women entrepreneurs who participated in the study had entered business with a relative, while three percent had acquired a business through inheritance. Another 16% had gone into business with non-relatives. The substantial majority (64%), however, had established or purchased businesses of their own. Forty percent of the respondents had previous experience in businesses of the same type as the ones they now owned.

The responses of the sample suggest that the motivation of women entrepreneurs is similar to those of their male counterparts. Among women participating in the study, being one’s own boss, the challenge, and the opportunity to make more money far outweighed compatibility with family duties as a reason for starting businesses. Twenty-two respondents said that owning a business was the best way for a woman to do the kind of work she preferred, while twenty said that it was the best way for either sex.

Some of the respondents stated that they had gone into business for themselves because of the lack of opportunities for women that they had experienced while working for others. One respondent said that she had given fifteen years of her life to the banking business but had not received the promotions deserved or promised.

Family responsibilities were the reason for some of the women going into business for themselves. One respondent stated that women with children had more flexibility in self-owned businesses. Another explained that she had left the corporate world because of her children, and was finding it increasingly difficult to juggle between the two jobs.

New challenges and new ways of dealing with financial and family responsibilities may have been discovered by many of the women respondents. In addition, some
who found the way to the top were blocked in the corporate world and had discovered new opportunities. It might be expected that the early entrants into this new arena would be better educated than the average woman and have previous experience as managers. However, comparatively few of the respondents had the type of education usually deemed most appropriate for male managers; that is, business administration, science or engineering. Yet many of the women who participated in the study had been successful, with the majority finding that their incomes as entrepreneurs had met or exceeded their expectations.

For fewer than one quarter of women entrepreneurs, the business provided only an income supplement with the majority depending heavily upon it as their primary source of income. Their objectives and problems were largely the same as their male counterparts, though the survey results suggested that the two sexes might have different priorities as entrepreneurs, with men stressing being their own boss and women placing somewhat more emphasis on personal challenges and satisfaction.

- Suggested future research

It was noted that further research was needed into the areas of women’s motivations for starting a business, the types of problems encountered, the sum of money they made, and how much of it they depended on for necessary income, the ways in which they balanced the needs of family, social life, and business, and the comparative aspects of entrepreneurship between men and women within various industry classifications.

(b) Research conducted by Chaganti (1986)

Chaganti (1986) conducted research into management in women-owned businesses:

- Background to the study

According to statistics published in the 1980s, women were starting small businesses at twice the rate of their male counterparts, with women-owned businesses accounting for 25% of all small businesses. Survival rates were comparable to those of male-owned businesses. Thus, the viewpoint was expressed that it would be
useful to gain a better understanding of the factors that could explain the success of these small businesses.

Previous research suggested that success of a small business is the function between the fit between seven strategic elements, namely, shared values, strategies, structures, systems, staff, skills and styles. The strategic fit is determined by the organisational properties of the enterprise and the external environment in which it functions. One organisational property that has been neglected by researchers in the 1980s is the sex of the owner. The objective of the research by Chagnati (1986), therefore, was to explore the configuration of the strategic elements in women-owned enterprises (WOEs).

- Study and main findings

The strategic elements of WOEs were said to reflect the feminine characteristics of the owners. Their shared values for business would tend to be conservative and oriented towards survival rather than to high growth or high profit. Economic objectives for the business would rank well below such personal values as personal achievement and the satisfaction of being one’s own boss. In marketing strategy, they would seek and remain in small local market niches, as the female entrepreneur would prefer to be the service provider as well. Few would be able to delegate these responsibilities comfortably, hence few would be able to expand.

The financial strategy of female entrepreneurs would also reflect this conservatism. The majority of female entrepreneurs would experience great difficulty in establishing credit in the start-up phase, and their businesses would perennially face shortage of capital. Hence, WOEs would tend to adopt a cautious and risk aversive financial strategy.

With respect to structures and systems, like most new ventures, WOEs would begin as informal and simple unstructured organisations. But unlike the aggressive and growing, male-dominated business venture, the WOE would seldom outgrow this stage and move toward a more formalised structure. The management systems of WOE would also demonstrate the weaknesses of female entrepreneurs as strategic managers. Many female entrepreneurs were unsure as to what information systems
to use; therefore, financial and operational monitoring would tend to be weak or non-existent and few would institute formal monitoring procedures. The result would be poor control and continued weakness in profitability and resource position.

Regarding staff, women entrepreneurs were inclined to feel more comfortable hiring women, even when male candidates were better equipped for the tasks.

Turning to their skill patterns, female entrepreneurs were recognised as having educational levels comparable to those of male entrepreneurs. Yet, their managerial skills were viewed as deficient, and they were expected to experience difficulties in managing, particularly in finance, planning and market analysis. It has been noted that women entrepreneurs have repeatedly pointed to these functions as areas of weakness.

The styles of leadership in WOEi were seen as intuitive and emotional, rather than rational, and as people-oriented rather than results-oriented. The feminine view of entrepreneurship would expect entrepreneurs to conduct business in a distinctly female fashion.

Like their male counterparts, female owners/managers were said by proponents of the entrepreneurial model to possess the entrepreneurial personality profile. This includes characteristics such as high levels of achievement motivation, autonomy, persistence, aggression, independence, non-conformity, goal orientation, self-confidence, leadership and internal locus of control.

The life cycles of female-owned business ventures and the strategic management approaches of their owners were identified by this group of researchers to follow the same patterns found in all successful ventures. Planning and budgeting were likely to become more crucial, with the entrepreneur increasingly disengaging herself from day to day matters, and paying increasing attention to long-term strategy.

Thus, the argument continues, that WOEi followed the same prescriptions as any other successful venture. Strategic management in WOEi reflected the same patterns in the areas of shared values, strategies, structures, systems, staff, skills and styles as was typical of all successful ventures over their life cycles. WOEi no
doubt tended to be small, cautious and modestly profitable in the early stages, but some grew into large businesses, depending on the environment, personal objectives, and background factors of the owner/managers.

- **Suggested future research**

Large sample research was required to establish firmly the configurations of the strategic elements in successful WOE, but the indications of the research analysis was that successful WOE resemble the entrepreneurial model with regard to most of the dimensions of strategic management, but that managerial styles in particular might be more feminine among women entrepreneurs. Further research was also required for determining how the management patterns differed for WOE at different life stages and in different industries.

(c) **Research conducted by Goffee and Scase (1980)**

For Goffee and Scase (1980), their interest in studying the female entrepreneur grew as an indirect result of studying male business owners in the personal services sector.

- **Background to the study**

In their study, Goffee and Scase (1980) found that wives took on much of the secretarial work and book-keeping, which had to be done in addition to household activities. In effect, they found that wives often had two unpaid jobs, namely, housewife and administrator. As such, their contribution was crucial to the success of the business. In some cases, it was found that wives were much more than office managers as often she became the real financial decision-maker. Many of the married females researched had relevant experience as ledger clerks, bookkeepers, and sometimes, as assistants in firms of accountants.

The evidence of the research suggested that wives were often indispensable to the survival of their husband's small business. However, it was clear that their role in the business made it almost impossible for them to pursue independent careers. Hardly any of the married women interviewed had either part-time or full-time jobs outside of the business.
However, the normal pattern, according to the research, was for married females to withdraw from the business as it expanded. With the growth of the enterprise, the business owner concentrated solely upon administration and hired people to do the work previously performed by the wife. Although the wives were less involved in working for the business, there was a tendency for them to represent the family and company symbolically, through a wide range of activities, for example, entertaining potential customers, maintaining company morale, and participating in a number of locally-based associations. The researchers were also interested in discovering factors that motivated women to consider proprietorship as well as the social and economic consequences of the proprietorship.

- Study design and main findings

According to the evidence gathered, females have a variety of motives for setting up their own business. In some cases there appeared to be little real choice involved, and proprietorship represented a last resort in the absence of adequately paid employment. As with men, there were also women who started a business because they were unable to obtain a satisfactory alternative means of earning a living.

Other women suggested that they had started on their own because of their dissatisfaction with previous jobs. More specifically, proprietorship was perceived as an opportunity to escape the supervisory constraints of employment. For some females, however, this dissatisfaction was closely linked to sex discrimination.

A more significant influence for most respondents was the desire to avoid subordination within the domestic sphere. Several married females indicated that a business offered independence and a means of self-expression which was denied to them as housewives.

The research indicated that business ownership offered females the potential of financial independence but whether this was actually achieved depended upon the sources of credit used to start and maintain the business, the amount of income that it generated and the degree of control which women were able to exercise over this income. Although personal savings and earnings from moonlighting were often used
to subsidise businesses, these were rarely sufficient to avoid the need for outside financial support.

Although many females approached the financial institutions for loan facilities, most described the reaction to their requests as predominantly unsympathetic. It is suggested that this response was not based primarily upon a rational consideration of financial viability but on an uninformed opinion of women’s ability to own and control businesses. Such reactions have material consequences for women proprietors. In some cases, they are forced to take on male business partners for the purposes of negotiating credit, acting as financial guarantors, and giving business advice. Whilst these strategies might be successful in assisting women to attract credit, this was often at the expense of their financial independence.

Such difficulties as these lead some female proprietors to seek financial assistance from informal sources, for example, family, friends, and acquaintances. Once again, however, this credit originated almost entirely from men and it typically entitled them to claim some authority in business decision-making and planning. Furthermore, these informal arrangements increased the risk of women losing their highly-valued proprietorial independence to men who were often able to manipulate business dealings to their own advantage.

Female autonomy was also found to be threatened by relationships with men in other business and domestic settings. For example, when there were male employees, females either had to develop appropriate managerial strategies personally to overcome skepticism and retain their authority, or delegate supervisory responsibilities to male intermediaries.

Similar compromises were also made in dealings with male customers and suppliers. To negotiate competitive prices and ensure regular sales, women were found to frequently play upon feminine attractions as a bargaining lever. Many claimed that this was the most effective means by which they could combat the wariness of trading partners and private customers.

The research also found that tension between work and domestic responsibilities existed. Married females were normally expected by their husbands to continue with
their household duties despite business commitments. Overall, there was also little evidence to indicate that husbands contributed to the running of either homes or businesses.

May problems experienced by female proprietors originated from their lack of recognition as credible business owners. The research found that creditors, customers, employees and husbands often did not grant women the acceptance they accorded their male counterparts. It would, therefore, seem that the reality of business proprietorship rarely matched up to women’s expectations. While seeking independence, they were often dependent on men to finance their enterprises, supply and buy from them and to work for them. In addition, when striving for freedom, they were often burdened with family and domestic responsibilities as well as those of the business.

These conclusions, however, are unduly pessimistic. Despite the compromises, very few women regretted their decision to start a business. Indeed, their accounts indicated that proprietorship offered a number of unanticipated benefits, chief of which was an increase in personal confidence. Many saw this as the most important gain derived from business ownership. However, they also claimed that a lack of self-assurance was the major obstacle preventing most females from setting up in business.

2.7.2. Family business

The studies of Barach, Gantisky, Carson and Doochin (1988) as well as Peiser and Wooten (1983) focused on family business research.

(a) Research conducted by Barach, et al (1988)

The research conducted by Barach, et al(1988) regarding the strategic challenges facing family businesses, reviewed the literature regarding entry strategies and presented results from interviews with 30 family business executives. The interviews focused on strategies for gaining credibility once the family offspring entered the business. These were classified as career paths which were primarily innovative or
non-innovative. The various career strategies were examined in light of the situation that prevailed in the firm.

The results of the study showed that of those offspring who joined the firm after having vocational jobs in the firm, most felt they were received favourably by the employees. Furthermore, they showed strong agreement on how to start a successor in the business (even among those who themselves entered through management positions). They also agreed that they would introduce their heirs via vocational jobs.

Several successors who began their involvement with the family firm in vocational jobs felt they had gained valuable insight into the basic operation of the firm that could not be gained in management positions.

Ninety percent of the interviewees advocated a succession strategy whereby the newcomer earned credibility by having the necessary experience to do the job better than anyone who could be hired. All agreed that the potential successor should demonstrate competence, and 92% agreed that the potential successor should earn the right. Nine to one, respondents advocated sound handling of day-to-day work and decisions, rather than innovative behaviour, as a recognised means of gaining credibility.

Although there were differences in the time taken to achieve credibility, the average, in the judgment of the interviewees, was five years and two years for those using innovative behaviour. But these differences did not depend on prior outside work experience as the average for those with and without prior experience was the same, namely, four years.

A minority of next generation executives attained credibility through innovative behaviour early in their careers with the family firm. Two respondents who did innovate told of experiences that supported the proposition that innovative behaviour might be a good means of establishing credibility in times of change.

It was also discovered that there were pitfalls in attempting to be innovative before credibility was well-established, but the executives who achieved credibility through initial innovative behaviour brought something to the firm which improved current
operations. It was probably easier to do this during times of high flexibility, when the firm could afford to pursue new ideas, or during times of turbulence, when change was necessary.

Most future successors joined the family firm immediately after completing their education. One viable strategy was to use vacation and low-level jobs as methods of entry. However, most writers in the field argued for the rarer course of external employment after school and prior to working for the family firm, a course which has value for numerous reasons. In many cases, it was found, the young person might not feel a sense of personal accomplishment or self-confidence in a family environment, and thus should start out independently. Non-family firms might also provide more objective opportunity and judgment of a young person’s achievements. Experience in other companies could also provide a broader perspective on business and develop capacity to adapt to radical environmental changes. Furthermore, achievement on the outside could win the entrant credibility and respect when joining the family firm.

What was not considered by advocates of this course, however, was that the outside and transferring credibility could also make mistakes. These mistakes could be damaging for an outsider not yet familiar with the intricate operations and relations of the firm. As he or she might have failed to develop a support system among managers and employees, to regain credibility after a mistake was more difficult than building it day by day. For this reason, early exposure to the family business might be as critical for those coming into the firm after outside experience as for those who entered just after completing their education.

The research article did not argue for the desirability of one entry strategy over the other in specific cases. Such decisions as how to bring family members into the firm must be made by weighing the numerous and complex criteria which affected the likelihood of success. But it could be argued that succeeding generations could achieve legitimacy in family firms by rising through vacation and low-level jobs, as well as by gaining credentials outside the firm. Whichever entry strategy was used, an early introduction to the firm through low-level and vacation work might be desirable by giving successors a valuable working knowledge of the firm.
CEOs of family firms and their successors could benefit from thoughtful career planning for the next generation, because goals of both the firm and the person were involved. Care given to the career path of the next generation was an essential part of the implementation strategy of family firms.

(b) Research conducted by Peiser and Wooten (1983)

Research conducted by Peiser and Wooten (1983), regarding life cycle changes in small family businesses, identified that each successful small business must sooner or later face the problems of growth and expansion. Where family businesses were concerned, normal growth problems were compounded by the difficulties of separating family relationships from business decisions.

One of the crucial tests of a successful small business is its ability to make the transition from the entrepreneurial stage to the administrative stage in its development. This transition frequently occurred in family businesses by transition from the first generation to the next, a transition which many family businesses did not survive. The research paper examined the process of managing life-cycle changes, both in the firm and in the family, so as to provide growth and development beyond the stage of entrepreneurship.

The types of small businesses discussed in the article had several common features, including:

- The family was deeply involved in the affairs of the business, having in most cases founded it.
- The firms were in a process of transition, both in the firm and in the family.
- The project-oriented nature of the firms. While family businesses were found in every industry, they were particularly important in a number of project-oriented industries such as real estate, construction, and various consulting services. The project nature of these firms offered some opportunity for smoothing the problems of transition between generations because it provided a way to give the second generation experience and responsibility.
A number of typologies were used to describe the various stages of a firm’s life cycle. One such typology describes three stages of evolution for a small business, namely,

- survival – the firm’s founding stage in which it struggles to stay alive
- success – a period in which the growing company breaks out of resource poverty and reaches a plateau of success
- takeoff – a period in which the company evolves toward a big organisation

The life-cycle crisis frequently comes at a point when the firm is in the success stage. In the success stage, the company may either prepare for growth or may decline as the owner begins to disengage him or herself.

