

A SITUATIONAL ANALYSIS OF ENTREPRENEURSHIP MENTORS  
IN  
SOUTH AFRICA

by

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I declare that:

**A Situational Analysis of Entrepreneurship Mentors in South Africa** is my own work and that all the sources that I have used or quoted have been indicated and acknowledged by means of complete references.

.....

Signature

Mr. GEH Watson

.....

Date

## ABSTRACT

The South African government, in an attempt to accelerate economic growth and development, has identified the SMME sector and entrepreneurs as a vehicle capable of bringing about this change. Unfortunately, this growth has been stifled due to the high failure rate of entrepreneurial businesses in the SMME sector. A possible solution for SMMEs and entrepreneurs is the introduction of mentoring. Mentoring entrepreneurs is the function of nurturing and supporting entrepreneurs by providing them with professional skills development and moral support in an attempt to positively impact on the business's sustainability. The study is the first of its kind in that it relates specifically to entrepreneurship mentors. This study empirically endeavours to determine the basic profile of entrepreneurship mentors in South Africa and their skills sets. The study aims to represent the importance of the skills as represented in the model and to understand the entrepreneurship mentoring environment in South Africa.

**Keywords;** Entrepreneurship, Mentors, Mentorship, Entrepreneurship Mentors, Entrepreneurial learning, Entrepreneurial training and development, South Africa

## FOREWORD

South Africa being a new, democratic country, has identified Entrepreneurs and SMMEs as vehicles which can positively contribute to South Africa. It is therefore critical that we support, nurture and encourage their efforts. By focusing on entrepreneurship mentors this body of research will hopefully create awareness, stimulate further research and contribute to an understanding of South Africa's Entrepreneurship Mentors.

There are a number of individual and organisation who have played a role in the betterment of this study;

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# CHAPTER 1

## INTRODUCTION

### 1.1. BACKGROUND

South Africa has one of the most advanced economies on the African continent as it has a wealth of resources and opportunities. This country has many first-world features including a sophisticated financial and physical infrastructure, an excellent telecommunication system, an energy supply network and a stock exchange that ranks among the top ten in the world (Government Communication 2002:1 GCIS ).

“The South African economy has, over the past decade, become stronger, richer and fairer” (Parsons 2004:1). However, South Africa has a high unemployment rate of 28,4% (Statistics South Africa 2004:1) and significant problems associated with poverty. The South African government, in an attempt to create jobs and grow the economy, has identified small business and the formal sector as vehicles for job creation and economic growth (GCIS 2002:41).

Entrepreneurship is one of the most important elements for a growing economy (Kuratko and Hodgetts 2001:6). These authors also indicate the role of entrepreneurs as critical contributors to economic growth through leadership, management, innovation, research and development effectiveness, job creation, competitiveness, productivity, and the formation of new industries.

South Africa participated in *The Global Entrepreneurial Monitor (GEM) GEM 2001, GEM 2002 and GEM 2003* surveys. These surveys focus primarily on entrepreneurial activity within a national framework. International comparisons form the basis for analysis. The *GEM 2001* survey measures total entrepreneurial activity using

various indicators such as the Start-up index, New Firm Index, Opportunity Entrepreneurship Index, Necessity Entrepreneurship Index and the Established Business Index (Driver, *et al.* GEM 2001:11).

South Africa was placed in fourteenth position out of the 29 measured countries in the GEM 2001 survey. The survey directed attention to South Africa's start-up entrepreneurs, who have not been very successful at creating sustainable businesses. The GEM 2001 survey indicated that there is a low survival rate among South African start-up businesses. In addition, the survey indicated that possible obstacles to start-up and sustainable business include education, experience and the absence of an entrepreneurial culture. It is, therefore, vital for South Africa that an environment be created in which start-up entrepreneurs are nurtured and supported to establish, develop and grow sustainable businesses (Driver, *et al.* GEM 2001:3).

A possible solution to the problems faced by start-up entrepreneurs is the introduction of **mentorship**. Mentorship is the process of nurturing and supporting entrepreneurs. The role of mentors is to provide assistance in the form of professional and social support. "A mentor-protégé relationship is an excellent avenue for securing needed professional advice, as well as providing an additional source of moral support" (Hisrich and Peters 2002:74).

The problems associated with South Africa's previous government means that South Africa is now an environment in which its entrepreneurs are ill-equipped to advance their start-up businesses. They require a support network. This support can be provided in the form of mentors (Driver, *et al.* GEM 2001:57). The mentor's primary objective is to provide 'just-in-time' support and to add value by imparting the benefits of their education, experience, skills and attitudes (Sullivan 2000:163).

The importance of entrepreneurship mentoring is well documented, particularly in the start-up phase. This is indicated by Timmons (1999:46), and Hisrich and Peters (2002:73). Part of a mentor's role is to assist entrepreneurs to develop and grow their businesses (Sullivan 2000:172). It is, therefore, important to assess the current profile of the South African entrepreneurship mentor in terms of experience, education and skills. This analysis will enhance the mentor-protégé relationship and, ultimately, facilitate effective growth. The objective of this improved mentor-protégé relationship is to ensure the development of start-up and sustainable entrepreneurial businesses and to contribute to the growth of the South African economy.

## **1.2. PRELIMINARY LITERATURE REVIEW**

A rich body of knowledge supports the importance of mentoring for the start-up entrepreneur (Jack and Anderson 1999:119, Deakins and Freel 1998:153, Maas, Court and Zeelie 2001:32, Carter 2000:332, Boussouara and Deakins 2000:215, Driver *et al*, GEM 2001:57, Sullivan 2000:172, and Hisrich and Peters 2002:73). One needs to understand the factors that influence entrepreneurs and their performance, in order to understand the impact of a mentor on an entrepreneur.

The GEM 2001 survey highlighted several factors that influence entrepreneurial performance and sustainability. These are as follows:

- **Education.** The higher the level of education, the higher the entrepreneur's chances of creating a successful and durable new venture. The survey suggests that, in South Africa, the education system is generally poor. The lack

of education and basic business skills hampers the entrepreneur's development (Driver, *et al*, GEM 2001:39).

- **Experience.** The greater the entrepreneur's business experience, the greater the chances of success. The GEM 2001 survey indicates that ventures started by people with experience are more likely to survive than those that are initiated by people lacking in business experience (Driver, *et al*, GEM 2001:42).
- **Entrepreneurial culture.** Confidence, innovation, creativity, networking, role modeling and trust are important elements that determine the likelihood of an entrepreneur's success. These elements are currently lacking in South African entrepreneurs (Driver, *et al*, GEM 2001:42).
- **Team.** The importance of the entrepreneurial team has been well documented (Timmons 1999:39). In South Africa, however, 61,8% of start-up businesses are started by individuals who operate alone (Driver, *et al*, GEM 2001:31).

The following research interventions have reiterated the above:

According to Kennedy and Drennan (2000:165), the performance of a new venture is improved for those entrepreneurs who have higher levels of education, previous entrepreneurial experience and experience in similar businesses.

Deakins and Freel (1998:150) refer to the importance of the entrepreneurial team. This team must have the right combination of the skills required to assist start-up entrepreneurs to achieve their goals.

Antonites and Van Vuuren (2001:2) defined the skills needed for improved entrepreneurial performance by using the multiplicative model:

$$E/P=M (E/S \times B/S)$$

The variables in the model are described as follows:

E/P = Entrepreneurial Performance.

M = Performance Motivation.

E/S = Entrepreneurial Skills.

B/S = Business Skills.

The authors recommend that these skill sets are required by entrepreneurs in order to achieve entrepreneurial performance (E/P). This, in turn, facilitates successful and sustainable entrepreneurial ventures. It follows that these skills should also be part of the mentor's skill sets.