The symptoms of the life-cycle crisis were identified as:

- Increased levels of interpersonal conflict, leading to a belittling of each other’s goals
- Attention to short-term profits rather than long-term goals
- Ill-defined management procedures emphasising the short term
- No defined process for integrating new family members
- No career plans, offering the younger generation no enticement
- Failure to tap available financial resources from the external environment
- Difficulty in valuing diverse contributions of family members to the firm, using conformity to avoid the strengths of diversity
- Levelling off of growth and/or profits, probably an indicator of a lack of shared long term goals

Many of the problems identified were symptomatic of a small business experiencing a life-cycle crisis. The indicators pointed to the need for change and suggest some type of intervention in the day-to-day activities of the firm. Before the intervention took place, however, the managers of the firm should have a clear picture of the exact nature of the issues they were facing. These issues were essentially:

(i) Management issues

- Faulty project management
• Poorly-defined responsibilities
• Poorly-defined accountability
• Lack of financial controls
• Day-to-day detail displacing broader management perspective

(ii) Family issues

• Family interaction and its effect on the firm
• No conflict resolution process
• Perception-reality gap: self-perception versus other’s perception of family member contributions
• Changing personal and professional goals

(iii) Development stage

• Increasing reluctance to be innovative, a classic risk-avoidance posture
• Failing to exploit the reputation of the firm for developing new business – a withdrawal strategy
• Increasing difficulty in making consensus decisions, a key indicator showing the lack of goal congruence

The research paper continues to provide guidelines for resolving the crisis, including:

• Redefining project management
• Focusing the family upon itself in both an affective and rational manner
• Making strategic plans

What makes the life-cycle crisis so important is that it may be the most critical test to the family business’s survival once the early stages of the firm’s growth are past. The heart of the crisis is the interrelationship between the personal life cycles of the family members with respect to one another and to the life cycle of the firm.

While the life-cycle crisis may range widely in terms of its severity, Peiser and Wooten (1983) believed that a crisis was faced sooner or later by all family businesses. By recognising that it was a common malady, with common symptoms
and cures, it was hoped that more family businesses might pass successfully through the crisis and into a new success-growth stage.

2.7.3. Entrepreneurship training


(a) Research conducted by Fitzhugh (1981)

Fitzhugh (1981) conducted research the private sector interest in entrepreneurship training. According to Fitzhugh (1981), at the time of publishing the article, the Pepsi-Cola Company had for eight years promoted small business understanding through its Learn and Earn Project, a cooperative effort with the Distributive Education Clubs of America in high schools throughout the country. Pepsi-Cola developed and distributed its training materials because of beliefs that business understanding was essential to a thriving national economy and that training could increase the likelihood of business success.

The researched article described private-sector institutions’ stake in the success of small business and discussed the value of entrepreneurship training in achieving business success. The research also presented an overview of some of the major content areas that entrepreneurship training should address.

Regarding the private sector interest in entrepreneurial development, the results of the study indicated that private sector institutions, mainly large corporations, had a strong concern for the success of small businesses. Their interest in entrepreneurship development stemmed from the various ways in which large and small business were interdependent, and relied on the following:

- Innovation - Development of new goods or services traditionally provided the basis for the inauguration or expansion of businesses. Occasionally, the innovator was able to develop a new small business around the invention or to locate an enterprising individual or small firm that would develop and market the goods or services. Frequently too, the inventor sold the rights to the new idea to an existing large business.
- Specialisation - Large firms often utilised the special capabilities of smaller entrepreneurs to meet their needs in specific areas of operation.
- Risk-sharing - Purchasing of components might serve an additional function of limiting the risk exposure of the major firm. Another example of risk-sharing was the large retailer who avoided the risks of real estate ownership by leasing land and a building from a real estate investment firm.
- Capital turnover - Lessees could secure the use of working assets without comparable fixed investment. Even though rental fees were higher than depreciation costs, return on investment could still be enhanced through the resulting higher capital turnover.
- Shifting personnel responsibilities - Large firms could be relieved of some of the direct responsibilities of personnel administration and industrial relations by obtaining goods and services through independent contractors, rather than via their own employees.
- Trade relations - Small business was one of the important publics whose goodwill was needed by big business. The world of small forms represented potential political strength, especially concerning issues that affected small business interests vis-à-vis those of big business.
- Free enterprise - Major corporations concerned about the stature of the private enterprise system should recognise the logical connection between their cause and the opportunity for deserving operators to enter the business arena.
- Economic literacy - Major corporations wanted consumers and voters to understand corporate profits in relative as well as absolute amounts. The large contingent of small business operators could help to enlighten the public regarding these realities.

Regarding the value of entrepreneurship training, the results of the study indicated that a series of questions needed to be answered, including:

- Could entrepreneurs be helped through training?
- If so, how could they best be trained?
- What should be the general content of such training, and what role should large firms play in the support of such entrepreneurship training programs?
Although education theory generally recognises the importance of entrepreneurship training, as well as the importance of the content thereof, two points are relevant, namely:

a) certain innate personal qualities are indispensable, such as acquisitiveness, risk-taking, self-reliance, and competitiveness; and

b) an entrepreneur’s chances of success are usually greatest when both the appropriate personal attributes and the training are present. Formal training alone can no more develop a successful than it can a successful musician, artist or engineer.

Granted that entrepreneurship training could be effective when offered to promising trainees, it must be recognised that various forms of unstructured, informal training could, and frequently did, contribute to entrepreneurial effectiveness. The principle contribution of structured entrepreneurship training was the shortening of the learning period, thereby helping to avoid many of the costly mistakes of trial and error. Its method was to share insights into principles and practices that had proved useful to successful firms and to caution against those that had been harmful.

The Pepsi-Cola project highlighted a number of principles that were important for small business operators to know. Several of these principles include:

- Business ideas
- Service versus profit
- Buyer’s market
- Interest groups
- Pricing
- Iceberg principle
- Services versus assets
- Relative versus absolute quantities
- Tradeoffs
- Timing
The success of small business benefits all groups in society. Because of the close interdependence of all parts of the business community, large corporations were particularly interested in small business development.

One way of reducing the failure rate of small business was the support by large corporations of entrepreneurship training programs. Many programs, both formal and informal, could be devised in which big business provided young employees with training and work experience. As entrepreneurship became increasingly a priority of national economists and planners, it was hoped that large private sector institutions would respond with increased, creative support of small business training and development.

(b) Research conducted by Mescon (1987)

Mescon (1987) explored the area of education and training for minority small-business owners.

The continued support for and development of minority entrepreneurs are vital for maintaining the economic health of a region, particularly in urban settings with large minority populations. Unfortunately, competitive pressures often stifle opportunities for even the most competitive small business owners. To improve the short- and long-term prospects for economic growth in general and minority entrepreneurship, in particular, training and technical assistance are essential. The research of Mescon (1987) examines a unique training and development effort undertaken in South Florida by five colleges and universities, county government and the private sector to:

- Encourage minority economic development
- Fortify existing minority-owned small businesses
- Improve the ability of minority-owned small businesses to meet product and service needs in the private and public sectors

To examine the direct impact of the Entrepreneurial Institute on the black community, a comprehensive survey was conducted to analyse the value and impact of programs and technical assistance. In addition to the standard demographic data,
the survey contained questions for three groups of respondents, namely, those currently in business, those desiring to start business, and undecided attendees.

The survey was mailed to a stratified sample of 487 program participants.

Of the 56 respondents owning their own businesses, over 90% said that the courses helped them to improve their business operations. One third stated that after taking the courses, they were able to hire more employees, and over one-half said the courses enabled them to expand their businesses.

Of the 58 respondents desiring to start businesses, all expressed a desire to start service or retail businesses. Ninety-six percent said that the courses helped them to develop their business plans. Almost 70% said that the courses were helpful to them in getting into business, and 34% said they had started a business after taking the course. An additional 52% planned to go into business within the next six months.

For the 33 respondents who were still unsure about their desire to start businesses, the results were equally revealing. Sixteen percent of the respondents decided not to start businesses. Eleven percent credited the program with helping them locate employment, and 41% said the program provided for future employment. Seventy-six percent responded that the modules had helped them decide to start businesses, and 72% said the courses helped them to upgrade their skills or advance in their present jobs.

Other feedback from the participants revealed a desire to expand the program in a number of areas. Some of these included:

- Franchising
- Insurance and bonding
- Bidding
- Joint ventures with majority firms
- Non-traditional funding mechanisms
- Networking with Chamber of Commerce
- Direct contact with successful minority entrepreneurs from around the country
Most interestingly, a desire emerged to develop a two-week intensive small business orientation program for black high school juniors and seniors during the summer vacations.

In conclusion, the importance of a sound socio-economic foundation in metropolitan areas cannot be overstated. The Entrepreneurial Institute of Dade County is a successful example of a cooperative project to encourage minority entrepreneurship in an urban area. The Institute also represents an unusual partnership between government, the private sector and higher education.

(c) Research conducted by Reid (1987)

Reid (1987) conducted research into the designing of management education and training programs for service firm entrepreneurs. The research article by Reid (1987) reported on the use of management education programs by small service-related enterprises. Its objective was to identify factors that accounted for small business participation in such programs and to offer guidance to agencies that provided training for entrepreneurs.

Data was obtained through a self-administered mail questionnaire sent to owners/managers of 1014 firms during the summer of 1985. The sample was randomly selected from a population listing of 5804 English-speaking New Brunswick service firms provided by the New Brunswick Community College.

Regarding the area of owner/manager characteristics, the results indicated that 82 % of respondents were firm owners, while the remaining 18 % had exclusive responsibility for managing the enterprise. All managerial functions were typically conducted by owner/managers, except accounting, purchasing and personnel, for which 28, 13, and 10 % of the firms, respectively, employed individual managers. These findings showed the extent to which management functions were concentrated in the hands of a single person in small firms.

Nearly 60 % of respondents had a community college/university education or the equivalent. However, business-related (36,2 %) and technical backgrounds (21,8 %) were the most common areas of educational specialisation. Owner/managers were
typically between 25-44 years of age (56.4 %). These demographic characteristics of small firm owner/managers are similar to those observed by other researchers.

A majority of the respondents (57 %) had attended work-related seminars, conferences and/or courses during the past two years. These programs were almost all privately sponsored (92 %), with universities, community colleges, and other public agencies accounting for the remaining sponsorship categories. This exclusive use of privately-sponsored programs occurred against a background of irregular management training provision for service firms by public agencies.

Micro-computers were found in 28 % of the firms, with their use restricted to word processing, payroll, record keeping and cost-control applications. Only nine firms reported business/market planning and forecasting as areas for which they either used or anticipated using micro-computers. One half of all non-owners intended to purchase micro-computers within the next two years.

Regarding the characteristics of the firm, the most frequently cited competitive and operational changes that respondents had faced over the previous two years were:

- Many more competitors (40 %)
- Sales increases of 30 % or more (37 %)
- Labour-cost increases of 20 % or more (37 %)
- %Greater increase in new accounts or 20 % (32 %)
- Financial incentives offered to employees for outstanding performance (31 %)
- Increase in employees of 10 % or more (26 %)

Regarding the preferred-program attributes, 64 % of respondents preferred programs that were targeted at similar types of firms. Private agencies, community colleges and universities were the most preferred program sponsors, while government agencies were the least preferred.

Regarding the area of program content, the most desired topics of training interest were:

- Advertising and sales promotion
- Accounting (cost control and budgeting)
• Selecting, compensating, and managing employees
• Small business computer systems and tax planning

In contrast, a majority of respondents indicated little or no interest in purchasing, market analysis, planning and preparing business plans, or direct marketing, which were subject areas that addressed many of the problems which faced small businesses.

Regarding the area of program scheduling, pricing and communication, 74% of respondents preferred training programs scheduled during the first half of the working week, and 68% preferred these programs to be held during the first quarter of the calendar year. Eighty percent preferred a one-day or shorter program; 73% preferred a price of $20-$40 for a half-day program; and 88% preferred a $60-$80 price for a one-day program.

Mail directed to the firm’s office was overwhelmingly favoured as the vehicle for communicating information about seminars, courses and conferences.

The survey results indicated that these firms operated in a highly-volatile environment and possessed limited managerial resources. Public agencies and educational institutions that provided training could help these businesses by providing assistance that took into account the needs and preferences of potential users.

Table 2.3 summarises the research undertaken during the 1980s.

<table>
<thead>
<tr>
<th>Date and Author</th>
<th>Main Findings</th>
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<tbody>
<tr>
<td>Women and Entrepreneurship</td>
<td>Female entrepreneurs: Some preliminary research findings</td>
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<tr>
<td>(a) Goffee and Scase (1982)</td>
<td>• Wives are often indispensable to the survival of their husband’s small business</td>
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<tr>
<td></td>
<td>• Women start businesses for a variety of reasons</td>
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<td>• Businesses were started due to dissatisfaction with previous jobs</td>
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<td>• Most women wanted to avoid subordination within the domestic sphere</td>
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<td>• Financial independence</td>
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<td>• Women are not taken seriously by formal</td>
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<td>Date and Author</td>
<td>Main Findings</td>
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<td></td>
<td>lending institutions</td>
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<td></td>
<td>• Autonomy is threatened by relationships with men in other business and domestic settings</td>
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<td></td>
<td>• Tension exists between work and domestic responsibilities</td>
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<tr>
<td>(b) Chaganti (1986)</td>
<td>Management in women owned enterprises</td>
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<tr>
<td></td>
<td>• Shared values</td>
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<td></td>
<td>• Strategies</td>
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<td>• Skills</td>
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<td>• Styles</td>
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<td>(c) Scott (1986)</td>
<td>Reasons why women become entrepreneurs:</td>
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<td></td>
<td>• Being one’s own boss</td>
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<td>• Challenge</td>
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<td>• Opportunity to make more money</td>
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**Family Business**

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<tr>
<th>(a) Peiser and Wooten (1983)</th>
<th>Life cycle changes in small family businesses</th>
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<tr>
<td></td>
<td>• Redefine project management</td>
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<td>• Focus the family upon itself in both an affective and rational manner.</td>
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<td></td>
<td>• Make strategic plans</td>
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<td>• Succession planning</td>
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<td>• Offspring joining the business after vacation jobs in the business were received more favourably by employees</td>
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<td>• Newcomers must earn credibility by having the necessary experience</td>
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<td>• Average time to earn credibility was five years</td>
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<td>• Minority of next generation executives attained credibility through innovative behaviour early in their careers</td>
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**Entrepreneurship Training**

<table>
<thead>
<tr>
<th>(a) Fitzhugh (1981)</th>
<th>Private-sector interest in entrepreneurship training</th>
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<tr>
<td></td>
<td>• Innovation</td>
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<td>• Specialisation</td>
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<td>• Risk sharing</td>
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<td>• Trade relations</td>
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<td>• Capital turnover</td>
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<td>Suggested content for entrepreneurial training</td>
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<td>• Business idea</td>
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<td>• Service vs. profit</td>
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<td>• Pricing</td>
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<td>• Timing</td>
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<td>• Tradeoffs</td>
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<tr>
<td>Value of entrepreneurship training</td>
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<tr>
<td></td>
<td>• Entrepreneurs have certain innate personal qualities and the chances of business success are greater with training</td>
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<tr>
<td></td>
<td>• Structured vs. unstructured training</td>
</tr>
<tr>
<td>Date and Author</td>
<td>Main Findings</td>
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<td>---------------</td>
</tr>
</tbody>
</table>
| (b) Mescon (1987) | - Education and training for minority small business owners  
- Courses helped to improve business operations  
- After taking the courses, respondents were able to hire more employees  
- Respondents were able to expand their businesses after taking courses  
- Courses made respondents more employable  
- Training helped with motivation to open small businesses |

### 2.8. AREAS OF ENTREPRENEURSHIP RESEARCH IN THE 1990s

During the 1990s, research was concentrated in the areas of:

- Networking in small business
- Ethics in business
- Gender research in entrepreneurship

Section 2.8 discusses these areas by highlighting some of the research articles published in the various areas of concentration.

#### 2.8.1. Networking in small business

(a) Research conducted by Keeble, Lawson, Smith, Moore and Wilkinson (1998)

Keeble, , et al (1998) argue that technology-intensive small firms often needed to internationalise their activities, and especially sales, at a very early stage of their development because of the limited and global nature of the technological market niche which they have been set up to exploit. From a survey of 100 such firms in the Cambridge and Oxford regions, it demonstrated that many technology-based smaller firms were engaged in a range of international networks and internationalisation processes, including internationalisation of markets, research collaboration, labour recruitment, ownership and facilities location. The frequency and extent of international activity by such firms was found to be much greater than in the case of small and medium enterprises (SMEs) in low-technology sectors, whether manufacturing or services.
Technology-intensive firms reporting high levels of internationalisation also differed significantly from those which were more nationally-oriented, for example, in terms of size, age, research intensity, university links, and innovativeness. There were also differences with respect to recent growth rates. These differences clearly indicated that internationalisation, innovativeness and growth were strongly correlated, possibly in a mutually reinforcing and cumulative fashion. The development and targeting of international markets and collaborative links was, therefore, found to be important for the competitive success of many technology-intensive SMEs.

Finally, the research paper demonstrated that far from substituting international for local networks, technology-intensive firms which have achieved high levels of internationalisation in fact also exhibited above-average levels of local networking with respect to research collaboration and intra-industry links. Internationalisation, therefore, appeared to be grounded or embedded in successful local networking and research and technology collaboration.

From a policy perspective, these findings perhaps suggested that business support agencies concerned with technology-intensive SMEs, needed to be particularly aware of and sensitive to the importance to such firms of both local and global relationships.

Possible specific policy implications there were numerous, ranging from help with foreign language skills and pump-priming funding of exploratory foreign research collaboration or marketing visits, through more sympathetic local authority planning provision for new housing for internationally-recruited staff, to active promotion of local SME networking, both with other firms and with local universities and public research laboratories. The experience of particular role model technology transfer and networking organisations might offer valuable lessons in this respect.

(b) **Research conducted by Fariselli, Oughton, Picory, and Sugden (1999)**

The research conducted by Fariselli, et al (1999), explored the electronic commerce and the future for SMEs in a global market-place, namely, networking and public policies.
The research paper explored three inter-related issues, namely, globalisation; the role of small- and medium-sized enterprises (SMEs) and electronic commerce (e-commerce). A central question was whether e-commerce offered advantages to SMEs that might facilitate their access into global markets and help them overcome the disadvantages they faced vis-à-vis large transnational corporations (TNCs).

The research paper started by briefly considering the extent of globalisation and its relationship to free trade. The researchers then proceeded to consider recent developments in e-commerce, focusing on the key issue of e-payment systems. Differences in the requirements of large and smaller firms were identified, and they identified a number of key issues concerning access of smaller firms to e-payment systems and the (virtual) market place, and outlined their implications for regulatory policy.

Their analysis highlighted the importance of network externalities, and institutional factors affecting trust and the relationships amongst different economic actors. This led to a consideration of networking and public policies more broadly.

One of the central conclusions of the research analysis was that there were important synergies between e-commerce (virtual) networks and (real) production networks. This suggested that policy makers and smaller firms should think in terms of extending existing, and catalysing new, real production networks to incorporate e-payment systems for networks of firms to facilitate their access to virtual markets.

Mechanisms of e-commerce might open new possibilities for the creation of the horizontal production networks which were arguably vital if smaller firms were to realise external economies of scale and compete with larger firms on more equal terms. The new opportunities offered by e-commerce might enable production networks to span national boundaries, multi-national groupings thereby being made all the more feasible. However, the ability to communicate electronically was certainly not sufficient and perhaps was not necessary for the creation of effective production networks. Moreover, the deployment of e-commerce systems might undermine the possibilities for evolving successful production networks. Again, there was a need for public policies; insofar as the deployment of new technologies hindered the creation of horizontal production networks. Policies were needed to offset negative effects;
insofar as deployment of the new technologies was insufficient, policies were also needed to supplement their role; and insofar as deployment of the new technologies facilitated the creation of horizontal production networks, policies were needed to stimulate their advantages.

Finally, there were synergies in creating different sorts of networks, hence it was desirable that smaller firms and policy makers thought in terms of creating micro-processes which encompassed e-payment systems for a set of firms, virtual markets for that same set, and a corresponding horizontal production network.

(c) Research conducted by Poon and Jevons (1997)

The research undertaken by Poon and Jevons (1997) revolved around Internet-enabled international marketing from a small business perspective.

Many small businesses in the 1990s were compelled to compete beyond their comfort zone (local markets) owing to the globalisation and internationalisation of the marketplace. At the same time, the commercialization of the Internet had created unprecedented opportunities for small businesses to engage in national and international marketing campaigns which could have been unaffordable owing to the huge amount of resources required.

The research paper discussed why the Internet was particularly important for small business international marketing. It then investigated how small business network exchange could be initiated and supported using the Internet, which in turn provided a platform for international marketing. It also explored strategies for carrying out marketing activities on the Internet, considering the different kinds of inter-organisational relationships that existed with small business networks.

Finally, it was argued that marketing was only one aspect of how small business networks could gain strategic advantage in using the Internet. The fundamental issue was to build useful inter-organisational systems to support not only marketing activities among small business on the Internet but also to transform activities on different parts of the small-business value chain.
Because the Internet created a borderless virtual business platform on which suppliers, customers, competitors and network partners could freely interact without going through the pre-defined channels on the value chain, members of the same business network or of different networks could by-pass the traditional interaction patterns and form virtual value chains. For example, there was nothing stopping a company’s competitors from directly contacting their customers through the Internet. At the same time, customers could by-pass their distributors and easily approach different suppliers to negotiate deals and obtain products. Such activities have a profound effect on the roles different actors played in the traditional value chains. From a marketing point of view, this meant rethinking the promotion campaign taking into consideration the different groups of target audiences. Each small business could now be part of many business networks regardless of geographic location. Initial entry into such networks could be done by first contacting the group via the Internet. Thus, the Internet enabled the formation and maintenance of business network links which would otherwise be prohibited by barriers such as distance, time and limited resources.

It was also suggested that in order to benefit from the competitive advantage offered by the Internet, each value activity within the value chain needed to be made Internet ready. Furthermore, small businesses needed to rethink how to improve their activities such that their use of the Internet could provide a competitive advantage over the firms with similar value-chain activities not using the Internet.

In identifying different kinds of small business networks, it was suggested that different approaches could be used to pursue marketing activities over the Internet. Moreover, it was suggested that marketing activities should be considered as part of broader exchanges within small business networks. The fundamental issue was to make use of the Internet to construct inter-organisation systems to strengthen and maintain information linkages within small business networks. This could be done by considering the critical issues facing small business today and, based upon these business drivers, to derive strategic approaches to using the Internet.

Finally, lessons learned from understanding how conventional information technology had transformed value activities on a value chain have been applied to understand
what needed to be done to capitalise on the potential of the Internet to achieve sustainable competitive advantage.

2.8.2. Ethics in business

The research of Teal and Carroll (1999), Clarke and Aram (1997) as well as Fuxman (1997) focused on morals reasoning and ethical dilemmas.

(a) Research conducted by Teal and Carroll (1999)

The research conducted by Teal and Carroll (1999) dealt with moral reasoning skills and attempted to answer the question of whether this was different in the case of entrepreneurs.

Drawing on existing theory in the fields of business ethics, entrepreneurship and psychology, this research provided an initial empirical exploration of whether entrepreneurs used cognitive reasoning processes which reflected a higher level of moral development that had been empirically observed either in middle-level managers or in the general adult population. The Defining Issues Test was used to measure the level of moral reasoning skill of the entrepreneurs in the study.

Although the study was limited by a small sample size and the inherent difficulty of making accurate comparisons across other empirical studies, the results of the study suggested that entrepreneurs might exhibit moral reasoning skills at a slightly higher level than middle-level managers or the general adult population.

In addressing the hypothesis, which was whether the level of moral reasoning skill in entrepreneurs differed from that of the general adult population, it appeared that the moral reasoning skill identified in the sample of entrepreneurs was slightly higher than the level of moral reasoning skills identified by the Defining Issues Test for adults in general.

The second hypothesis considered whether the level of moral reasoning skills of entrepreneurs differed from the level of moral reasoning skills of middle-managers. It appeared that the moral reasoning skill identified in this sample of entrepreneurs was
slightly higher than the level of moral reasoning skill identified for middle-level managers.

Additional studies which employed larger samples and that used a consistent measurement instrument across comparison populations would provide an interesting topic for further research.

Further research in this area might benefit by using the short form of the Defining Issues Test to reduce the time commitment required of the entrepreneurs.

(b) Research conducted by Clarke and Aram (1997)

The research undertaken by Clarke and Aram (1997), revolved around universal values, behavioural ethics and entrepreneurship.

The research paper showed a comparison of graduate students’ attitudes in Spain and the USA on the issue of universal versus relativist ethics. The findings showed agreement on fundamental universal values across cultures but differences in responses to behavioural ethics within the context of entrepreneurial dilemmas.

The five most admired workplace characteristics were listed as:

- Honesty
- Responsibility
- Fairness
- Trustworthiness
- Creativity

The data collected showed a clear agreement between Spanish and American respondents on the five most admired characteristics in the workplace.

The hypothesis stating that respondents from different countries would show more differences than similarities in their perceptions of the source of unethical behaviour was tested. The results showed that on the dimension of behaviour of superiors, the Spanish respondents as a group tended to rank this factor as more important than the American group.
Regarding the factor, *formal organisation policy*, this tended to be seen as less important by the Spanish respondents and more important by the American respondents. Both Americans and Spanish ranked formal organisational policy as the most important influence on unethical behaviour. This was more important for the Americans overall.

In ranking factors that influence unethical behaviour, the Spanish respondents showed a smaller range of dispersion of means, implying disagreement among the group. Personal financial need was ranked least important by the Spanish group, and peer behaviour in organisations was ranked of fourth importance. American respondents showed more agreement within the group in attributing importance to factors that influenced unethical behaviour.

The hypothesis stating that respondents from different countries would show more differences than similarities in their responses to entrepreneurial ethical dilemma problems was then tested. The Americans appeared to trade-off entrepreneurship for higher ethical behavioural standards, while the Spanish appeared more likely to trade-off ethics for greater business success. The following ethical-dilemma questions were posed and the results were as follows:

- Managers must completely disclose all risks and uncertainties when promoting innovation, including upside return and downside risk resulted in a finding of no significant difference.
- Investors in a project should be able to rely on the integrity of the innovator resulted in a finding of no significant difference.
- Innovation and entrepreneurship could only take place if selective honesty is practiced produced a significant difference with the Spanish respondents agreeing more strongly.
- Entrepreneurial managers had a greater responsibility to a venture’s success than to previous family or friendship relationships resulted in a significant difference with Spanish respondents agreeing more strongly.
- When an innovator promoted innovation, other individuals involved were a means to an economic end was significantly different with Spanish respondents disagreeing less strongly than the Americans.
• Innovations could have a detrimental effect on society and entrepreneurs must take this into consideration - resulted in a finding of no significant difference between the two groups.

• Innovators should decide on each issue independently without reference to an underlying societal code of ethics - produced a finding of no significant difference between the two groups.

Spanish respondents consistently scored more toward the entrepreneurial end of the scale than the ethical end of the scale. Spanish respondents said they would be more aggressive in requesting investment funds, they would place innovation and entrepreneurship ahead of total honesty, they would place the new venture ahead of responsibilities to family and friends, and they would subordinate individual considerations to a venture’s success. Given the strong traditional role of family in Spanish society, their willingness to be more concerned with a new venture than with family responsibilities was, therefore, surprising.

Clarke and Arram (1997) believed that agreement was increasing in the area of international ethical codes and anticipated that studies in following years would find increasing concurrence on appropriate ethical behaviour across cultures.

(c) Research conducted by Fuxman (1997)

The research conducted by Fuxman (1997) involved the ethical dilemmas of doing business in post-Soviet Ukraine.

Based upon personal experience, interviews, and numerous anecdotal evidence documented in the press, the research paper analysed current practices and focused upon future challenges of business development in the Ukraine. In particular, the most recent developments in evolution of business relations and ethics were studied. Business ethic practices were viewed within the current political, economic, and social context of 1997. A unique combination of three factors, namely, old communist mentality, new mafia-style capitalism, and Ukrainian nationalism had created a situation where applying internationally-accepted ethical concepts might not lead to success. The new entrepreneurial spirit and privatisation windfalls against the background of cronyism, bureaucracy, and organised crime had produced the new
rules of doing business. Business ethics reflected a peculiar combination of the above factors and made them difficult for the outsider to comprehend.

2.8.3. Gender research in business


(a) Research conducted by Merchantman (1999)

The research by Merchantman (1999), delved into the feminist insight on gendered work, and considered new directions in research on women and entrepreneurship.

The research paper discussed research on female entrepreneurs in conjunction with feminist theory on gendered work. Merchantman (1999) explored the ways in which much of the research on women’s experiences of entrepreneurship focused on identifying similarities and differences between female and male business owners, and on providing explanations for the differences identified.

While such an approach was useful in compensating for the exclusion of women in earlier studies of business ownership, it did not illuminate how and why entrepreneurship came to be defined and understood vis-à-vis the behaviour of only men. Merchantman(1999) argues that existing knowledge on women business owners could be enhanced through reflection on two issues, firstly, on the essentialism in the very construction of the category of female entrepreneur (which prioritises sex over other dimensions of stratification) and secondly, on the ways in which the connections between gender, occupation and organisational structure differently affected female and male business owners.

The analysis, as laid out in the research suggested that exploring the links between social stratification, business ownership, organisational structure, and industry focus could provide useful insights on entrepreneurship. Merchantman (1999) argued that it was important to assume a critical view towards the historical exclusion of women from the literature of entrepreneurship. Rather than assuming that this exclusion was an accidental omission, correctable through replicating studies of male entrepreneurs
to include female business owners, it would be useful to understand entrepreneurship as itself a gendered activity.

(b) Research conducted by Matthews and Moser (1996)

The research conducted by Matthews and Moser (1996) concerned a longitudinal investigation of the impact of family background and gender on interest in small firm ownership.

Building on prior research regarding the impact of role models on entrepreneurial career interest, the research article directly assesses the impact of family background on interest in small firm ownership over time. In addition, differences in male and female interest in small firm ownership were explored through an ongoing assessment of people in the entry stages of their careers.

Subjects for this study were a panel of 89 former business administration students at a large mid-western university in the USA.

Results indicated that gender had the primary influence on interest in small firm ownership, with males showing a higher level of interest than females. Further, the impact of family background was assessed for both males and females over time. Although results of this study were not entirely consistent with current trends in small firm ownership, they were consistent with past research. It was noted that a family background in small business was associated with an increased likelihood that a person would be interested in owning a small business.

The research found that females with a family business background exhibited a decline in interest in self-employment over time that was greater than any other group. This decline obviously had an impact on the overall relationship between family background and interest in small-firm ownership. In addition, those with a family background were initially enthusiastic about owning a small business, but after they became comfortable in their jobs, lost some interest.