The GEM 2001 survey indicated the importance of developing an entrepreneurial culture that will assist entrepreneurs to achieve their goals. This new culture will develop confidence, innovation and creativity in South African entrepreneurs (Driver, *et al*, GEM 2001:40).

The Entrepreneurial Development Program in India was evaluated and the importance of the trainer-motivator (mentor) was established. Emphasis was placed on the trainer-motivator's qualifications and experience as vital to the success of the entrepreneurial development program (Awasthi and Sebastian 1996:153).

At the heart of any government attempt to create an environment for entrepreneurial activity is the establishment of support agencies. A good example of the use of support agencies is found in the enabling environment of the United Kingdom. The support agencies' primary goal, in this context, is the relieving of constraints such as finance

and resource allocation, nurturing and supporting growing and start-up businesses, unlocking the potential for entrepreneurial activity in various sectors, and raising enterprise awareness (Deakins 1996:147).

It is clear from the research that the aforementioned factors are all critical to increasing entrepreneurial performance. The GEM 2001 survey refers to the importance of an effective mentoring program that can assist in expanding South Africa's base of entrepreneurs (Driver, *et al*, GEM 2001:50). South Africa has not researched the relationship between entrepreneurs and their mentors, which leaves many questions unanswered. This evidence emphasised the importance of this study and therefore creates a platform for further research (for example, relationship factors between the mentor and the entrepreneur/mentee).

### **1.3. RESEARCH PROBLEMS AND OBJECTIVES**

“An entrepreneur needs a strong support and advisory system in every phase of the new venture” (Hisrich and Peters 2002:73).

There are various elements, such as education, experience, entrepreneurial culture and the need for an entrepreneurial team, that impact on the performance of the entrepreneur. As indicated, South African entrepreneurs are lacking in these elements. As a result, entrepreneurs need the support of a suitable mentor to assist them with their business ventures. Hisrich and Peters (2002:74) argued that mentors provide entrepreneurs with both professional and moral support which enhances their performance.

Clearly, mentorship is fundamental to improving and/or enhancing South Africa's entrepreneurial performance. Given that this is the scenario facing South Africa's entrepreneurs, and coupled with the fact that there has been very little research into South Africa's

entrepreneurship mentors, it is necessary to focus on the entrepreneurship mentor as a construct.

Due to the lack of research into South Africa's entrepreneurship mentors it follows that, in researching entrepreneurship mentors, the researcher must first understand who are South Africa's entrepreneurship mentors. This would include gathering information relating to their demographic information, their experience, their skills and their attitude to entrepreneurship mentoring.

### **1.3.1 Propositions**

#### **Proposition 1:**

P1.0 Entrepreneurship mentors comply with the expected skill sets for the facilitation of Entrepreneurial Performance (E/P) as derived from the  $E/P = M(E/S \times B/S)$  multiplicative model.

P1.1 Entrepreneurship mentors do not comply with the expected skill sets for the facilitation of Entrepreneurship Performance (E/P) as derived from the  $E/P = M(E/S \times B/S)$  multiplicative model.

#### **Proposition 2:**

P2.0 Entrepreneurship mentors see themselves as an important component of the entrepreneurial team.

P2.1 Entrepreneurship mentors do not see themselves as an important component of the entrepreneurial team.

#### **Proposition 3:**

P3.0 Entrepreneurship mentors need training, as perceived by the entrepreneurship mentors.

P3.1 Entrepreneurship mentors do not need training, as perceived by the entrepreneurship mentors.

**Proposition 4:**

P4.0 Entrepreneurship mentors need accreditation.

P4.1 Entrepreneurship mentors do not need accreditation.

**1.3.2 Primary Objectives**

The primary research objectives are detailed below.

1. To determine the basic demographic of entrepreneurship mentors in South Africa with reference to gender, age, language group and education.
2. To determine the entrepreneurship mentor's work experience, personal entrepreneurial experience and mentoring experience; the phases of the entrepreneurial process in which entrepreneurship mentors have the most personal experience; and the phases in which they are most active.
3. To determine the skill sets of entrepreneurship mentors based on the predefined motivation skills, entrepreneurial skills and business skills.
4. To represent the level of importance attached to the mentor's predefined skill sets that have been identified as necessary to becoming a successful entrepreneurship mentor.



### **1. 3.3 Secondary Objectives**

The secondary research objectives are as follows:

1. To establish the number of entrepreneurs who are supported, as represented by the entrepreneurship mentors.
2. To determine the average time spent mentoring entrepreneurs, as represented by the entrepreneurship mentors.
3. To identify the success rate and perceived role of entrepreneurship mentors in terms of entrepreneurial growth and support.
4. To identify the industries and provinces in which the entrepreneurship mentors operate.
5. To determine the kind of support that entrepreneurship mentors provide.
6. To provide an assessment of the need for entrepreneurship mentor training.
7. To assess the need for mentors in South Africa.

## **1.4. RESEARCH DESIGN AND METHODOLOGY**

This pioneering study is an empirical study using primary data collected by an explorative structured electronic questionnaire. The questionnaire is quantitative and qualitative in nature and aims to provide a broad overview of the entrepreneurship mentoring community. The questionnaire consists of close- and open-ended questions.

The data has been analysed using typical techniques which include tabulation, correlation and statistical graphics. Descriptive statistical

analysis was predominantly applied in the presentation of results. Chapter 4 provides a more detailed description of the research method.

#### **1.4.1 Sample**

##### **(a) Units of analysis**

A representative sample, consisting of approximately 90 mentors who are currently mentoring start-up and new venture entrepreneurs. These entrepreneurship mentors have been sourced from Business Partners Mentors, Ntsika, Thuso Mentors, Sysinani, Business Referral and Information Networking for Small Businesses in South Africa, educational institutions and other entities in the private sector.

### **1.5. CHAPTER OUTLINE**

#### **Chapter 1: Introduction**

Chapter 1 will provide a brief overview of the research conducted. The chapter will provide the background to the topic selected and a basic layout of the research process.

#### **Chapter 2: Entrepreneurship in South Africa**

Chapter 2 forms part of the literature review and focuses on the construct of entrepreneurship on a global scale and in South Africa. The chapter will specifically describe South African entrepreneurs, the barriers to their performance and the processes that entrepreneurs follow when starting their own business.

#### **Chapter 3: The nature and role of entrepreneurship mentors and the set of skills required**

Chapter 3 forms part of the literature review focusing on the South African SMME- (Small-, Medium- and Micro-Enterprise) enabling

environment. The importance of mentors in this environment is discussed. In addition, the activity of mentoring, the various supportive roles that mentors play and the mentor's skills, as identified by the researcher in relation to the model  $E/P=M(E/S*B/S)$ , are also discussed.

#### **Chapter 4: Research methodology**

Chapter 4 will describe the research design, the identified sample, the method used to gather the information and the data analysis of the information.

#### **Chapter 5: Research results tabulation and graphic**

The main purpose of this chapter is to display the findings in a clear and accessible manner. The researcher will use tables and graphs to illustrate the findings.

#### **Chapter 6: Conclusion and recommendation**

The findings portrayed in chapter five will be discussed in relation to the research objectives, and the shortcomings of the study and the recommendation for further research will also be presented.

### **1.6. SHORTCOMINGS OF THE STUDY**

Once the research topic had been selected, an intensive literature search was undertaken. The results identified a lack of local research into the relationship between South African entrepreneurship mentors and entrepreneurs. The lack of research, especially on a secondary level, made the literature review difficult. However, the relationship between mentors and entrepreneurs has been researched in other countries. As a result, this study endeavoured to create a platform by means of which to highlight the current position of entrepreneurship mentors by including a descriptive analysis. Further research is therefore suggested as a means of establishing the specific relationships and correlated

variables present between the South African mentor and the entrepreneur.