Results also suggested that males were more interested in owning their own business than females and this difference was growing over time.
The results suggested that interest in small-business ownership might change over time, especially for females. While the age differential between men and women starting a business might provide a partial explanation, interest in small firm ownership five years out of college appeared to be waning among the women sampled. For women, other workplace and organisational issues might influence an interest in small firm ownership over time. Indeed, some issues might actually heighten interest, including the desire to escape from the glass ceiling effect; a desire for a more flexible schedule; and/or a desire for self-fulfillment which could be met through self-employment. In addition, family and child-rearing issues could influence interest in self-employment, especially for women in their late twenties. Although beyond the scope of this study, these questions merit consideration in future longitudinal research.

The results of the current study must be interpreted with caution owing to its limited sample size and potential for non-response bias. However, it does suggest some valuable directions for future research. Future research might want to address potential gender differences in interest with respect to the source of the family background (for example, parental versus all others; or immediate family versus extended family).

Other contextual longitudinal variables which might be of interest in future research might include changes in number of children; income; comfort level with current employment; job security; corporate layoffs and corporate outsourcing.

Table 2.4 summarises the research undertaken during the 1990s.
<table>
<thead>
<tr>
<th>Date and Author</th>
<th>Main Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Networking in Small Business</strong></td>
<td></td>
</tr>
</tbody>
</table>
| (a) Poon and Jevons (1997) | Internet-enabled international marketing: A small business network perspective  
By using the Internet, small businesses can conduct marketing activities on a global scale in an affordable, effective and professionally competitive manner  
In identifying different kinds of small business networks, it is suggested that different approaches can be used to pursue marketing activities over the Internet  
Marketing activities should be considered as part of broader exchanges within small business networks |
Technology intensive firms reporting high levels of internationalisation differ from SMEs which are more nationally-oriented, in terms of size, age, research intensity, university links, and innovativeness  
There are also differences with respect to growth rates  
Technology-intensive firms which have achieved high levels of internationalisation also exhibit above average levels of local networking with respect to research collaboration and intra-industry links |
There are important synergies between e-commerce(virtual) networks and (real) production networks  
This suggests that policy makers and smaller firms should think in terms of extending existing, and catalysing new, real production networks to incorporate e-payment systems for networks of firms in order to facilitate their access to virtual markets |
| **Ethics in business** | |
| (a) Clarke and Aram (1997) | Universal values, behavioural ethics and entrepreneurship  
Spanish respondents consistently scored more toward the entrepreneurial end of the scale than the ethical end of the scale  
The economic condition of each country influences respondents’ interpretation of ethical influences respondents’ interpretations of ethical influences and behaviour in spite of fundamental agreement on underlying universal values |
<p>| (b) Fuxman (1997) | Ethical dilemmas of doing business in post-soviet Ukraine |</p>
<table>
<thead>
<tr>
<th>Date and Author</th>
<th>Main Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>A combination of old communist mentality, new mafia-style capitalism, and Ukrainian nationalism have created a situation where applying internationally accepted ethical concepts may not lead to success. The entrepreneurial spirit and privatisation windfalls against the background of cronyism, bureaucracy, and organised crime have produced the new rules of doing business.</td>
</tr>
<tr>
<td>(c) Teal and Carroll (1999)</td>
<td>Moral reasoning skills: Are entrepreneurs different? Entrepreneurs may exhibit moral reasoning skills at a slightly higher level than middle-level managers or the general adult population.</td>
</tr>
</tbody>
</table>

**Gender Research in Entrepreneurship**

| (a) Matthews and Moser (1996)  | A longitudinal investigation of the impact of family background and gender on interest in small firm ownership. Females with a family business background exhibited a decline in interest in self-employment over time. Women with a family background are initially enthusiastic about owning a small business, but after they become comfortable in their jobs, they lose some interest. Males are more interested in owning their own business than females. Interest in small business ownership may indeed change over time, especially for females. |
| (b) Merchantman (1999)         | Feminist insight on gendered work: New directions in research on women and entrepreneurship. The analysis suggests that exploring the links between social stratification, business ownership, organisational structure, and industry focus can provide useful insights. |

**2.9. AREAS OF ENTREPRENEURSHIP RESEARCH IN THE 2000s**

During the 2000s, research has concentrated so far on the areas of:

- internationalisation of business
- gender in the business

Section 2.9 discusses these areas by highlighting some of the research articles published in the various areas of concentration.
2.9.1. *Internationalisation of business*


(a) **Research conducted by Yeung (2009)**

The research conducted by Yeung (2009) considered trans-nationalising entrepreneurship, and provided a critical agenda for economic geography.

This research paper was concerned with entrepreneurship that took place across borders, known as trans-nationalising entrepreneurship, and its implication for economic-geographical research. It sought to introduce geographers to a spatially-informed synthesis and critique of two otherwise disparate strands of literature, namely, entrepreneurship studies and international business studies. The silence about entrepreneurship studies in trans-nationalising entrepreneurial activities and the relative lack of attention to entrepreneurship in international business studies were the key impetus for this research paper. The flat surface assumption of spatial ontology in these studies also pointed to a very fertile ground for economic geographers to develop new theoretical insights into the spatialities of entrepreneurship. The paper proposed a relational conceptualisation of spaces of entrepreneurship and applied this relational perspective to the emerging research topic of trans-nationalising entrepreneurship. Theoretical insights for cutting-edge economic-geographical research were developed to arrive at a critical agenda for future research.

This research paper had critically reviewed the existing theories in entrepreneurship studies and international business studies and found that they seemed to fail to appreciate the inherent spatialities of trans-nationalising entrepreneurship involving entrepreneurs and intrapreneurs creating and operating novel transnational spaces that embraced different territorially embedded institutional structures and business systems. This research lacuna offered a particularly strong potential for major contributions by economic-geographical research. Problematising the spatialities of entrepreneurship from a relational perspective, this research paper had not only exposed the spatial view of entrepreneurship in most existing studies; more
importantly, it had also critiqued the flat-surface ontological assumption of recent work in international entrepreneurship that presumably paid more attention to the spatiality of entrepreneurship. By developing explicitly the concept of transnationalising entrepreneurship, this paper offered a more spatially-informed understanding of entrepreneurial activity in emerging transnational spaces of flows and practices spearheaded by entrepreneurs. This concept could help unify the intellectual concern with transnational entrepreneurial activity in both entrepreneurship studies and international business studies.

(b) Research conducted by Pedro (2009)

The research conducted by Pedro (2009) concerned the agency theory and the franchising internationalisation intention.

Franchising, according to the research paper, became increasingly important in Iberian countries during the last decade. Portugal and Spain’s companies found in franchising activities an important way of increasing their activities and reaching external markets. Internationally, franchising has proved to be one of the main strengths for companies’ globalisation worldwide in the service sector. The study proposed to analyse how three variables (structure, dispersion and bond) connected with the theory of agency intent to influence the internationalisation of franchise companies. Data for Portuguese and Spanish franchising companies was collected with a survey based on a structured questionnaire that was applied to these companies. The model was validated through the application of several statistical descriptive methods and tests, namely, principle components analysis, ANOVA, t and chi-square tests.

It was concluded that, for Iberian companies, companies with mixed structure were more sure that franchising was a desirable activity. However, the more geographically dispersed the network in the domestic market was, the higher the wish of expansion through internationalisation. With bond there were two types of franchisor, namely, the ones that considered that risk and costs associated to internationalisation were higher than the costs of the domestic market and the ones who consider they were equal.
Pedro (2009) recommended to the Iberian franchisers who intended to expand through the internationalisation that they needed:

- To have a financial structure and human resources that allowed it to give proper accompaniment and control of the international network.
- To have a highly-dispersed network in the domestic country that allowed it to test the good functioning of the network in terms of accompaniment, control and scale economies.
- To define the international franchisee profile that was more adjusted to the business.
- To make sure that the franchisee complied with the rules imposed for the franchising system: through the contract, the payment of entrance fees, royalties. To have a mixed network structure.

2.9.2. Gender in the workplace

The research of Lewis (2006) and Minniti (2010) focused on invisibility of female entrepreneurs.

(a) Research conducted by Lewis (2006)

The research conducted by Lewis (2006), revolved around the quest for invisibility for? female entrepreneurs and the masculine norm of entrepreneurship.

The emphasis in research on female entrepreneurship remained focused on the impact of gender on women’s experience of business ownership, often demonstrated through comparisons of male and female entrepreneurs. By contrast, this article explored the differences and divisions between women business owners who were silent about gender issues and those who were not.

The main data drawn on in the article were e-mails conducted through a web-based entrepreneurial network set up to promote and support women in business, supplemented with interview material derived from an interview study of 19 women business owners.
By considering the way in which some women business owners not only treated entrepreneurship as gender-neutral, but also sought to conceal its gendered nature, it could be seen how some female entrepreneurs were trying to avoid being identified as different from the masculine norm of entrepreneurship.

The article considered women who drew on an ideology of gender-blindness and emphasised their similarity to the wider population of entrepreneurs who were men. The article highlighted the attitudes and experiences of a growing group of female entrepreneurs who, to date, have largely tended to be ignored, and it also attempted to reflect women’s own perception of their situation.

The article also highlighted how the claims of some female entrepreneurs to be similar to the majority male population of entrepreneurs were constantly under threat. In particular, the ability of these women to present themselves as serious business people was put in danger by the behaviour of other women, who, from their perspective, were only playing at entrepreneurship.

This article also finally, highlighted the need to direct more research attention towards women who subscribed to an ideology of gender-blindness.

(b) Research conducted by Minniti (2010)

The research undertaken by Minniti (2010) delved into female entrepreneurship and economic activity.

Several studies and aid programs claimed the contribution to welfare resulting from female entrepreneurship was higher than that resulting from the activity of men. Unfortunately, however, the number of women entrepreneurs was significantly lower than that of men. Although quite a bit of attention has been paid to the existence of gender differences in entrepreneurial behaviour, the causes of such differences were significantly less understood. No general agreement existed on whether they result from contextual or evolutionary causes and, in particular, no consensus existed on whether such differences were, at least to some extent, linked to the per capita GDP of a country.
Using a large set of data covering individuals from 34 nations, this article made an initial attempt to address these questions.

Although exploratory, the results suggested that per capita GDP levels were ignorantly associated with the gender gap in entrepreneurial behaviour but that subjective perceptions also played an important role. In contrast, individual demographic and economic conditions were found to be of relatively little importance.

This is a difficult topic and there was still much that needed to be explored as the subject and its potential payoffs and implications were very important. In addition to providing valuable knowledge about the entrepreneurial process in general, understanding and supporting the entrepreneurial behaviour of women would have positive repercussion on a country’s well-being and social equity. This is a very promising area for further research.

Table 2.5 provides a summary of research undertaken in the 2000s.

<table>
<thead>
<tr>
<th>Date and Author</th>
<th>Main Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Internationalization of business</strong></td>
<td></td>
</tr>
</tbody>
</table>
| (a) Pedro (2009) | Agency theory and the franchising internationalisation intention
For the Iberian companies, companies with mixed structure are more sure that franchising is a desirable activity, the more dispersed geographically is the network in the domestic market, the higher is the wish of expansion through internationalisation |
| (b) Yeung (2009) | Transnationalising entrepreneurship: a critical agenda for economic geography
The existing theories in entrepreneurship studies and international business studies fail to appreciate the inherent spatialities of transnationalising entrepreneurship involving entrepreneurs and intrapreneurs creating and operating novel transnational spaces that embrace different territorially embedded institutional structures and business systems |
### Gender in Business

<table>
<thead>
<tr>
<th>Date and Author</th>
<th>Main Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Lewis (2006)</td>
<td>The quest for invisibility: entrepreneurs and the masculine norm of entrepreneurship. Some female entrepreneurs claim to be similar to the majority male population of entrepreneurs. These are constantly under threat. Entrepreneurship possesses a gendered relationship.</td>
</tr>
<tr>
<td>(b) Minniti (2010)</td>
<td>Female entrepreneurship and economic activity. Results suggest that per capita GDP levels were significantly associated with the gender gap in entrepreneurial behaviour but that subjective perceptions also played an important role. Individual demographic and economic conditions are found to be of relatively little importance.</td>
</tr>
</tbody>
</table>

#### 2.10 SUMMARY

This chapter starts by defining the term entrepreneurship and small business. It concludes that entrepreneurship is a behaviour that focuses on opportunities rather than resources and this type of behaviour is present in both small and large businesses.

The history of entrepreneurship indicated that entrepreneurship first occurred during the 1200s with the travels of Marco Polo and culminated in Richard Cantillon (1680-1734), developing one of the early theories of the entrepreneur and is regarded by some as the founder of the term. Cantillon viewed the entrepreneur as a risk taker, observing that merchants, farmers, craftsmen, and other sole proprietors “buy at a certain price and sell at an uncertain price, therefore operating at a risk.”

Entrepreneurship is seen as being interdisciplinary and, given its nature, various approaches or schools of thought can be used to gain a better understanding of this concept (Kuratko & Hodgetts, 2009). The various schools of thought provide a means of examining the diversity of viewpoints about entrepreneurship (Kuratko & Hodgetts, 2009; Deakins & Freel, 2003).

It was not the intention of this chapter to investigate the details and motivations of the multitude of approaches to understanding entrepreneurship. The approaches have
been included to illustrate that numerous perspectives and or approaches and or paradigms exist attempting to contextualise or define entrepreneurship. The chapter reviewed the various schools of thought associated with entrepreneurship, including the environmental, financial, displacement, and the entrepreneurial event.

There is still no agreement as to why some people choose self-employment and others choose to work for someone else. Recent studies (Dollinger, 2007) have identified four spheres of influence in determining entrepreneurial behaviour, namely, the individual, the ethnocultural environment, the circumstances in society, and a combination of these. Lambing and Kuehl (2003) identify the following factors as influencing entrepreneurship and were discussed in this chapter, including:

- Individual factors
- Cultural factors
- Circumstances in society

The chapter finally concluded by investigating entrepreneurial and small-business research that was conducted in the 1980s, 1990s and 2000s. Some highlighted areas of research included:

- Women as entrepreneurs
- Family businesses
- Entrepreneurship training
- Ethics in business
- Internationalisation of business

In chapter 3, the research methodology and design will be discussed. The purpose of this research is to identify the research that has been undertaken in the areas of entrepreneurship and small business, and to highlight areas that still require research. This chapter will provide an overview of the study's research methodology which lies in both the qualitative, as well as quantitative paradigms. The chapter will discuss the study's research design, the data collection design, content analysis, sampling design, data processing and analysis, reliability and validity, and the ethical considerations of the research project.
CHAPTER 3 – RESEARCH METHODOLOGY AND DESIGN

3.1. INTRODUCTION

The purpose of this study is to analyse the research that has been undertaken in the areas of entrepreneurship and small business, and to highlight areas that still require research. This chapter provides an overview of the study’s research methodology which lies in both the qualitative as well as quantitative paradigms. The chapter discusses the study’s research design, the data collection design, content analysis, sampling design, data processing and analysis, reliability and validity, as well as the ethical considerations of the research project.

3.2. RESEARCH DESIGN

Creswell (2009) explains that the function of the research design is to provide the reader with a clear indication of the means by which the writer hopes to achieve the aims of the research, to outline an appropriate procedure (which, if necessary, could be repeated by others), and to indicate the sources of data that will be used. Creswell (2009) also emphasises that the research design needs to go into detail about the methods and procedures selected.

Zikmund (2003:65) defines a research design as “a master plan specifying the methods and procedures for collecting and analyzing the needed information “. As noted by Hair, Babin, Money & Samouel (2003:65), a research design serves as a guideline for conducting a research study. Furthermore, Hair et al (2003:65) suggest that a researcher chooses a design which will firstly provide the appropriate information regarding the research questions, and will secondly ensure that the research is conducted in the most efficient manner. Hence, according to Brynard and Hanekom (2006:36), the research methodology of collecting data “necessitates a reflection on the planning, structuring and execution of the research in order to comply with the demands of the truth, objectivity, and validity”.

The researcher, therefore, must decide which research paradigm will be utilised to complete the study; namely, either positivistic or phenomenological. The positivistic
paradigm is associated with quantitative approaches and the phenomenological paradigm is associated with a qualitative approaches. An approach which combines both methods is referred to as a mixed-method approach. These are discussed in greater detail in Section 3.

3.2.1. Quantitative research

According to Guba and Lincoln (1994), a research paradigm is a set of basic beliefs, which represents a worldview that defines the nature of the world and the individual’s place in it, as well as the range of possible relationships to that world for the individual. This worldview, according to Creswell (2009), is represented in the quantitative paradigm as an investigation of a phenomenon by testing a theory that can be measured numerically and analysed statistically. Creswell (2009) continues to explain that to this end, the issue of what is considered real or the truth can be measured objectively using, for example, a questionnaire where the researcher remains independent of what is being studied and the research process is deductive in nature.

Struwig and Stead (2001:4) define quantitative research as “a form of conclusive research involving large representative samples and fairly structured data collection procedures”. Zikmund (2010) identifies the main purpose of quantitative research as using numbers to show the quantity or extent of some phenomenon. Struwig and Stead (2001) have identified the following five characteristics associated with quantitative research:

- Constructs and their measurements: To use questionnaires or structured observation
- Causality: To investigate cause and effect relationships between variables
- Generalisation: To be able to use results from the sample and then apply it to the population
- Replication (linked to generalisation); To determine the extent to which the results are applicable to other contexts or situations. A quantitative study should be replicable if the research process is clearly and accurately described.
- Individual as focus; To disseminate questionnaires to respondents whose
responses are then collected and analysed to form overall results for the sample.

Pellissier (2007) proposes that when the sample of a study is expected to be large, then quantitative methods are the most cost-effective option. As quantitative research entails large samples of the target population, the findings can thus be statistically analysed. Therefore, the results can be considered to be reliable and valid.

According to Brynard and Hanekom (2006), quantitative research depends on methods such as experiments and surveys to gather information and to clarify occurrences. In addition these methods could include techniques such as “observation, preliminary investigations, quantitative analysis and questionnaires”. In addition, Veal (2005) notes that secondary data, such as sales figures, can also be used as quantitative data and reiterates that the objective of quantitative methodology is to examine a sample which is representative of the population, so that the results can be generalised to the entire population.

3.2.2. Qualitative research

Zikmund (2003) notes that qualitative research, unlike quantitative research, focuses on words and observations rather than numbers. Veal (2005) also explains qualitative methodology involves gathering information and detail about a small sample, whereas, quantitative methodology focuses on gathering a small amount of information from a large sample. Hair et al (2003) identifies that unstructured interviews are generally used to obtain qualitative data, and most commonly take the form of either focus groups or in-depth interviews. However, qualitative research methods can also include participant observation, content analysis, and archival source analysis (Struwig & Stead, 2001). Struwig and Stead (2001) further state that qualitative research is not easy to define, but has identified the following four characteristics which distinguish it from quantitative research:

- Participants’ and researchers’ perspectives: qualitative researchers are very interested in understanding the issues being researched from the perspectives of the participants.
- Contextualism: it is necessary to provide a detailed description and analysis of the environment or specific social context of the participant.
- Process: examines interrelated events, so as to understand how previous events and experiences affect the thoughts, behaviours and attitudes of the participants.
- Flexibility and the use of theories: qualitative researchers begin the research in an unstructured manner, and are hesitant to rely on theories to provide the framework of what is to be researched.

Thomas (2003), on the other hand, states that qualitative research is “multi-method in focus, involving an interpretive, naturalistic approach to its subject matter”. This means that qualitative researchers observe phenomena in their natural environment with the intention to interpret events in terms of the meaning that people attach to them.

3.2.3. Mixed-method research

As defined by Hesse-Biber and Leavy (2006:316-317), the term mixed-methods refers to “the use of quantitative and qualitative methods in one study or sequentially in two or more studies”, and that the logic behind this approach is that the whole is greater than the sum of its parts. Hesse-Biber and Leavy (2006) agree that by combining these two different methods, a synergistic study is created, whereby one method enables the other to be more effective, and, together, both methods present a more comprehensive perception of the problem being investigated.

Lee and Lings (2008) propose three primary advantages to using a mixed-method approach. Firstly, according to the concept of triangulation, the more angles that phenomena are viewed from, the more likely it is that the findings and conclusions will be all-encompassing and precise. Secondly, they argue that each method has the capability to facilitate the other; as one method can provide a set of data, which can later be analysed using the alternative method. Lastly, the complementarity of each method is considered, meaning that each method is utilised in a manner to manage the various elements of the research project. As such, one method serves as a filler for the other; where each method is unable to describe the data in the required manner.
Furthermore, Collis and Hussey (2003) state that mixing quantitative and qualitative methods, with regards to the collection and analysis of data, allows the researcher to take a wider and most often complementary view of the problem under investigation. In addition, for Lee and Lings (2008), qualitative research is used to generate rich and unstructured information from which hypotheses can be developed, which can be quantified at a later stage. In addition, qualitative research can be valuable at the end of a quantitative study, as it can be used to investigate the relationships that are derived from statistical analysis. More specifically, excellent quantitative research should generally have a strong theoretical base for its hypotheses, so that hypothesis support in turn supports the theory.

Having explained the various research methods, it is deemed most appropriate to make use of the mixed-method approach to conduct the research for this study. Given the nature of this research, the use of the mixed-method approach is the most appropriate as it allows the researcher to develop a framework to identify various areas of entrepreneurial and small business research between 1990 and 2011. Information collected from various journals is analysed using descriptive statistics (which is quantitative in nature). These results will then be used to identify further areas of research in the future (qualitative in nature).

### 3.3. SAMPLING

Lee and Lings (2008) identify that qualitative researchers often make use of purposive also known as judgement sampling. In essence, purposive sampling refers to sampling with a purpose, with the primary intention being to sample cases or people who are most relevant to the proposed research questions of the study. Therefore, purposive sampling involves the identification of cases which are going to provide the required information with regard to the primary objectives of the study.

In addition, a method referred to as convenience sampling in quantitative research, involves selecting a sample of those members of the population who are most conveniently available (Zikmund 2003). Shuttleworth (2010) continues to explain that convenience sampling is a non-probability sampling technique where subjects are selected because of their convenient accessibility and proximity to the researcher.
The subjects are selected just because they are easiest to recruit for the study and the researcher did not consider selecting subjects that are representative of the entire population.

As this study is mixed-method in approach, purposive sampling is used in this study, together with convenience sampling. Purposive sampling has been selected because the sites of EBSCOHOST, EMERALD and NEXUS were used to obtain journal articles that highlighted the various areas of research in entrepreneurship and small business from 1990 until 2011. The journal articles reflected the data required.

The sampling process followed included:

- EMERALD, EBSCOHOST and NEXUS sites \ were used to search for articles with the words or phrases Entrepreneurship or Small business in the title
- EMERALD data bases only produced 64 such titles
- EBSCOHOST data bases produced only 27 such titles?
- 64 and 27 articles (N=91) were then downloaded and scrutinised to see whether the articles included the South African context
- From the 91 articles scrutinised, only 32 articles were related to the South African context (17 articles from the Emerald site and 15 articles from the EBSCOHOST site)
- A sample of 244 abstracts were extracted from the NEXUS site.

3.4 CONTENT ANALYSIS

3.4.1. Definition of content analysis
Zikmund (2002:248) defines content analysis as “a research technique for the objective, systematic, and quantitative description of the manifest content of communication”. Thus, content analysis is a method which is used to quantify methods of qualitative data analysis (Collis & Hussey 2003). Stepchenkova, Kirilenko and Morrison (2009) define content analysis as a technique which aims at describing, with optimum objectivity, precision and generality, what is said on a given subject in a given place at a given time. Collis and Hussey (2003) describe content analysis as a method of converting audio communication or written text into numerical values to
conduct quantitative analysis. This process is described as consisting of the examination of the text or audio data, which is subsequently arranged into multiple coding units that have previously been created by the researcher.

3.4.2. History and development of content analysis

Duria, Reger and Pfarrer (2007) note that content analysis refers to a category of methods which is at the intersection of qualitative and quantitative methodology. Content analysis and the methodology thereof have been developed ever since the early 1920s, and, in particular, developed in areas of scientific enquiry such as psychology, communication and political science. Initially, it was also applied to research in tourism, although to a lesser degree. In addition, throughout the last two decades, content analysis in research has benefited significantly from the extensive increase in the quantity of electronic data, such as articles found in media databases, textual and pictorial information from Internet websites, as well as from the virtual communications from various communities (Stepchenkova et al 2009).

Nevertheless, much confusion exists between the classification of content analysis as either a research method or a data analysis technique. Tashakkori and Teddlie (2003) describe content analysis as a research method rather than a data analysis method. For Tashakkori and Teddlie (2003):

“obviously content analysis is a method of analyzing narrative data that could have been obtained in different types of research designs (experiment, ethnography, case study etc.), or through a variety of data collection techniques (field notes during observations, open-ended survey questions, focus group interviews etc.).”

In addition, further confusion exists with regard to the categorisation of content analysis as a data collection technique. Tashakorri and Teddli (2003) state that data analysis appears to be a straightforward and uncomplicated section in social and behavioural research, as data consists of narrative scripts or numerical values. Therefore, data analysis can alternatively be described as numerical analysis, and as such, as content analysis. Furthermore, Tashakorri and Teddli (2003) state that in quantitative research, either directly or indirectly, numbers should not be used, or that qualitative research is only exploratory in nature, while quantitative research is only hypothesis-driven in nature. However, Tashakorri and Teddli (2003) explain
that it is possible for either quantitative methods or qualitative methods, or both, to be utilised to serve the specific intention of the researcher, and that they can be used either individually or together without hindrance. Furthermore, content analysis can be portrayed as unobtrusive as the presence of the researcher may not have any effect on what is observed. Additionally, permission to perform the study does not have to be obtained, and content analysis procedures can easily be replicated.

Owing to the confusion between the classification of content analysis as either a data collection technique or research method or as a data analysis technique, for the purpose of this study, it is classified as neither. As such, content analysis is presented as a separate section to the research method, data collection and data analysis techniques section described in this chapter.

3.4.3. Advantages of content analysis

Thomas (2003) identifies certain advantages of content analysis. One advantage of content analysis is that it is the only technique available to researchers which is suitable for collecting information about what is contained in communications. Therefore, it is the only method suitable for determining the answers to a multitude of research questions. A second advantage is associated with the advancement of technology, such as scanners, and optical-character-recognition (OCR) computer software. These advancements allow a document to be scanned into a computer and then analysed using OCR software, which identifies certain keywords, or phrases. Additionally, further advances in content analysis software have been developed, which have subsequently decreased the burden of carrying out specific types of content analyses.

Furthermore, Stepchenkova et al (2009) note that the following elements are representative of the advantages associated with content analysis and have contributed to an increase thereof:

- Increase in the presence of online surveys (e-surveys) has contributed to the exponential increase in the amount of electronic information which is available
- Ease of accessibility to this vast amount of information
- Speed and simplicity of the data collection process
- Lack of complications which are generally related to the use of humans as subjects
- Low cost as a smaller study has minor requirements
- Safety of the methodology, as any flaws which exist in the coding scheme can be detected and corrected as the study progresses
- Non-obtrusiveness and lack of bias of content analysis. However, this advantage is only applicable to existing written texts and not to interviews and response to surveys.

Interestingly, Duria et al (2007) suggest that with regard to management research, content analysis provides a research technique which is able to access core collective or individual structures, such as cognitions, intentions, attitudes and values. Lastly, content analysis allows for the description of the full meaning relating to the combination of organisational documents and powerful qualitative analysis.

3.4.4. Limitations of content analysis

Every research technique has its limitations. When compared to various other data collection techniques (such as questionnaires), content analysis is a far more lengthy and arduous task in relation to the quantity of data which is attained. In addition, the correctness and richness of the results of content analysis depend on how well the documents under analysis are representative of the researcher’s sphere of interest. Therefore, conclusions which have been derived from the analysis of biased, inconsistent or partial sources will be faulty (Thomas, 2003). Duria et al (2007) reiterates this limitation as this possibility that a disconnect between the content of the communication studied and the characteristics of the observers as well as the source of the data can exist, which would result in further ambiguity related with the derived conclusions. Additionally, Duria et al (2007) note that the usage of content analysis in research regarding social sciences has resulted in studies which are of inferior quality, and expresses concern that content analysis is delayed rather than supported by the fact that it is considered to be at the cutting edge between quantitative and qualitative research.

The content analysis undertaken in this study comprises the analysis of the research undertaken in entrepreneurship and small businesses from 1990 until 2011 in an
effort to understand where the gaps for future research lie. As the literature has been drawn from reliable journals,, the results obtained were accurate and consistent. Therefore, given the nature of this study, the advantages associated with content analysis far outweigh the limitations.

3.5. DATA COLLECTION PROCEDURES

Struwig and Stead (2001) identify that fundamentally, research involves collecting and analysing data, or information and further state that researchers need to indicate the type, source, nature and form of the information that is to be collected. For example:

- Types of data: This involves deciding as to whether the research data is going to be in the form of quantitative or qualitative data (Struwig & Stead 2001). This study makes use of both methods in a complementary manner.
- Sources of data: Veal (2005) notes that when planning a research project, it is necessary to decide whether new information should be gathered, or whether existing data is appropriate to conduct the research. These two types of data are referred to as primary and secondary data.

Primary data refers to the data collected to assist in the completion of the research project at hand (Hair et al 2003). Zikmund (2003) identifies that primary data can be collected using a variety of methods, such as the distribution of questionnaires, the use of interviews, or through personal observation. In addition, Veal (2005) stresses that it is an important part of every study to research existing information which is relative to the topic, as replication of costly interviews and data collection can thereby be avoided.

(Hair et al 2003) describe secondary data as “data that have been collected for some other research purpose”. For Zikmund (2003), secondary data can be collected more quickly and at a lower cost than the collection of primary data, as it can be sourced from newspapers, journals and books. Throughout this research, the researcher consulted secondary sources and obtained useful information from journals, textbooks, and the Internet for this study.
In addition, Struwig and Stead (2001) state that it is important to define the nature and form of data:

- **Nature of data:** This refers to the time period over which the data is collected. A cross-sectional study collects data at a given point in time, whereas a longitudinal study gathers information over a period of time (Hair *et al*, 2003).

- **Form of data:** Data can either be collected overtly or non-overtly. Overt data refers to data collected through verbal communication, such as through personal or telephonic interviews. Conversely, non-overt data refers to data collected non-verbally, such as through mail surveys, or observation methods. The data for this research was collected non-overtly, as content analysis is the primary method of data collection.

In this study, the following procedure was used to collect data:

- **EMERALD, EBSCOHOST and NEXUS sites** were used to identify journal articles pertaining to research in the fields of entrepreneurship and small businesses between 1990 and 2011. The specific sites were used due to the nature of the journals published; namely, business-related journals. In addition, the sources are trustworthy sources as they are accessible by the academic fraternity, as well as the general public. The cost factor was also a consideration in using the sites, and as NMMU subscribes to the sites, they were easy to access.

- From the downloaded articles, the sample size obtained was decreased by identifying articles specifically pertaining to South Africa as the study is restricted to South Africa.

- The final sample was analysed according to the following categories: journal published, research type, theory, method applied in research, industry, data collection method and size of the business being researched.

- **After data was put into Excel spreadsheets,** it ready for statistical analysis.

- Thereafter, Statistica 10 was used to analyse the data.
3.6. DATA PROCESSING AND ANALYSIS

Raw data or the data collected from the questionnaires or content analysis is often difficult to interpret and to establish relationships between variables (Struwig & Stead, 2001). Therefore, it is necessary for the raw data to go through a process of editing and coding before it can be analysed statistically.

3.6.1. Editing and coding

Before raw data can be used in a research study, it needs to be edited. The process of editing refers to the examination of the data to ensure that the data is complete and that it is consistent (Hair et al 2003). The data derived from the coded information and subsequently conveyed into the Excel spreadsheet was edited. This was done using a process whereby another researcher ensured the accurate transference from the coded information to the spreadsheets.