## **CHAPTER 2**

### **ENTREPRENEURSHIP IN SOUTH AFRICA**

#### **2.1 Introduction**

South Africa is in the process of transforming its economy from one dominated by the corporate sector (larger businesses), to one in which many sectors play an important role (Government Gazette, No. 16317:6). The Small-,Medium- and Micro- Enterprises (SMME) have been identified as important vehicles in supporting the government to affect this kind of change. Central to this thinking is the National government's plan to assist the SMME sector by creating an environment in which entrepreneurs flourish, in which investment opportunities are created and in which productivity is improved.

In order to achieve these objectives, the government has developed a strategy for the promotion and development of small business in South Africa. Part of the strategy includes the support of the SMME sector (Government Gazette, No. 16317:6), which, in part, includes establishing a mentoring program. Mentoring has been used as a learning tool for the development of less experienced mentees for many years. Mentors have played a part in history from as far back as ancient Greece. In Greek mythology, Odysseus entrusted his son's care and development to his friend Mentor, a trusted friend. (Klasen and Clutterbuck 2002:5).

The mentor, in the context of this study, is an experienced and trusted advisor whose purpose it is to assist entrepreneurs with both their personal and business development. The mentor endeavours to impact positively on the entrepreneurial experience and to enhance the new business (Miller 2002:24).

This study, as a pioneering study for entrepreneurship mentors in South Africa, will initially focus on defining and discussing the entrepreneurial environment, the entrepreneur, the entrepreneur's strengths and weakness and the obstacles that South African entrepreneurs face. The study will also focus on the mentor, skills sets, experience, demographics and a perceptual insight into the concept of mentoring in a South African context.

In accordance with the research objectives, chapter two discusses the environment within which mentors operate and the entrepreneurs with whom they are interacting.

South Africa is a country that is focused on creating sustainable economic growth. During the last five years, South Africa has managed consistent economic growth with a growing export market (Dti 2004:1). The new South African economy is gaining momentum, as illustrated in the increase in economic activity. This increase in economic activity is evidenced by the increased registration of new companies and closed corporations which highlights an increasing SMME sector coupled with improved entrepreneurial optimism. The government has recognised the improved optimism and has undertaken to create an environment that will stimulate more growth and entrepreneurial activity. The government's efforts include the following:

- *Firstly*, an improvement of the input costs, such as telecommunications, energy supplies and transport costs.
- *Secondly*, the government has reduced regulatory and administrative burdens.
- *Thirdly*, the government has invested in the physical infrastructure of the country (roads, ports and railways).
- *Fourthly*, there is an improvement in government efficiency and effectiveness. The intention is to create an environment

in which all business is encouraged and supported (Dti Annual report 2001:3/4).

The importance of small-, medium- and micro-enterprises (SMMEs) to a nation's economy has been well documented (Ntsika 2001: 54, Kuratko and Hodgetts 1998: 9, Hisrich and Peters 2002: 15). The importance of SMMEs is also evident in the South African economy. Many factors can be used to define SMMEs. The South African government has defined the SMME sector according to various factors, namely, ownership, employment size, and formality (Government Gazette, 1995: 8). These factors are consistent with Chesterman's definition, which indicated that, when defining the SMME sector, you need to consider three factors, namely, organisational factors, quantitative factors, and competitive strength (Chesterman 1977:39).

These factors are explained as follows:

- Organisational – referring to ownership and management.
- Quantitative – referring to number of employees, turnover and value of assets.
- Competitive strength – referring to market-related strength.

Chesterman also indicated that one might employ many definitions using many different factors to define the construct 'small business'. The South African government (Government Gazette, 1995: 9) defines the small-, medium- and micro-enterprise using two of the three factors. The South African government defines 'small business' as a separate and distinct business entity, managed by one owner or more. These businesses can be classified into micro-, very small-, small- or medium-sized businesses by satisfying certain criteria listed below:

- Ownership (organisational).
- Total full-time equivalent of paid employees (quantitative).
- Total annual turnover (quantitative).
- Total gross asset value (fixed property excluded) (quantitative).

**Table 2.1: Classification of SMMEs**

SECTOR OR SUB-SECTORS IN ACCORDANCE WITH INDUSTRIAL CLASSIFICATION	SIZE OR CLASS	TOTAL FULL-TIME EQUIVALENT OF PAID EMPLOYEES	TOTAL ANNUAL TURNOVER	TOTAL GROSS ASSETS VALUE (FIXED PROPERTY EXCLUDED)
		LESS THAN	LESS THAN R (million)	LESS THAN R (million)
Agriculture	Medium	100	R4	R4
	Small	50	R0,40	R2
	Very Small	10	R0,15	R0,40
	Micro	5		R0,15
Mining and quarrying	Medium	200	R30	R18
	Small	50	R7,5	R4,5
	Very Small	20	R3	R1,8
	Micro	5	R0,15	R0,10
Manufacturing	Medium	200	R40	R15
	Small	50	R10	R3,75
	Very Small	20	R4	R1,5
	Micro	5	R0,15	R0,10
Electricity, gas and water	Medium	200	R40	R15
	Small	50	R10	R3,75
	Very Small	20	R4	R1,5
	Micro	5	R0,15	R0,10
Construction	Medium	200	R20	R4
	Small	50	R5	R1
	Very Small	20	R2	R0,40
	Micro	5	R0,15	R0,10
Retail and motor trade and repair services	Medium	100	R30	R5
	Small	50	R15	R2,5
	Very Small	10	R3	R0,50
	Micro	5	R0,15	R0,10
Wholesale trade, commercial agents and allied services	Medium	100	R50	R8
	Small	50	R25	R4
	Very Small	10	R3	R0,50
	Micro	5	R0,15	R0,10
Catering, accommodation and other trade	Medium	100	R10	R2
	Small	50	R5	R1
	Very Small	10	R1	R0,20
	Micro	5	R0,15	R0,10
Transport, storage and communication	Medium	100	R20	R5
	Small	50	R10	R2
	Very Small	10	R2	R0,50
	Micro	5	R0,15	R0,10
Finance and Business Service	Medium	100	R20	R4
	Small	50	R10	R2
	Very Small	10	R2	R0,40
	Micro	5	R0,15	R0,10
Community Social and Personal services	Medium	100	R10	R5
	Small	50	R5	R2,5
	Very Small	10	R1	R0,50
	Micro	5	R0,15	R0,10

Source: Adapted from National Small Business Act 1996, No.102 of 1996: 17



This study is primarily concerned with the organisational definition of the SMME. It is this sector that is managed by one or more owners and it is in this environment that entrepreneurs are likely to be found. It is, therefore, important that this study must consider the environment of the SMME sector.

The importance of the SMME sector cannot be understated. This sector participates in the national economy by stimulating growth, creating jobs, creating innovative products and markets and, in South Africa's case, helping to redistribute wealth throughout the economy (GCIS 2002: 22). These factors all form part of the country's national economic objectives.

The South African government has created a comprehensive and detailed national strategy for small business. This strategy includes the creation of an enabling environment that will assist the SMME sector to develop and thrive. In order to facilitate the creation of this environment, the South African government tabled the National Small Business Act of 1996. One of the aims of the act was to provide small enterprises with equal standing and recognition in the nation's economy (Rwigema and Venter 2004:315). One of the current government's main objectives is to equalise the distribution of income, wealth and earning opportunities for all South Africans. Special emphasis will be placed on promoting and supporting women and previously-disadvantaged communities (GCIS 2002: 22).