Hair et al (2003) further states that before data can be tabulated, it will need to be coded. Zikmund (2001) describes coding as the process of assigning meaningful categories or numbers for a group of responses, thereby allowing for the interpretation of the data. Therefore, coding allows for the creation of inputs which can then be entered into databases and analysed statistically.

The following process was used to code the data and prepare it for analysis:

a) Articles were downloaded and printed
b) Articles were colour-coded using different colours
c) Codes were assigned to various categories
d) Codes were transferred to the Excel spreadsheet

3.6.2. Data analysis and statistical techniques

After the codes were imported to the Excel spreadsheets, Statistica 10 was used to compile descriptive statistics. As the aim is to describe the current status of research, descriptive statistics were the most applicable data analysis method to use. In particular, frequency tables were produced.
3.7. RELIABILITY AND VALIDITY

Struwig and Stead (2001) emphasise that the reliability and validity of the data needs to be established.

3.7.1. Reliability

Reliability refers to the manner in which raw data is converted into a form which can be analysed and interpreted. This process can involve issues such as coding and transcribing. Specifically, in qualitative research, it refers to the extent to which the researcher’s own inference has been included in these processes (Lee & Lings 2008).

As Lee and Lings (2008) note, qualitative data not only refers to data obtained from interviews, but can also be obtained from documents and other written text. As this study involves the research into entrepreneurship and small businesses, and assesses the current status and future challenges through the research of journals published in NEXUS, EMERALD and EBSCOHOST, this will result in the researcher needing to impose his own inferences and style into this process. For the purpose of this study, the researcher reports on the inter-rater reliability of the data. Inter-rater reliability is the extent to which two or more individuals (coders or raters) agree and addresses the consistency of the implementation of a rating system (Writing @CSU, nd., 20 August 2011). The data is thus referred to as reliable, when the raters have agreed on the meaning of the data. Subsequently, this indicates the possibility that the results could be replicated (Hair et al 2003).

Thomas (2003) identifies that inter-rater reliability will be higher for technical mistakes than for variations in style. This is due to the fact that, in comparison with technical elements, style refers more to individual taste and preference. Therefore, a lower level of agreement in matters of style is expected and acceptable. As such, the data has been analysed by multiple raters to ascertain the reliability of this study.

3.7.2. Validity and trustworthiness

Validity and trustworthiness within a qualitative study has been described by Hesse-Biber and Leavy (2006) as one of the issues that researchers address as they make
a case or argument for the knowledge they have produced being valid. Therefore, the knowledge produced should represent an element of the social world or should be compelling and persuasive.

Coleman and Briggs (2002) note that triangulation is the most appropriate tool to establish validity in a study which uses a mixed-method approach. Hesse-Biber and Leavy (2006) define triangulation as a technique which uses two diverse methods with the purpose of finding convergence in the research findings. In addition, Collis and Hussey (2003) define triangulation as the combination of methodologies in the study of the same phenomenon. Furthermore, Collis and Hussey (2003) identify four types of triangulation; namely, methodological, data, investigator, and triangulation of theories.

- Data triangulation: refers to a process of collecting data from different sources or different times in the study of a particular event.
- Investigator triangulation: is a method in which different researchers collect data on the same event but do so independently and subsequently compare the results.
- Methodological triangulation: relates to the use of both quantitative and qualitative methods in the data collection process.
- Triangulation of theories: refers to a method where a theory from one discipline is used to clarify an occurrence in a different discipline.

Coleman and Briggs (2002) explain that triangulation is fundamentally a device for improving validity by checking data, either by using mixed methods or by involving a range of participants. Furthermore, although triangulation adds to the validity of a study, it is not a universal remedy and it is suggested that its value can easily be overestimated. Hessey-Biber and Leavy (2006) reiterate this point, as the use of all the triangulation types will not necessarily bring about the convergence of results. However, these methods of triangulation will increase the trustworthiness of the research project, and extend the interpretative foundation of any study.

However, triangulation is a process and not a destination. It is process whereby the researcher warrants the confidence of the reader, in the sense that the reader believes that the researcher has produced results which are valid; as trustworthiness
replaces truth. Therefore, for the purpose of this study, data, investigator and methodological triangulation will be utilised. The results will thus be considered valid as the methods used produce an increase in confidence and trustworthiness of the reader in the results obtained by the researcher.

3.8. ETHICAL CONSIDERATIONS OF THE RESEARCH PROJECT

The primary objective of this study is to conduct research into entrepreneurship and small businesses in South Africa to determine the current status and thereby ascertain the future challenges. The information relating to the research conducted in the past is available on the Internet and is derived from the recognised sites of EBSCOHOST, NEXUS and EMERALD which are accessible by the general public. As this information is not private or personal in nature, no ethical clearance was required.

3.9. CHAPTER SUMMARY AND CONCLUSIONS

The research methodology and design for this study have been outlined in this chapter, and the main methods and procedures that were followed to collect the data for the research study were discussed. The focus areas covered in this chapter include the research design, the data collection procedure, and the sampling. The reliability and validity of the data obtained was also discussed. The chapter was concluded by addressing the ethical considerations of the research project.

This study has made use of a mixed-method approach, where the data that has been sourced for this study is of a secondary nature. The sample selected for this study was chosen using purposive and convenience sampling methods, and the information utilised has been analysed using content analysis to obtain data which can be analysed statistically. Before statistical analysis could take place, it was necessary for the data to be edited and coded. Reliability and validity of the study was ensured using inter-rater reliability and triangulation.

Chapter four provides a discussion of the findings from this investigation.
CHAPTER 4 - RESEARCH FINDINGS

4.1 INTRODUCTION

Chapter three discussed the research design and methodology that was to be used to obtain the data for this study. Chapter four presents the results obtained from this research and depicts the results in a graphical format for which interpretations are provided. For the data to have meaning, it needs to be analysed, and for the purpose of the quantitative analysis for this study, descriptive statistics have been performed. The descriptive statistics undertaken for this study included a frequency count, which is the most straight-forward approach to working with quantitative data. For example, items are classified according to a particular scheme and an arithmetical count is made of the number of items within the context which belong to each classification in the scheme (Frequency Counts, nd). The quantitative results have then been qualitatively interpreted to make meaningful conclusions.

In this chapter, the results obtained from the statistical analysis of the journal websites are first outlined. Thereafter, results of the topics covered in the study are discussed. The results include:

- types of research methods used
- theoretical background contained in the publications
- quality of the discussion of the research methods used in the publications
- industries included in the publications
- types of data collection methods used in the publications
- size of businesses included in the studies
- number of respondents included in the studies
- sample size used in the studies will be discussed.

Thereafter, the research results obtained from the journal web sites of EBSCOHOST and EMERALD are be compared with results obtained from the statistical analysis of NEXUS, which is a South African-specific journal web site.
4.2 RESULTS OBTAINED FROM THE STATISTICAL ANALYSIS OF THE JOURNAL WEB SITES

The following sections outline and discuss the results of analysing Journal web sites.

4.2.1 Results of the journals in which articles were published

Figure 4.1 shows the frequency of results reflecting in which journals various articles pertaining to entrepreneurship and small business were published.

![Pie chart showing distribution of publications among different journals](image)

Figure 1.1: Results of the journals in which articles were published

Although the sample of small business and entrepreneurship articles consisted of 32 articles, from the results depicted in the pie chart in Figure 4.1, it is evident that the majority (35%) were published in the Journal of Small Business and Enterprise Development. A further 15% were published in the Journal of Business and Industrial Marketing, and yet another 15% published in the Journal of Development Studies. There was an even distribution of publications among the other journals of 5%.
The Journal of Small Business and Enterprise Development is a major international research journal dedicated to the formulation, development, implantation and evaluation of enterprise policy (Emerald Journals, nd). Theoretical research articles and evidence-based case studies seek to explore best practice, investigate strategies for growth, and to assist and inform those responsible for the management of SMEs. Papers accepted for publication are double-blind refereed to ensure academic integrity.

The Journal of Development Studies is one of the best known international journals in the area of development studies. It has published many seminal articles on development and opened many new areas of debate. Therefore, in the Journal of Development Studies (nd), priority is given to papers which are:

- Interdisciplinary
- Provide critical tests, based on empirical work, of alternative theories, perspectives or schools of thought
- Relevant to important issues in development economics, politics and policy

The Journal of Business and Industrial Marketing provides academics who are teaching marketing as well as directors and executives of marketing with new ideas concerning business-to-business marketing. That is, how one company or organisation markets its goods/services/ideas to another company or organisation (Emerald Journals, nd). The Journal’s emphasis on insistence of proof is one of the cornerstones of its success and reputation. Contributors to the journal must not only present new theories or research, but also support them with research.

4.2.2 Results of the topics covered in the study

Figure 4.2 illustrates the percentage frequency of results reflecting the types of topics researched in the study pertaining to entrepreneurship and small business.
Figure 4.2: Results of the topics covered in the study

From the results in Figure 4.2, it is evident that the majority of the research centred on development and growth (15 %), as well as social issues in small businesses. This is followed by research into international business and retail (14 %), closely followed by research into the areas of e-business and networks (12 %). It would make sense that much research has centred on these areas as the objective of any business revolves around success. As technological progress is taking place, it is understandable that much research would concentrate on e-business as the panacea to business success. This in turn, opens up business to international trade as it increases the ease with which to trade with foreign counterparts.

4.2.3 Results of the types of research methods used

Figure 4.3 illustrates the percentage frequency of results reflecting the type of research methods used in the research.
From Figure 4.3, it is evident that most of the research conducted made use of qualitative methods (46 %), whilst 42 % of the research conducted made use of the quantitative methods. Only 12 % made use of mixed methods. It should be noted that the publication of the articles took place in International journals and that similar results for South African journals may not be the case. In South Africa, the main research focus is on quantitative studies.

Zikmund (2003) notes that qualitative research, unlike quantitative research, focuses on words and observations rather than numbers. Veal (2005) further identifies that qualitative methodology involves gathering information and detail about a small sample, whereas, quantitative methodology focuses on gathering a small amount of information from a large sample. Hair et al (2003) identifies that unstructured interviews are generally used to obtain qualitative data, and most commonly take the form of either focus groups or in-depth interviews. Struwig and Stead (2001), however, note that qualitative research methods can also include participant observation, content analysis and archival source analysis. A possible reason why most research used a qualitative research paradigm can be that entrepreneurship and small businesses is a relative new area of research and that most research was thus exploratory in nature.
4.2.4 Results of the theoretical background contained in the publications

Figure 4.4 illustrates the percentage frequency of results reflecting whether the research articles published contained well-developed theories or paid very little attention to theoretical background.

![Pie chart showing percentage distribution of theoretical background]

**Figure 4.4: Results of the theoretical background contained in the publications**

From Figure 4.4, it is evident that the majority of the articles contained a well-developed theoretical framework (63%). This would support the results exhibited in Table 4.3 showing that most of the studies undertaken were qualitative in nature (46%). Only 8% of the articles published contained very little theory. These results could also indicate that a good theoretical underpinning is necessary for publication in these journals.

4.2.5 Results of the discussion quality of the research methods used in the publications

Figure 4.5 illustrates the percentage frequency of results reflecting whether the quality of discussions of the research method used in the various research articles pertaining to entrepreneurship and small businesses were of good, medium or poor standards. This analysis might prove to be purely subjective and the researcher’s personal opinion. Good-quality research in the context of this study recognised the amount of detail provided regarding the research method, as well as detailed tabulated results pertaining to various aspects of the research. Medium-quality research in the context
of this study recognised that less detail was provided regarding the research method and there was an absence of tables explaining or summarising various aspects of the research. Poor-quality research in the context of this study recognised that minimum detail was provided, if any, regarding the research method and there was an absence of tables explaining or summarising various aspects of the research.

![Figure 4.5: Results of the research methods used in the publications](image)

Figure 4.5 shows that most of the research methods undertaken were good (69%). It would be expected that the quality of the research methods would be good as all the articles included in this study were published in recognised journals such as the Journal of Business and Industrial Marketing and the Journal of Small Business and Enterprise Development. All the journals identified in this research also appear on EBSCOHOST and EMERALD, two reputable search engines which are accessible globally.

4.2.6 Results of the industries included in the publications

Figure 4.6 outlines the results of the industries studied in the publications
From Figure 4.6, it can be seen that 53% of the industries researched in the articles fell into the category of *other*. In the context of this study, the term *other* refers to the fact that the articles that were researched did not specify the types of industry that were included in the study. The nature of the study was such that the results and recommendations could be applied to numerous types of industries. The research conducted was also not specific to one particular industry.

4.2.7 Results of the types of data collection methods used in the publications

Figure 4.7 illustrates the percentage frequency of results reflecting the data-collection methods for the research in the various research articles pertaining to entrepreneurship and small businesses.
From Figure 4.7 it is evident that the preferred method of data collection was questionnaires (45 %), which was followed by the interviews (23 %). For Wilkinson and Birmingham (2003), it is likely that the questionnaire was the most preferred method of data collection because:

- Information on a range of subjects can be obtained by interviewing people, and vast quantities of data can be obtained from a variety of respondents
- Questionnaires are inexpensive to administer
- Little training is required to develop the questionnaire
- Questionnaire is easily and quickly analysed once completed

4.2.8 Results of the size of businesses included in the studies

Figure 4.8 illustrates the percentage frequency of results reflecting the size of the businesses studied in the various research articles pertaining to entrepreneurship and small businesses.
From Figure 4.8, it is evident that the majority of the businesses researched were large businesses (53 %), followed by micro-businesses (35 %). In the context of this research, large enterprises consisted of more than 500 employees, medium-sized enterprises consisted of between 11 and 500 employees and small enterprises consisted of less than 100 employees.

4.2.9 Results of the number of respondents included in the studies

Figure 4.9 illustrates the percentage frequency of results reflecting the number of respondents in the various research articles pertaining to entrepreneurship and small businesses.
It is evident from Figure 4.9 that the majority of the research publications had less than 50 respondents to the questionnaires sent out. This result is in line with earlier findings that most of the publications used a qualitative paradigm regarding their research.

4.2.10 Results of the sample size used in the studies

Figure 4.10 illustrates the percentage frequency of results reflecting the sample size used in the various research articles pertaining to entrepreneurship and small businesses.
From Figure 4.10, it is evident that the majority of the researchers used sample sizes of less than 100 respondents. Should one compare these results to Table 4.9., then it would correlate that less than 50 people responded to the research questions. This is also in line with the qualitative paradigm where new areas of research are explored.

4.3. RESULTS OBTAINED FROM THE STATISTICAL ANALYSIS OF THE NEXUS RESEARCH WEB SITES: SMALL BUSINESS RESEARCH

The following sections outline and discuss the results of analysing NEXUS web sites.

4.3.1 Results of the topics researched

Figure 4.11 presents the topics researched as found in the NEXUS data base.

![Figure 4.11: Results of NEXUS data base topics researched](image-url)
Figure 4.11 indicates the results of NEXUS data base topics researched. It is evident that the main area of research was related to development and growth (42%), followed by training in small businesses (26%). This is understandable as the key objectives for any person involved in small business are:

- Ensuring the long-term survival of the business
- Gaining experience and knowledge to ensure the long-term survival of the business

4.3.2 Results of the qualifications registered of the researchers

Figure 4.12 shows the results of the qualifications for which the researchers on the NEXUS data base were registered.
Figure 4.12 relates to results of the qualifications for which the researchers were registered. It is evident that most research in the field of entrepreneurship was done for MBA qualifications (25%). It is assumed that this may be the case owing to large number of students registering to study for the qualification which also requires the writing of mini-research paper focusing on some aspect of business.

4.3.3 Results of the institutions where the research originated

Figure 4.13 depicts the institutions where the NNEXUS data-base research was registered.
Figure 4.13 shows the results of the institutions where the research originated. It is evident from the graph that most of the research undertaken regarding small businesses originated from the University of the Witwatersrand (12 %), followed closely by the University of Pretoria (11 %). This is expected as both these institutions have a special focus on small businesses.

4.3.4 Results of when the research was completed

Figure 4.14 shows the results of when the research found on the NEXUS data base were completed.

![Figure 4.14: Results of when the research were completed](image)

Figure 4.14 indicates when the results of the research were completed. It is evident that most research was completed between 2006 and 2010, which accounted for 33% of the projects. As the majority of projects originated in the 2000s (57 %), It is reasonable to assume that the reason for this heightened interest in small business would be a result of the following:

- Economic recession climate in the first decade of the 2000s
- Job scarcity
- Financial independence
- Political climate and political strife in the first decade has caused mass
migrations of refugees to first world countries who have turned to operating small businesses

4.4. RESULTS OBTAINED FROM THE STATISTICAL ANALYSIS OF THE NEXUS RESEARCH WEB SITES: ENTREPRENEURSHIP RESEARCH

The following sections outline and discuss the entrepreneurship projects found on the NEXUS data base.

4.4.1 Results of the topics researched

Figure 4.15 indicates the results of the topics researched.

Figure 4.15: Results of the topics researched on the NEXUS data base
From Figure 4.15, it is evident that the main area of research found on the Nexus data base relates to training in entrepreneurship (30 %), followed by development and growth (28 %).

### 4.4.2 Results of the qualifications of the researchers

Figure 4.16 shows the results of the qualification for which the researchers were registered.

![Figure 4.16: Results of the qualifications of the researchers](image-url)
Figure 4.16 shows that most research in the field of entrepreneurship was undertaken by researchers for the purposes of a MBA qualification (33%). It is assumed that this may be the result of a large number of students registering to study for the qualification for which they are required to write a mini-research paper revolving around some aspect of business.

4.4.3 Results of the institutions where the research originated

Figure 4.17 highlights the South African institutions where the various research types originated.

![Figure 4.17: Results of the institutions where the research originated](image-url)
Figure 4.17 illustrates the results of the institutions where the research originated. It is evident from Figure 4.17 that the bulk of the research undertaken regarding entrepreneurship originated from the North West University (14%), followed closely by the University of Pretoria (12%). The reason for the bulk of the research being undertaken by the North West University could be attributed to the Workwell Research Unit. This is a multidisciplinary research unit and graduate school. Here, the emphasis is on research and postgraduate education in the field of economic and management challenges facing South Africa, in particular, and Africa. The focus here is on identification and development of policies, measures and decision-support methodology to optimise the utilisation of organisational resources such as information, people, finances and management, while maintaining a focus on issues of diversity and a developing economy. The focus falls on the study of work as it relates to the people performing it, work as it relates to the economic success of the country and continent, and how business should be managed and developed to ensure success.

4.4.4 Results of when the research was completed

Figure 4.18 shows the results of when the research projects found on the NEXUS data base was completed.

![Figure 4.18: Results of when the research was completed](image-url)
Figure 4.18 indicates the results of the frequency table relating to when the projects were completed. It is evident that most projects (34%) were completed between 2006 and 2010. It is also evident that the majority of projects originated in the 2000s (63%). It is reasonable to assume that the reason for this heightened interest in entrepreneurship is very much the same as for small businesses, namely:

- Economic climate in the 2000s – recession has been the order of the day for much of the first decade
- Job scarcity
- An increasing number of people seeking financial independence
- Political climate – the first decade has seen much political strife which has caused mass migrations of refugees to first world countries. It is these refugees who have turned to entrepreneurship

4.5. COMPARISON OF RESEARCH CONDUCTED INTERNATIONALLY VERSUS RESEARCH UNDERTAKEN IN SOUTH AFRICAN

Tables 4.3 to 4.5 provide a summary of the research undertaken in the fields of entrepreneurship and small businesses through the decades spanning 1980 until 2010. The tables attempt to compare the research undertaken internationally, with research undertaken exclusively in South Africa. In chapter 2, a discussion of entrepreneurship and small business research was outlined. Chapter 4 provides the results of a content analysis of research done in South Africa. These two chapters are thus used as a basis to compare South African research with international research.

Table 4.3 outlines a comparison of topics of research conducted in the 1980s. The table compares the body of research conducted internationally in the areas of entrepreneurship and small businesses, with research conducted in South Africa during the same period.
<table>
<thead>
<tr>
<th><strong>SUBJECT</strong></th>
<th><strong>Findings</strong></th>
<th><strong>SUBJECT</strong></th>
<th><strong>Findings</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Women in business</td>
<td>1. Female entrepreneurs: Some preliminary research findings:</td>
<td>Women in business</td>
<td>Research was conducted regarding coronary – prone behaviour among white South African business women. Results indicated there were very few women in business. Coronary diseases were high amongst women in business which was cause for concern.</td>
</tr>
<tr>
<td></td>
<td>• Wives are often indispensable to the survival of their husband’s small business</td>
<td></td>
<td>Research was also conducted regarding attitudes and experiences of black women in business. Results indicated that women are competent and highly-motivated, but lack communication skills and Western business orientation. Many black women also desired equality although male counterparts opposed this. Black women also lacked role models and career guidance.</td>
</tr>
<tr>
<td></td>
<td>• Women start businesses for a variety of reasons</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Businesses were started due to dissatisfaction with previous jobs</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>• Most women wanted to avoid subordination within the domestic sphere</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>• Financial independence</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>• Women are not taken seriously by formal lending institutions</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Autonomy is threatened by relationships with men in other business and domestic settings</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Tension exists between work and domestic responsibilities</td>
<td></td>
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<tr>
<td>Family Business</td>
<td>Strategic challenges for family business</td>
<td>Family Business</td>
<td>No research was conducted in South Africa during the 1980s regarding family business.</td>
</tr>
<tr>
<td></td>
<td>• Succession planning</td>
<td></td>
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<tr>
<td></td>
<td>• Offspring joining the business after vacation jobs in the business were received more favourably by employees</td>
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<tr>
<td></td>
<td>Newcomers must earn credibility by having having the necessary experience</td>
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<tr>
<td></td>
<td>• Average time to earn credibility was five years</td>
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<tr>
<td></td>
<td>• Minority of next generation executives attained credibility through innovative behaviour early in their careers</td>
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<tr>
<td>SUBJECT</td>
<td>Findings</td>
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</tr>
<tr>
<td>Entrepreneurship training</td>
<td>Education and training for minority small business owners</td>
<td>Entrepreneurship training</td>
<td>No research was conducted in South Africa during the 1980s regarding entrepreneurship training.</td>
</tr>
<tr>
<td></td>
<td>Courses helped to improve business operations</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>After taking the courses, respondents were able to hire more employees</td>
<td></td>
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<tr>
<td></td>
<td>Respondents were able to expand their businesses after taking courses</td>
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</tr>
<tr>
<td></td>
<td>Courses made respondents more employable</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Training helped with motivation to open small businesses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Race studies in business</td>
<td>No research was conducted internationally during the 1980s regarding race studies in business</td>
<td>Race studies in business</td>
<td>The elimination of group discrimination in the South African economy which isa study of the abilities and competency limitations which hamper participation of certain population groups in the economy The study determines:</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• To what extent the different population groups participate in the economy, shown in terms of regional, income, expenditure, skill, occupational and labour differences, as well as in terms of the supply of and demand for labour</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Small scale industry in black South Africa An examination of the evolution and development of black small scale manufacturers in the rural and urban areas of SA..The focus is on issues surrounding the developmental potential of small scale entrepreneurs.</td>
</tr>
<tr>
<td>-------------------------------------------------------------</td>
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<tr>
<td>SUBJECT</td>
<td>Findings</td>
<td>SUBJECT</td>
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<tr>
<td></td>
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<td></td>
<td>External rather than internal factors constitute the main constraints to development of small scale entrepreneurs.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Discrimination by government also emerges as the principal factor for continued underdevelopment of black entrepreneurship in SA</td>
</tr>
</tbody>
</table>
From Table 4.3, it is evident that the main research focus of studies conducted internationally during the 1980s was women in business, family businesses, business ethics and entrepreneurship training. When the types of research conducted in South Africa are considered, however, it becomes evident that it differed from its international counterparts. Whilst women in business and family businesses were common areas of research, much emphasis was placed on race studies in business, for example, group discrimination in the economy and the difference in success rates between black business owners compared with their white counterparts. During the 1980s, this was not a focus area of research in the international arena of entrepreneurship and small businesses research. The reason for this focus in South Africa can be attributed to the largely volatile nature of politics during the 1980s. The fight for freedom from the shackles of apartheid reached its pinnacle during this period and the end of the decade started seeing the slow demise of apartheid.

Table 4.4 outlines a comparison of topics of research conducted in the 1990s. The table compares the body of research conducted internationally in the areas of entrepreneurship and small businesses, with research conducted in South Africa during the same period. The search engines of EMERALD and EBSCOHOST were used to collect the body of international information, whilst NEXUS was used to collect the South African information.
<table>
<thead>
<tr>
<th>Table 4.4: A comparison of research conducted in the 1990s</th>
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<tbody>
<tr>
<td><strong>TOPIC</strong></td>
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<tr>
<td>Networking in small business</td>
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<tr>
<td>Ethics in business</td>
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<tr>
<td>TOPIC</td>
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</tbody>
</table>
| Gender research in entrepreneurship        | A longitudinal investigation of the impact of family background and gender on interest in small-firm ownership  
Females with a family business background exhibited a decline in interest in self-employment over time  
Women with a family background are initially enthusiastic about owning a small business, but after they become comfortable in their jobs, they lose some interest  
Males are more interested in owning their own business than females  
Interest in small business ownership may change over time, especially for females  
Feminist insight on gendered work: New directions in research on women and entrepreneurship  
The analysis suggests that exploring the links between social stratification, business ownership, organisational structure, and industry focus can provide useful insights | Gender research in entrepreneurship        | During the 1990s, only one research paper was published in the area of gender research conducted. The research conducted explored gender differences in personality, achievement motivation and career anchors amongst entrepreneurs.  
In the study, a comparison was made between male and female entrepreneurs in the areas of personality, achievement motivation and career orientations in order to determine if any significant statistical differences existed.  
The results of the study showed that there were significant statistical differences between male and female entrepreneurs regarding personality and career orientations.  
The results showed that female entrepreneurs are more likely to take risks than are male entrepreneurs. Male entrepreneurs also received significantly higher scores on the lifestyle-integration career orientation than female entrepreneurs.  
It was found that personality, achievement motivation and career anchors, could be used as good predictors of group membership of male and female entrepreneurs. It was also concluded that differences do indeed exist between male... |
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<th>TOPIC</th>
<th>FINDINGS</th>
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<tbody>
<tr>
<td>Financing of business</td>
<td>No research was conducted internationally during the 1990s regarding financing in business.</td>
<td>Financing of business.</td>
<td>Criteria for the financing of small industrialists. The aim of the study is to develop criteria for the financing of small industrialists.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Seven success factors relating to personal characteristics were identified. These are perseverance, commitment to and involvement in the enterprise, willingness to take risks, sound human relations, creativity and innovation, and a positive attitude and approach.</td>
</tr>
<tr>
<td></td>
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<td></td>
<td>Ten success factors which relate to functional management skills were identified. These are planning of the enterprise, knowledge and skills relating to the enterprise, the use of experts, client service, knowledge of competitors, market orientation, concern for high quality of work, bookkeeping for own benefit, financial insight and financial management.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>The criteria for the financing of small enterprises include nine of the ten functional success factors identified by the research as important. Bookkeeping for own benefit is the only functional</td>
</tr>
<tr>
<td>No research was conducted internationally during the 1990s regarding social responsibility in business.</td>
<td></td>
<td>Social responsibility</td>
<td>The social responsibility of small and medium-sized enterprises in a changing South Africa</td>
</tr>
</tbody>
</table>

and female entrepreneurs as far as personality, achievement motivation and career orientations are concerned. The differences, however, were not as large as expected from the literature study.
<table>
<thead>
<tr>
<th>TOPIC</th>
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<tr>
<td></td>
<td>The study found that as many as 63% of the respondents were uncertain regarding the present economic climate and its role in promoting entrepreneurship.</td>
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<td></td>
<td>Almost all stated that present changes cause a great amount of uncertainty and that present changes posed some risk to their enterprises.</td>
</tr>
<tr>
<td></td>
<td>The three most important factors contributing to resistance to change were political climate, economic conditions, and labour legislation.</td>
</tr>
<tr>
<td></td>
<td>All of the respondents regarded community involvement as very important. Many regarded creating jobs as their highest priority.</td>
</tr>
<tr>
<td></td>
<td>It became evident that social responsibility on the part of SME’s is as important as job creation and regional economic development, as they are in an ideal position to alleviate unemployment.</td>
</tr>
</tbody>
</table>
From Table 4.4, it is evident that the area of research in South Africa regarding networking in small business is different to the focus areas internationally. No research was conducted in this area in South Africa during the 1990s. In the context of this study, the term, *network*, refers to a computer network and a collection of hardware components and computers interconnected by communication channels that allow the sharing of resources and information. It must be noted that the advent of computer technology commenced during the mid-1990s and currently still lags behind the rest of the world. This is a possible reason why no research was conducted in this area during the 1990s in South Africa.

Table 4.5 outlines a comparison of topics of research conducted in the 2000s. The table compares the body of research conducted internationally in the areas of entrepreneurship and small businesses, with research conducted in South Africa during the same period.
### Table 4.5: A comparison of research conducted in the 2000s

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<th>TOPIC</th>
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<tbody>
<tr>
<td><strong>Internationalisation of business</strong></td>
<td>Transnationalizing entrepreneurship: a critical agenda for economic geography. Existing theories in entrepreneurship studies and international business studies fail to appreciate the inherent spatialities of Transnationalising entrepreneurship involving entrepreneurs and intrapreneurs creating and operating novel transnational spaces that embrace different territorially embedded institutional structures and business systems. Agency theory and the franchising internationalisation intention: For the Iberian companies, companies with mixed structure are more sure that franchising is a desirable activity, the more dispersed geographically is the network in the domestic market, the higher is the wish of expansion through internationalisation.</td>
<td>Internationalisation of business</td>
<td>Very little research was conducted in this field – only six articles were published from 2000 until 2011. These articles were: Management issues for South African online services companies entering the Singapore market. Internationalisation process of small and medium enterprises. Multi-channel marketing approach to the internationalisation of South African retail businesses within the African continent. Analysis of Sasol’s internationalisation strategy. Study of the internationalisation of the South African wine industry. Internationalisation process in the South African motor industry: modes of entry and strategies of selected enterprises.</td>
</tr>
<tr>
<td><strong>Gender in business</strong></td>
<td>Female entrepreneurship and economic activity. Results suggest that per capita GDP levels are significantly associated with the gender gap in entrepreneurial behaviour but that subjective perceptions also play an important role. Individual demographic and economic conditions were found to be of relatively little importance.</td>
<td>Gender in business</td>
<td>Much research was conducted in this area – 75 research papers were published between 2000 and 2011. The types of research conducted varied and ranged from factors impeding the career advancement of female academics, an examination of race and gender influences on the leadership attributes of South African business managers, to the implementation of the Employment Equity Bill.</td>
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<tr>
<td>The quest for invisibility: entrepreneurs and the masculine norm of entrepreneurship</td>
<td>Some female entrepreneurs claim to be similar to the majority male population of entrepreneurs. These are constantly under threat. Entrepreneurship possesses a gendered relationship</td>
<td>Transformational leadership in small- to medium-sized enterprises (SMEs)</td>
<td>An investigation into aspects of transformational leadership in South African small to medium-sized enterprises (SMEs)</td>
</tr>
<tr>
<td>No research was conducted internationally during the 2000s regarding transformational leadership in small- to medium-sized enterprises.</td>
<td></td>
<td>The study reviewed the literature on leadership practices and styles in organisations as a basis to specifically identify the co-producers of leadership in entrepreneurs in SMEs. It is in this context that an empirical study on aspects of transformational leadership in SMEs in a South African context was conducted.</td>
<td>The empirical survey verified the relationship between characteristics of these entrepreneurs and characteristics typically associated with transformational leaders, as manifested in large organisations. The model developed for the study defined the qualities of a transformational leader which will then enable those leaders/entrepreneurs (in SMEs with growth potential) to take their potential to the next level.</td>
</tr>
<tr>
<td>TOPIC</td>
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</tr>
<tr>
<td>No research was conducted internationally during the 2000s regarding critical success factors for small and medium-sized businesses.</td>
<td>Critical success factors for small and medium businesses</td>
<td>Critical success factors of small and medium businesses with specific reference to the West Coast region of South Africa.</td>
<td>Traditional sources of job creation, such as large enterprises and state departments are unable to provide enough jobs to combat the increasing rate of unemployment. An important component of the government's effort to address the unemployment problem should be the emphasis on the development of entrepreneurship.</td>
</tr>
<tr>
<td></td>
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<td>The objective of the research was to prove that the critical factors for entrepreneurial success play a more important role in eventual success and survival of the enterprise than the opportunistic entrepreneurial behaviour sparked by a mega event only.</td>
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<tr>
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<td></td>
<td>Consequently, the critical success factors for entrepreneurial success of businesses established in anticipation of the mega event that survived and surviving business established in the ten years period prior to the mega event, was compared in order to test the hypothesis.</td>
</tr>
</tbody>
</table>
Table 4.5 illustrates that very little research was conducted in the areas of internationalisation of small businesses. Six articles were published from 2000 until 2011, namely:

- Management issues for South African online services companies entering the Singapore market
- Internationalisation process of small and medium enterprises
- Multi-channel marketing approach to the internationalisation of South African retail businesses within the African continent
- Analysis of Sasol’s internationalisation strategy
- Study of the internationalisation of the South African wine industry
- Internationalisation process in the South African motor industry: modes of entry and strategies of selected enterprises

This is, therefore, a definite area of research as it is well-documented that the South African economy cannot survive if it does not take cognisance of its international competitors. In addition, owing to the rapid advances in technology, South Africa will have to take seriously the threat of internationalisation of business.

4.6 CHAPTER SUMMARY AND CONCLUSION

Chapter four presents the results obtained from the study and depicts the results in a graphical format which are explained and interpreted.

For the data to have meaning, it needs to be analysed, therefore, for the purpose of the study’s quantitative analysis, descriptive statistics were performed. The descriptive statistics which have been undertaken for this study included a frequency count.

A comparison of the research conducted in South Africa versus research publications internationally suggested further areas of research, including the internationalisation of business. Chapter five presents the study’s summary, conclusion and recommendations. Furthermore, it discusses the limitations within this study, as well as how the primary objective was achieved.
5.1. INTRODUCTION

Chapter five presents a brief summary of the preceding chapters, followed by conclusions and recommendations. The most pertinent research findings are highlighted and the research questions posed in chapter one are addressed. This includes answering the questions:

- What is the current state of knowledge and research regarding entrepreneurship and small businesses in South Africa?
- What kinds of theories and methodologies have been applied in these studies?
- How should entrepreneurship and small businesses in South Africa be studied in the future?

The limitations of the study as well as suggestions for further research are discussed. The chapter concludes with a section discussing how this study has answered the research questions which were developed in chapter one.

5.2. REVIEW OF CHAPTERS

Section 5.2, reviews chapters one to four.

5.2.1. Chapter one

Chapter one discussed the background to the study, the problem statement and the primary and secondary objectives of the study.

The primary objective of this study is to investigate research into entrepreneurship and small businesses in South Africa so that the current status and future challenges of entrepreneurship can be identified.

The secondary objectives of this study are as follows:

- To provide a literary overview of entrepreneurship research.
To identify areas of entrepreneurship research.
To conduct a content analysis of South African entrepreneurship and small business research that have been published.
To draw conclusions and make recommendations from the findings for future research.

Furthermore, this chapter provided an overview of the research design and methodology which was used to obtain the empirical data for the study. Concluding this chapter was an outline of the forthcoming chapters.

5.2.2. Chapter two

This chapter started by defining the term entrepreneurship and small business. It was concluded that entrepreneurship is a behaviour that focuses on opportunities rather than resources and this type of behavior is present in both small and large businesses. The history of entrepreneurship was then discussed.

Entrepreneurship is considered as being interdisciplinary and, given its nature, various approaches or schools of thought can be used to gain a better understanding of this concept (Kuratko & Hodgetts, 2009). The various schools of thought were covered in the chapter two, and provide a means of examining the diversity of viewpoints about entrepreneurship (Kuratko & Hodgetts, 2009; Deakins & Freel, 2003).

The chapter then reviewed the various schools of thought associated with entrepreneurship, including environmental, financial, displacement and entrepreneurial event schools of thought.

The chapter concluded by investigating entrepreneurial and small business research that was internationally conducted in the 1980s, 1990s, and 2000s. Some highlighted areas of research included:

- Women as entrepreneurs
- Family businesses
- Entrepreneurship training
- Ethics in business
• Internationalisation of business

5.2.3. Chapter three

The research methodology and design for this study were outlined in this chapter. The main methods and procedures that were followed to collect the data for the research study were discussed. The focus areas covered in this chapter include the research design, the data-collection procedure and the sampling. The reliability and validity of the data obtained was also discussed. The chapter concluded by discussing the ethical considerations of the research project.

This study made use of a mixed-method approach, where the data that has been sourced for this study is of a secondary nature. The information utilised in this study has been analysed using content analysis to obtain data which can be analysed statistically. The sample selected for this study was chosen using purposive and convenience sampling methods, and before statistical analysis could take place, it was necessary for the data to be edited and coded. Reliability and validity of the study was ensured using inter-rater reliability and triangulation.

5.2.4. Chapter four

Chapter four presents the results obtained from the research design and methodology in chapter three, that was to be used to obtain the data for this study. This chapter depicts the results in a graphical format and further explains the interpretation of the various figures.

For the data to have meaning, it needs to be analysed. Therefore, descriptive statistics were performed to analyse the data quantitatively. The descriptive statistics which have been undertaken for this study included a frequency count.

The chapter finally draws a comparison of the literature study undertaken in chapter two, where the popular areas of research conducted internationally were identified during the decades spanning 1980 until 2010. These were compared with the popular areas of research conducted in South Africa during the same decades.

The findings of the chapter can be summarised as indicated in Table 5.1.
Table 5.1: A summary of research topics from 1980 until 2010, drawing a comparison between research conducted internationally with research conducted in South Africa

<table>
<thead>
<tr>
<th>RESEARCH TOPICS RESEARCHED IN THE 1980s</th>
<th>RESEARCH TOPICS RESEARCHED IN THE 1990s</th>
<th>RESEARCH TOPICS RESEARCHED IN THE 2000s</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research conducted internationally in entrepreneurship and small business</td>
<td>Research conducted in South Africa in entrepreneurship and small business</td>
<td>Research conducted internationally in entrepreneurship and small business</td>
</tr>
<tr>
<td>2. Family business</td>
<td>2. No studies conducted in the area of family business</td>
<td>2. Gender in business</td>
</tr>
<tr>
<td>3. Entrepreneurship training</td>
<td>3. No studies conducted in the area of entrepreneurship training</td>
<td>3. No studies conducted in the area of transformational leadership in small to medium-sized enterprises.</td>
</tr>
</tbody>
</table>

The yellow highlighted areas in Table 5.1 indicate the research topics where little or no research was conducted. From the research study undertaken of South African research, it is evident that much has been researched in the areas of gender (specifically the role of women in business), entrepreneurship training and ethics in business. Considering Table 5.1, it is evident that during the 1980s, no research was conducted in South Africa in the areas of family businesses and entrepreneurship training. During the 1990s, networking in small business was the area of research where no research was undertaken. During the 2000s, the area of internationalisation of business appears to be the area lacking research input. It was found in the study that only six articles were published from 2000 until 2011. This most certainly highlights a need for research in this area especially as it is well-
documented that the South African economy cannot survive if it does not take cognisance of its international competitors.

5.3. CONCLUSIONS

In this section, on the basis of the articles reviewed, the current state of knowledge concerning entrepreneurship and small businesses in South Africa are discussed first. Thereafter, the theories, models, and methodologies applied in the papers reviewed are outlined.

5.3.1 Current state of knowledge concerning entrepreneurship and small businesses in South Africa

Most of the 244 abstracts reviewed for this study focused on race, gender and ethical issues in South Africa. These three topics received attention because they could generate new knowledge on how:

- Attitudes and experiences of black women differed from other race groups, in business. Results indicated that women were competent and highly-motivated, but lacked communication skills and Western business orientation. Many black women also desired equality although male counterparts opposed this. Black women also lacked role models and career guidance.
- Different population groups participated in the economy, shown in terms of regional, income, expenditure, skill, occupational and labour differences, as well as in terms of the supply of and demand for labour.
- Ethics should become part of the human resources management curricula taught in universities.

From the articles examined it appeared that entrepreneurship as a phenomenon is fairly similar in South Africa to that of entrepreneurship internationally.

5.3.2 Theories, models and methodologies applied in the studies reviewed

As entrepreneurship and small businesses are diverse and multi-disciplinary, the studies reviewed used a wide range of different models, theories, frameworks and combinations of these. However, the theoretical richness of the studies reviewed
was, in many cases, relatively low, and in fact, only a few of the studies could be regarded as highly-theoretical. In addition, the presentation of the various theories and models applied was very often inadequately reported. It is also important to note that altogether between 7 and 11% of the studies were without any well-argued theoretical framework at all. Thus, researchers in the field should pay more attention to the theoretical frameworks applied in empirical analyses, since this will be the only way to improve theoretical understanding of the phenomenon.

It is also important to note that in 12% of cases, methodological issues were poorly reported. Most of the studies did not give information on the response rate in the data collection, and information on informants, firm size, and/or target industry was missing or loosely defined. The reasons for the selection of a certain research approach were also inadequately discussed, making many of the studies deficient and limited in this respect. This presents a challenge, not only to authors in the field, but also to the reviewers and editors in academic journals, so that the scientific rigor of published papers can be improved.

On the basis of studies reviewed, it seems that out of all data collection methods, personally-administered data collection worked best in South Africa. It also appears that in South Africa, research into entrepreneurship and small businesses focus on:

- Race issues in business
- Gender research
- Ethics in business

Although the studies related to entrepreneurship and small businesses in South Africa examined highly-important research areas, there are topics for further research. These include

- Networking in business
- Internationalisation of business
- Entrepreneurship training

Lastly, it should be noted that the internationalisation of South African small businesses has been observed as requiring more research attention. Moreover, the
studies could focus on the obstacles encountered in the internationalisation process of South African small businesses. More studies are also needed to focus on foreign market selection and entry modes applied by South African small businesses in different countries and sectors. These studies could help South African entrepreneurs develop their international activities by revealing best practices in foreign markets.

This study seeks to advance knowledge of the current state of entrepreneurship and small businesses in South Africa and reports on a review of 244 abstracts in the field. The studies as a whole indicated that entrepreneurs in South Africa require more knowledge in the fields of:

- Networking in business
- Internationalisation of business
- Entrepreneurship training

The review further revealed the wide range of background theories and methodologies that have been used to study the phenomenon of entrepreneurship and small businesses in South Africa. However, in many of the articles examined, theoretical and methodological circumstances were poorly described, decreasing the scientific quality of the studies selected.

5.4. LIMITATIONS OF THE STUDY AND SUGGESTIONS FOR FUTURE RESEARCH

The limitations of the study can be identified as follows:

- The South African research study was restricted to the search engines of EBSCOHOST, EMERALD and NEXUS.
- Research was restricted to the years 1980-2010 as it was presumed that there would not be much published research in South Africa beyond this time period regarding the subject of entrepreneurship and small businesses.
- Much of the information obtained originated purely from computer-generated
Therefore, the present study is not without its limitations. Total coverage of all the empirical articles in this specific field of study might not have been achieved. Nevertheless, it seems reasonable to assume that the review process covered a major proportion of the academic articles in the field. Owing to the wide range of the phenomenon and the different reporting styles in the 244 abstracts and 32 articles reviewed, identifying the essential information needed for this study was often demanding. The assessment of the theoretical frameworks and methodological concerns was particularly difficult. In addition, because of the wide scope of the studies, the results included in this study provide somewhat broad-brush descriptions of the phenomenon. However, further studies could benefit from the more general findings presented in this study and in South Africa specifically in the following areas:

- Networking in business
- Internationalisation of business
- Entrepreneurship training

5.6. RESEARCH QUESTIONS ANSWERED AND PRIMARY OBJECTIVES MET

5.6.1. Research questions which were identified and answered in this study

Table 5.2 outlines how the research questions were answered in this study.

<table>
<thead>
<tr>
<th>Research questions identified in the study</th>
<th>How the research questions were answered in this study</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. What is the current state of knowledge and research regarding entrepreneurship and small business in South Africa?</td>
<td>This question was answered by identifying research articles published in South Africa between the years 1980 and 2011. This body of knowledge was then compared against the research conducted internationally for the same period of time.</td>
</tr>
</tbody>
</table>
## Research questions identified in the study

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
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<tbody>
<tr>
<td>b. What kinds of theories and methodologies have been applied in these studies?</td>
<td>The mixed-method approach was used to conduct the research for this study. The approach allows the researcher to develop a framework to identify various areas of entrepreneurial and small business research between 1990 and 2011. Information collected from various journals, was analysed using descriptive statistics (which is quantitative in nature). These results were used to identify further areas of research in the future (qualitative in nature). Purposive sampling was used in this study, together with convenience sampling. Purposive sampling because the sites of EBSCOHOST, EMERALD and NEXUS were used in order to obtain journal articles that highlighted the various areas of research in entrepreneurship and small business from 1990 until 2011. The journal articles reflected the data required. The content analysis undertaken in this study comprised the analysis of the research undertaken in entrepreneurship and small businesses from 1990 until 2011 in an effort to understand where the gaps for future research lie. The literature was drawn from reliable journals. Therefore, the results obtained are accurate and consistent.</td>
</tr>
<tr>
<td>c. How should entrepreneurship and small business in South Africa be studied in the future?</td>
<td>After comparing the research conducted in South Africa, with the research conducted internationally, it was clearly evident that a gap existed in the areas of: (a) internationalisation of businesses (b) networking in small business (c) training in small business This represents some suggested areas that should be studied in the future.</td>
</tr>
</tbody>
</table>

### 5.6.2. The primary objective which was identified and met by this study

The primary objective of this study is to investigate research into entrepreneurship and small business in South Africa so as to establish the current status and future challenges. The primary objective was achieved by:

- Searching the data bases of EBSCOHOST and EMERALD in order to determine the research conducted in the fields of entrepreneurship and small business between the years 1980 and 2011.
- Analysing the data collected and grouping the information according to
categories such as author, journal where the article was published, the research type used (qualitative, quantitative or mixed method), the sample size, the number of respondents, the collection method used, the type of industry/ies researched, and the size of the business.

- Searching the data base of NEXUS in order to determine the research conducted in South Africa in the fields of entrepreneurship and small business between the years 1980 and 2011.
- Analysing the data collected and grouping the information according to categories such as when the articles were published, the qualification sought by the researcher for the intended research, the institution where the research originated, and the year in which the research was completed.
- From all the data gathered, it was possible to compare the topics researched internationally with the topics researched in South Africa and determine the gaps in the research.

In conclusion, in light of the above discussion, it can be seen that both the primary and secondary objectives have been achieved and the areas for future research identified.
REFERENCES


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