The contributions made by the SMME sector to the South Africa economy makes the sector one of the largest sectors in the South African economy. This sector employs over 50% of South Africa's workforce and makes a significant contribution to the Gross Domestic Product (GDP) (Ntsika 2001: 38).

One needs to understand the contribution that the sector makes to the national economy in order to understand the importance of the SMME sector. This sector contributed 34,8% to the country's GDP

in the year 2000 (Ntsika 2001: 41). This serves to confirm that the promotion and development of this sector is vital to the South African economic growth objective, which is targeted at 3,5% (GCIS 2002 : 41).

The following table indicates the percentage that each business contributes to the national GDP.

**Table 2.2: Estimated percentage contribution by size of business**

<b>Sector</b>	<b>Micro</b>	<b>Small</b>	<b>Medium</b>	<b>Large</b>
<b>Percentage contribution to GDP</b>	5,8	13,9	15,0	65,2

Source: Adapted from Ntsika (2001:41).

The SMME sector is the biggest employer as it employs 53,9% of the private sector's total employees. This is up from the 44% employment rate in 1995. With unemployment currently at 29,5% (Ntsika 2001: 41), the government has focused its attention on job creation and one area specified by the Presidential Job Summit as a sector which could create employment is the SMME sector (Job Summit 1998: 3). Not only is the SMME sector regarded as a sector capable of creating jobs, but as a sector that has the ability to absorb the people who have lost their jobs in the private and public sector.

The following table illustrates the contribution to the employment rate made by each type of business.

**Table 2.3: Percentage contribution of SMMEs to total employment**

<b>Sector</b>	<b>Micro</b>	<b>Small</b>	<b>Medium</b>	<b>Large</b>
<b>Percentage contribution to employment</b>	12,2	28,7	13,0	46,1

Source: Adapted from Ntsika (2001: 41).

The SMME sector in South Africa is regarded as one of the sectors in which South Africa can strive to achieve many of the government's strategic objectives. This sector has the ability to significantly contribute to sustainable economic growth, sustainable job creation, redistribution of wealth and resources and the development and upliftment of previously-disadvantaged communities. For these objectives to be achieved, South Africa needs to create an economic environment that will actively stimulate entrepreneurial performance.

It is important at this stage to create a distinction between SMMEs and the entrepreneurial venture. The link between small business and entrepreneurial ventures is clear. Most, if not all, entrepreneurial businesses start out small and, as a result, many of the management functions are the same, regardless of the size of the business. According to Rwigema and Venter (2004:6), there are only three factors that differentiate SMME businesses from entrepreneurial ventures, namely innovation, growth potential and a broad vision. Because there are many interchangeable management functions between SMMEs and entrepreneurial ventures, it is important that these concepts be interchangeable. However, it is also vital to bear in mind the distinct differences between SMMEs and entrepreneurial ventures.

Over the years entrepreneurship has become an important part of the global and local economies. Research in this field is vast and there are many different viewpoints and perspectives. While the research is vast, it has focused on five broad fields of study, which include the following:

**Table 2.4: The focus of entrepreneurial research**

1.	Entrepreneurs and their role and function within a given economy.
2.	Entrepreneurial behaviour.
3.	Entrepreneurial characteristics.
4.	Linking entrepreneurs to particular events and processes.
5.	Entrepreneurs as owner-managers.

Source: Adapted from Glancey and McQuaid (2000:5).

The following section will define the construct entrepreneurship and the fundamental role of the entrepreneur in the entrepreneurial process. As indicated, entrepreneurship is differentiated from SMMEs. The differentiation is based on innovation, growth potential and broad vision which requires various skills and abilities.

## **2.2 Defining entrepreneurship**

Hisrich and Peters (2002:10) define entrepreneurship as: “...*the process of creating something new with value by denoting 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.*”

These authors have established four distinctive characteristics that consistently appear in most definitions of entrepreneurship. Namely, the following:

- **Creation process:** Entrepreneurs will identify an opportunity. Once the opportunity has been identified, they are able to create a product, a process or something of value for someone (Hisrich and Peters 2002:10). Kuratko and Hodgetts (1998:32) agree that

creativity and vision are fundamental traits required by entrepreneurs. The entrepreneurial process begins with an entrepreneur's ability to identify an opportunity. The entrepreneur will creatively devise ways to bring this opportunity to fruition. (Timmons 1999: 38,39) The importance of creativity and innovation cannot be over-emphasized. Entrepreneurs need to be creative in many different areas of the entrepreneurial process if they are to achieve their goals (Glancey and McQuaid 2000:9).

- **Resource allocation:** Entrepreneurs will use the resources at their disposal to realise the opportunities that they have identified (Hisrich and Peters 2002:10). Entrepreneurs will allocate time, effort and resources in order to achieve their goals (Kuratko and Hodgetts 1998:32). Entrepreneurs will need to manage many resources, some of which are readily available and others that are very scarce. All of the resources will contribute to the success or failure of the new venture (Timmons 1999: 39). One of the skills associated with entrepreneurship is the ability of entrepreneurs to control, co-ordinate and manage the limited resources at their disposal (Glancey and McQuaid 2000:7).
  
- **Acceptance of risks:** The process of bringing the identified opportunity to fruition has its own set of risks. These risks include financial risks, personal risks and social risks. Hisrich and Peters (2002:10) emphasise the importance of taking calculated risks which reduces the potential for failure. Timmons (1999:27) argues that, although the entrepreneur should accept both personal and financial risks, what is important is that the odds are manipulated in the entrepreneur's favour

by using the resources available. It is important that entrepreneurs are able to calculate, manage and minimise the risks (Glancey and McQuaid 2000:6).

- **Rewards:** Entrepreneurs accept the risks, allocate the resources and create the product for a reward. These rewards may be in the form of profits, independence or personal satisfaction (Hisrich and Peters 2002:10). Kuratko and Hodgetts (1998:32) support this opinion. Timmons (1999:27) adds that entrepreneurs create, enhance and realise their rewards, not only for themselves but also for all the relevant stakeholders. The result of entrepreneurs accepting the risks and uncertainty of their new venture is that they receive the potential benefits (Glancey and McQuaid 2000:6).

One can draw a common thread between small business management and entrepreneurship. However, the underlying difference is that entrepreneurs are creators and innovators. There are many skills that overlap (Glancey and McQuaid 2000:15).

Wickham (2000:24) believes that, although entrepreneurial ventures and small business pursue the same objectives, there are some fundamental differences between the two. Entrepreneurs are innovative and are creators of new products, process and technology. Small businesses operate with established products. Entrepreneurial ventures have high growth potential while small businesses normally operate in an established market. Entrepreneurial ventures are concerned with growth targets, market development and positioning. Small businesses are concerned with sales and profits. For the purposes of this study, both entrepreneurs and small business owner-managers will be considered, as support is required in both ventures.

An understanding of the definition of entrepreneurship highlights the importance of the processes that entrepreneurs will follow to achieve their goals. The entrepreneurial process explains the process of starting a new venture.

### **2.3 The entrepreneurial process**

It is well established that entrepreneurs will follow a process in order for them to achieve their goal of starting a new venture (Nieman 2002:61, Hisrich and Peters 2002:38, Kuratko and Hodgetts 1998: 46, and Timmons 1999:4). The same school of thought is supported by Antonites (2003:29-30), who has established a defining framework from Cornwall and Perlman (1990), Van Praag (1996), Burch (1986), Mare (1996), Drucker (1985); Hisrich and Peters (1998), and Kuratko and Hodgetts (1998). This framework describes entrepreneurship as a process where *“the entrepreneur is regarded as an individual with the potential to create a vision from virtually nothing. This is fundamentally a human creative action. Energy is invested in the initiation process by initiating the start up of a company rather than to merely analyse and be an onlooker in the process of forming a new business. This vision and action includes the willingness to take a calculated risk. This risk envelops personal, social, and psychological, as well as financial components. Everything possible is done to achieve the goals (set by the individual him/herself) and to avoid the possibility of failure. A noticeable attribute within this frame of reference is the fact that the entrepreneur has the ability to identify an opportunity where the regular man on the street would see chaos, contradictions, ambivalence and confusion. The core of entrepreneurship can, however, be seen in the development of the “new”, be it products or services with the corresponding addition of value and profit-driven decision-making. The reward for achievement is not only financial, but also involves personal satisfaction and independence.”* The comprehensive description emphasises the

process approach to be applied as a platform in the following section. The following two approaches will be considered:

Firstly the Nieman (2002:61) and Hisrich and Peters (2002:38) approaches will be considered. This approach emphasises four distinct phases through which entrepreneurs will pass in order for them to start and manage their new venture. These phases are as follows:

➤ **Identify and evaluate the opportunity**

Entrepreneurs will need to identify opportunities. These opportunities will present themselves within the entrepreneur's environment. The entrepreneur will have to evaluate the opportunity based on its feasibility and viability. Entrepreneurs must then decide to either start the new venture or to reject the possibility of implementing the opportunity (Nieman 2002: 61 and Hisrich and Peters 2002: 40).

➤ **Develop a business plan**

Developing a business plan will assist the entrepreneur to understand the resources required, the risks involved and how best to manage the possible venture. The business plan must include plans for the marketing, finance and operations of the organisation. In addition, an organisational plan must be developed and other factors must be taken into account, depending on the particular venture and the environment. The business plan will provide the entrepreneur with a guideline or a plan for the future as well as an understanding of the environment, the organisation and future decisions that might need to be made (Nieman 2002: 62 Hisrich and Peters 2002: 223 and Wickham 2001: 190).



➤ **Determining the resource requirements**

Entrepreneurs will need to establish the requirements for the new venture. Entrepreneurs determine what resources are currently at their disposal, what resources are going to be needed, the timeframe within which these resources will be required and the staff requirements. Not all of these resources are needed in the initial stages which means that resources must be effectively managed (Nieman 2002: 62 and Hisrich and Peters 2002: 42).

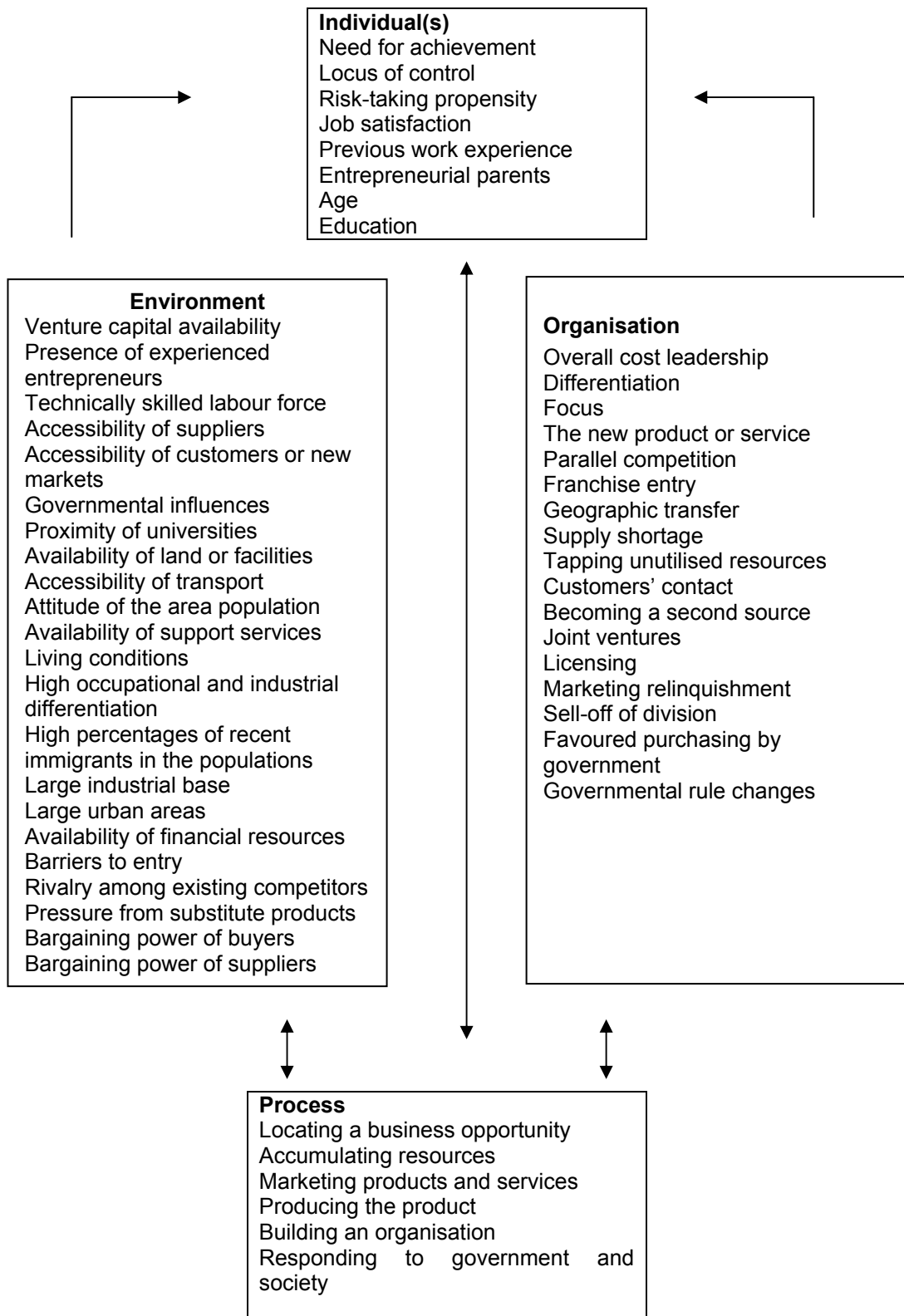
➤ **Start and manage the enterprise**

Once entrepreneurs have progressed through the first three stages detailed above, they will be ready to start the new venture. Entrepreneurs will implement their own management style, establish control systems and attempt to create an established business (Nieman 2002: 63 and Hisrich and Peters 2002: 42).

We will now expand on the above process using Gartner's Multidimensional approach as discussed in Kuratko and Hodgetts (1998:46). Gartner views the entrepreneurial process as a complex, multidimensional framework that includes the entrepreneur, the environment, the organisation and the process. This approach tries to identify most of the variables and influences that will affect the creation of a new venture.

The following figure illustrates some of the variables that may impact on the entrepreneur, the environment and the new venture.

**Figure 2.1: Variables in new venture creation**



Source: Adapted from Kuratko and Hodgetts (1998: 46).

The definition of entrepreneurship and the entrepreneurial process is now considered and a clear picture has emerged. As entrepreneurs pass through the process, many factors will influence their decisions, for example, the entrepreneur's personality and experiences, the environment within which he/she operates, or the organisation that he/she is trying to create. As indicated by Kuratko and Hodgetts (1998:46), all of the above factors play a part in the entrepreneurial process.

This process is a guide to the phases that an entrepreneur is likely to pursue when starting a new venture. As a business develops and grows, it too will pass through several phases in its existence. Churchill and Lewis (1983: 30) developed a life-cycle framework for small business. These authors believe that an entrepreneurial venture will pass through five phases. The principle behind their theory is that the venture is likely to experience common problems which emerge at similar stages of its development. The authors created a usable framework using these common factors. This framework can assist owner-managers, support agents and governments with the process of assessing the business, its management, the planning process and many more fundamental decisions.

This framework includes five stages of development. Many authors, including Sullivan (2000:164) and Nieman (2002:64), have adapted the Churchill and Lewis life-cycle approach to understanding small business development.

**Table 2.5: Stages of the business's life cycle**

<b>Stages</b>	<b>Churchill and Lewis (1983:31)</b>	<b>Nieman (2002:64)</b>	<b>Sullivan (2000:164)</b>
Stage 1	Existence	Incubation	Conception
Stage 2	Survival	Start-up and infancy	Survival
Stage 3	Success	Breakthrough	Stabilisation
Stage 4	Take-off	Maturity	Growth
Stage 5	Maturity	Decline	Maturity

Source: Adapted from Churchill and Lewis (1983:31), Nieman (2002:64) and Sullivan (2000:164).

Sullivan's adaptation has been used for this study because of its relevancy to the study of mentoring entrepreneurs. The stages have been described in terms of the actions of entrepreneurs and the position in which they find themselves.

➤ **Stage 1: Conception**

The main concern for the entrepreneur will be the identification of an opportunity and development of this opportunity. A business plan will need to be developed and a decision will need to be made about whether to accept or reject the project. The entrepreneur must then start the business and generate sales (Sullivan 2000:164). Other start-up activities, such as legal considerations and staff selection, will then be pursued (Nieman 2002:64).

➤ **Stage 2: Survival**

The business is breaking even and demonstrating its ability to operate at a very simple level, generating sales and cash flow

and often showing signs of growth potential. Entrepreneurs normally have a very 'hands-on' approach (Nieman 2002:64).

➤ **Stage 3: Stabilisation**

The company can maintain its current levels, allowing the owner-manager to eliminate cash flow problems. The business can actually successfully remain in this at this stage if there are no major market changes. Entrepreneurs will be concerned with maintaining the business's current market base and will need to embrace the challenges of growing that base (Sullivan 2000:164).

➤ **Stage 4: Growth**

The dominant question at this stage is whether or not to grow the business. Entrepreneurs will try to gain a larger share of the market. The business will incur increasing costs which impacts on cash flow, on production and on the organisation as a whole. These changes will need to be effectively managed in order to meet the business's new commitments. The business will need to consider its growth potential very carefully as this will impact on cash flow and other financial considerations (Churchill and Lewis 1983:40).

➤ **Stage 5: Maturity**

At this stage, the company will need to have financial controls, professional staff and well-developed systems and resources. The company has the opportunity to develop further or it could risk stagnation and possible decline. To avoid a decline, a business should develop new ideas to enable the business to maintain a competitive edge (Nieman 2002:65).

For the purposes of this study, one aspect of the statutory definition of SMMEs will be used. This is that SMMEs are owner-managed.

Many of the skills of the owner-manager and the entrepreneur overlap and this study will use the following definition of entrepreneurs and entrepreneurship:

The SMME owner/manager/entrepreneur will need to identify the opportunities within his or her environment and find creative ways to realise these opportunities by controlling and managing all available resources. In addition, they will need to accept all the risks and rewards associated with starting and managing their own business.

This study will assist the SMMEs to become more entrepreneurial and will assist entrepreneurs to become SMME managers. Many of the skills needed for entrepreneurial venture management and SMME management overlap and there are common goals for both.

The Global Entrepreneurship Monitor is an international assessment of entrepreneurial activity. There was participation from 37 countries, including South Africa. The study examined the South African entrepreneurial environment and the results represent an important source for any study of the entrepreneurial environment (Foxcroft, *et al*, GEM 2002:4). The GEM surveys provide a critical background to the discussion of mentoring within the context of this study.

#### **2.4 Global Entrepreneurship Monitor (GEM)**

South Africa has been fortunate enough to participate in an annual global entrepreneurial study, *The Global Entrepreneurial Monitor* (GEM), for the last three years. This is important for South Africa because of the lack of local entrepreneurial and SMME environmental research. The GEM survey is an international, long-term, multi-country survey that measures the level of entrepreneurial activity within the participating countries. The fundamental questions asked by the GEM include the following:

- How entrepreneurial is South Africa in comparison with other GEM countries?
- Is entrepreneurial activity associated with economic growth?
- What factors are associated with entrepreneurial behaviour?

(Foxcroft, *et al*, GEM 2002:10).

The surveys used four main sources for data. The first was an interview of adults using a standard GEM questionnaire. Secondly, carefully selected South African experts were interviewed and requested to complete a questionnaire. Thirdly, national economic and demographic data was assembled and analysed. Fourthly, and uniquely South African, the GEM surveyed urban disadvantaged entrepreneurs who were interviewed using a questionnaire and trained interviewers (Foxcroft, *et al*, GEM 2002:28).

This annual comparative survey helps participating countries to understand, define and focus their entrepreneurs in relation to their country's SMME policy objectives and economic growth objectives (Foxcroft, *et al*, GEM 2002:28).

The following section will detail the findings of the last three GEM surveys. The problems for South African entrepreneurs will be highlighted.

#### **2.4.1 The key findings of the GEM 2001, 2002 and 2003 studies – The South African context**

##### **(a) The findings of GEM 2001 (p3)**

- South Africa, as a new democratic country with new opportunities available to all its people, has *average* total entrepreneurial activity (TEA). However, it scores the lowest of the developing countries.

- South Africans are starting new ventures. Unfortunately, South Africans are finding it difficult to turn their start-up ventures into sustainable businesses.
- The results of the survey suggest that South African entrepreneurs have a low survival rate.
- GEM 2001 indicated that South Africans, although they are able to identify the opportunities, do not believe that they have the skills to take advantage of these opportunities.

(Driver, *et al*, GEM 2001: p. 3).

**(b) The findings of GEM 2002 (p. 14)**

- South Africa's total entrepreneurial activity has deteriorated from the results obtained in 2001. Unfortunately, South Africa has the lowest scores of entrepreneurial activity among the developing countries.
- South Africa has a larger than average number of necessity entrepreneurs and a lower than average number of opportunity entrepreneurs.
- South Africans are starting businesses but are unable to turn them into sustainable businesses. This means that South African entrepreneurial ventures have a low survival rate.

(Foxcroft *et al*, GEM 2002:14).



### **(c) The findings of GEM 2003**

- South Africa's total entrepreneurial activity has continued to decline and is still significantly the lowest of the participating developing countries (Orford *et al*, GEM 2003:18).
  
- One of the reasons for the low entrepreneurial rating identified by the GEM 2003 is that South Africans believe they do not have the necessary skills and experience to start businesses (Orford *et al*, GEM 2003:18).
  
- South Africa is in need of an entrepreneurial society. It has been suggested that two priorities are evident. These include increased entrepreneurial awareness in the school education system and increased training with existing entrepreneurs.  
(Orford *et al*, GEM 2003 Update:1).

The GEM surveys broadly identified the demographic characteristics of South African entrepreneurs and the major issues facing them. Identifying these issues is critically important because it provides decision-making authorities in the enabling environment with the opportunity to focus on the relevant activities related to the South African entrepreneur.

The broad demographic structure of South African entrepreneurs is that one in eighteen South African adults are starting or managing their own business. They are mostly between the ages a 35 and 54 years of age. Approximately twice as many South African entrepreneurs are male. The proportion of black adult entrepreneurs involved in a start-up business or new business is roughly half that of whites and Indians (Driver, *et al*, GEM 2001:3).

Based on the South African government's economic objective, which is economic growth and job creation, it is imperative that the GEM

establishes the impact of South African entrepreneurs on economic growth and job creation.

As previously indicated, South Africa has a high number of start-up businesses. It is significant to note that there is a low survival rate among these business. Cant *et al*, (2002:1) have estimated that the SMME failure rate is between 70% and 80%. This figure is confirmed by Eamonn (2003:13).

The GEM surveys have shown that the higher the number of new businesses created, the higher the projected economic growth for the participating countries. This indicates that, in order for entrepreneurial activity to have a significant affect on economic growth, entrepreneurs must create sustainable businesses based on entrepreneurial performance (Foxcroft, *et al*, GEM 2002:17 and Driver, *et al*, GEM 2001:49).

In terms of job creation, the GEM 2002 indicated that entrepreneurs are significant job creators if the start-up entrepreneur can progress to the new business or established business stage (Foxcroft, *et al*, GEM 2002:20). For the South African government to meet its objectives, entrepreneurs must create sustainable businesses (Foxcroft, *et al*, GEM 2002:20 and Driver, *et al*, GEM 2001:49). This means that South African entrepreneurs must progress beyond the start-up phase of the entrepreneurial process in order for these to have a significant effect on economic development.

GEM 2003 (Orford *et al*, GEM 2003:9) illustrates that South Africa has a significantly lower number of new businesses or established businesses compared to its counterparts in other developing countries. This is a major concern for South Africa because of the impact of this on job creation (Orford *et al*, GEM 2003:9).

The GEM studies highlight many of the problems facing South African entrepreneurs. The major problems include education and experience, cultural and social norms, financial support and government policies.

#### **2.4.2 Education and experience**

The GEM 2001, 2002 and 2003 surveys have identified education and training as one of the major problems facing South African entrepreneurs. The legacy of apartheid has left the vast majority of South Africans with a lack of basic skills. For example, more than 50% of the population have not obtained a grade 12 qualification and only 6% of the population have some form of tertiary education (Driver, *et al*, GEM 2001:39).

South Africa's education system rated very poorly in international competitiveness studies. South Africa was in 47<sup>th</sup> place out of the 47 countries studied in skilled labour and education systems (Bukula 2000:65).

The following table provides a breakdown of the South African education profile for individuals over the age of 20. The indication is that only 29% of the population have an education qualification higher than Grade 12 or Standard 10.

**Table 2.6: Education levels achieved – Percentage of people over the age of 20**

No schooling	17,9%
Some primary school education	16,0%
Completed primary school education	6,4%
Some secondary school education	30,8%
Grade 12/Std 10	20,4%
Higher education	8,4%

Source: Adapted from Census (2001:42).

Almost 18% of South Africans aged 20 years or more have no education, while only 8,4% of the population have post-school qualifications.

When the South African government compiled its SMME development and support strategy, it identified education and training as well as South Africa's previous apartheid education system as one of the major obstacles faced by the SMME sector. This was reiterated by GEM 2003 (Orford *et al*, GEM 2003:18).

Included in this problem was the lack of entrepreneurial training for young people, which would expose them to the opportunities available in terms of career development and provide them with exposure in the marketplace (Government Gazette 1995:11). This legacy has impacted on confidence, initiative and creative thinking, all of which are traits required by successful entrepreneurs (Driver, *et al*, GEM 2001:4).

Education does not affect the decision about who enters the start-up phase in the entrepreneurial process (Foxcroft, *et al*, GEM 2002:22). However, education has a serious impact on entrepreneurial performance. The GEM 2002 survey indicated that people with a grade 12 or tertiary education are more likely to progress through the start-up phases of the business and ultimately create a sustainable business. The entrepreneurs who have a tertiary education are three times more likely to create an established and growth-oriented business than those who do not have any tertiary education.

The expert informants who participated in the GEM 2001 survey believe that South Africa could improve this situation by integrating

business and management skills into the South African education system. Technical skills training in areas such as science, maths, engineering and technology should be drastically increased. Focusing on education and training to advance entrepreneurial performance is critically important (Driver, *et al*, GEM 2001:41). However, this is a long-term strategy and many entrepreneurs need assistance and support either immediately or in the short term.

Not only is it important to develop technical skills and management skills in South Africa but many studies show the importance of entrepreneurial education (Anderson and Jack 1999:2 and Van Vuuren 2001:2). Entrepreneurial education and training builds awareness, improves attitudes and creates a positive perception of entrepreneurship as a career option. The demand for entrepreneurial education and training arises from various sources, including government, learners and the broad business environment Anderson and Jack (1999:3).

This view is supported by Bukula (2000:67), who believes that the lack of entrepreneurial education in South African schools is one of South Africa biggest failings.

The importance of education and training as a means for entrepreneurs to create sustainable businesses has been well documented in many studies. Kennedy and Drennan (2001:165) compare the results of multiple studies relating to the influence of education and prior experience on the performance of entrepreneurs. The authors concluded that the level of education, previous entrepreneurial experience and business similarity experience definitely impact on the success of new ventures.

The GEM 2001 survey identified that entrepreneurs who have prior entrepreneurial experience are ten times more likely to turn start-up businesses into sustainable businesses than those who are first-time entrepreneurs. The GEM 2001 survey also suggests that those entrepreneurs with previous similar business experience have an increased chance of success for the entrepreneurial start-up business (Driver, *et al*, GEM 2001:23).

Kennedy and Drennan (2001:166), who refer to the work of Vesper, indicate that “entrepreneurial experience” and “business similarity experience” also impact on the performance of the entrepreneur. Apartheid impacted on the majority of people obtaining vital formal business experience as well as entrepreneurial experience. Ultimately, this had a negative effect on the performance of South African entrepreneurs (Driver, *et al*, GEM 2001:6).

The previous research results are also sustained by Cooper, Gimeno-Gascon and Woo (1994:389-390), who conducted an extensive study in this regard. Their research findings indicate that education and business similarity experience do have a fundamental impact on entrepreneurial performance.

Another significant problem faced by South African entrepreneurs, as identified in the GEM surveys, is cultural and social norms.

### **2.4.3 Cultural and social norms**

The majority of the expert informants emphasised the importance of a country having an entrepreneurial culture (Driver, *et al*, GEM 2001:42). There are many factors that contribute to an entrepreneurial culture, which are lacking in South Africa. Some of

these factors include attitudes towards entrepreneurship, entrepreneurs as role models, negative individual mindsets, entrepreneurial teams, trust and relationship building.

South Africa's past history has had a major impact on the entrepreneurial culture of many South African citizens. Many of the apartheid laws had a negative impact on the way in which people view entrepreneurship (Van Aardt 2000:4, Government Gazette 1995:11). As previously discussed, the creation process, resource allocation, risk acceptance and rewards are essential if entrepreneurship is to succeed. The previous South African government created an environment that promoted an anti-entrepreneurial culture, which decreased the inclination of the majority of the population to start new ventures (Morrison 2000:58). The results of this oppressive government have affected the personal attitudes of potential entrepreneurs by affecting their leadership, creativity, self-reliance and self-confidence. All of these characteristics are essential to fostering an entrepreneurial environment (Morrison 2000:58).

Bukula (2000:67) indicates that many individuals still prefer to be employed in other businesses rather than self-employed. The author also stressed that many entrepreneurs start their businesses based on negative factors as opposed to positive factors. These negative factors can include unemployment or escaping corporate sector policies such as affirmative action or retrenchment. Unfortunately, it is these negative factors that are associated with entrepreneurship in South Africa.

### **(a) Attitudes to entrepreneurship and role models**

Gnyawali and Fogel (1994:49) state that the presence of experienced and successful entrepreneurs is important because it shows the community that entrepreneurship can be an attractive career prospect. South Africa has attempted to create an environment in which entrepreneurship is celebrated and in which entrepreneurial role models are becoming more visible (Foxcroft, *et al*, GEM 2002:50).

### **(b) Negative individual mindsets**

Negative public attitude can affect the desire, confidence and motivation of the entrepreneur to create a new venture (Gnyawali and Fogel 1994:46). Entrepreneurs need individual drive, passion, self-confidence, initiative and perseverance. Many of the informants felt that these qualities are not readily evident in many South Africans. They also indicated that these qualities could be nurtured and cultivated to create an entrepreneurial mindset (Driver, *et al*, GEM 2001:43). The first attempt at starting a business will be a failure for many entrepreneurs. Unfortunately, South Africans attach a stigma to such failures which makes starting a new venture less appealing (Driver, *et al*, GEM 2001:43).

The GEM 2002 survey indicated that the government is improving the status of entrepreneurs in their communities, and the attitudes towards entrepreneurship, by using the media and entrepreneurial awards. Both of these tools are having an impact on the mindsets of South Africans (Foxcroft, *et al*, GEM 2002:46).



### **(c) Entrepreneurial team**

The GEM 2001 survey indicated that, in South Africa, 62% of South Africa's entrepreneurs are starting businesses on their own (Driver, *et al*, GEM 2001:31). Considering that South Africa has a high failure rate among start-up entrepreneurs, entrepreneurs should form new venture teams to assist them to progress from start-up ventures to established businesses.

Start-up businesses that use entrepreneurial teams are more likely to succeed than those businesses started by single entrepreneurs (Kuratko and Hodgetts 1998:105, Hisrich and Peters 2002:306 and Cooper and Daily 1997:127).

Many successful entrepreneurs operate within a team and use the team to achieve their goals. The team invariably complements the entrepreneur's skills (Kuratko and Hodgetts 1998:105). The success of the entrepreneurial venture often depends to a great extent on the entrepreneurial team. Hisrich and Peters (2002:306) confirm that, if entrepreneurs do not have all the skills required, they must be able to select an advisor and/or a team member who does possess the requisite skills and experience. This will assist entrepreneurs to achieve their goals. This observation is also reported by Timmons (1999:40).

Cooper and Daily (1997:127) emphasise the role of the entrepreneurial team and its composition. The authors indicate that many investors investigate the composition of the entrepreneurial team as one of their main criteria prior to investing in a venture.

Van Aardt, *et al* (2000:5), believe that people are one of the entrepreneur's best assets as they are able to contribute in many areas. The members of the team can be made up of co-founders, employees and advisors, all of whom can offer support, expertise and experience.

The above-mentioned authors (*ibid*) reinforce the concerns of the GEM 2001 survey which indicates that start-up businesses that have an entrepreneurial team are more likely to progress to the established business stage than start-up businesses that are initiated by one individual.

As is the case with any new venture, financial support forms a critical factor to the success of the new venture. Many of South Africa's entrepreneurs have a great deal of difficulty in securing funding, and establishing trust and communication with financial institutions.

#### **2.4.4 Financial support**

##### **(a) Financial System**

One of the elements required for an effective entrepreneurship-enabling environment is a strong financial system. Many of the informants in the GEM 2001 survey believe that South Africa has sufficient capital. However, they pointed out several gaps in the supply of this capital. These factors include poor interaction between financial institutions and entrepreneurs and *vice versa*, as well as a relatively new venture capital industry (Driver, *et al*, GEM 2001:44).

##### **(b) Financial institutions**

South African financial institutions have operated mainly in the large corporation arena. This has affected their ability to deal with new

and small enterprises. Assessing small and new businesses does not form part of a financial institution's priorities (Driver, *et al*, GEM 2001:44). Many South African financial institutions view small businesses as high-risk prospects that lack track records, collateral and business experience. Small businesses often do not qualify for finance due to the lack of collateral and related security issues (Foxcroft, *et al*, GEM 2002:49).

The GEM 2003 survey indicated that, on average, financial institutions do not actively support entrepreneurs. In addition, the majority of the financing of entrepreneurial ventures is self-funding or informal funding, including friends, family and colleagues (Orford *et al*, GEM 2003:36).

Rwigema and Venter (2004:390) agree that traditional financial institutions view informal SMMEs as high-risk areas that have poor collateral and high administrative costs. Traditional financial institutions often have stringent funding requirements for small businesses. These requirements often represent barriers for entrepreneurs which forces them to approach alternative forms of financing (Rwigema and Venter, 2004:394).

### **(c) South African entrepreneurs**

South African entrepreneurs are ill-equipped to communicate effectively with financial institutions. They tend to be intimidated by financial institutions and are not very confident about their presentation and business skills. This hinders the entrepreneur's ability to sell a business plan successfully to the institutions (Driver, *et al*, GEM 2001:45; Foxcroft, *et al*, GEM 2002:43).

Rwigema and Venter (2004:394) indicate that entrepreneurs frequently face language and cultural barriers in their communication with financial institutions.

#### **(d) Trust and relationship building**

South African entrepreneurs from different cultural groups, communities and backgrounds battle to develop relationships with financial institutions.

Relationships and trust need to be developed in order to operate in the South African business environment (Driver, *et al*, GEM 2001:44). The GEM 2002 survey reaffirmed that entrepreneurs have difficulty in communicating with financial institutions and that financial institutions do not understand the difficulties associated with owning a small business. This impacts on the level of trust and the development of relationships (Foxcroft, *et al*, GEM 2002: 43).

#### **(e) Venture capital**

South Africa's venture capital industry is in its infancy and many managers have experience in a corporate environment but do not have experience in entrepreneurship. This inexperience affects the decisions made by managers and the start-up funds that are made available. South Africa's venture capital industry tends to operate with a 'hands-off' approach which means that support is not provided to entrepreneurs. Management advice or networking is often provided to entrepreneurs in other countries (Driver, *et al*, GEM 2001:46).

Mike Thompson, who was the President of the Cape Chamber of Commerce on the 17<sup>th</sup> May 2001, believes that South African banks are not really geared to financing SMME projects through venture capital. Thompson felt that many banks lacked the requisite skills to deal with SMME projects (Bolin 2001:1).

A survey conducted by SACOB (1999:12) confirmed many of these concerns. Many South African financial institutions avoid financing the small loan sector because they view it as unprofitable and risky. SACOB also indicated that lack of access to finance is often directly related to the failure of entrepreneurial ventures.

These factors all impact on developing entrepreneurial performance and government intervention is necessary to create an environment that is conducive to entrepreneurial development.

#### **2.4.5 Government policies**

The GEM 2001 survey indicated that many of the government's current policies are not conducive to the development and advancement of entrepreneurs. South Africa has placed a high administrative burden on the entrepreneur as far as formalising and administering the new venture are concerned. In particular, tax, labour and other legislation are obstacles to the development of entrepreneurship (Driver, *et al*, GEM 2001:46). Gnyawali and Fogel (1994:46) mention that excessive regulatory requirements for entrepreneurs create an environment that discourages entrepreneurship.

The government has an important role to play in supporting and stimulating entrepreneurial activity. The areas in which government can assist include the following:

- **Macro economic stability.** Economic stability will allow entrepreneurs to evaluate opportunities and risks. This will result in an increase in the number of potential entrepreneurs.
- **Taxation.** A complicated tax system discourages the development of entrepreneurs and investment in SMMEs.
- **Regulations.** By reducing and simplifying regulations and compliances, entrepreneurs will be encouraged to formalise existing businesses and to start new businesses.
- **Access to public sector markets.** Governments are normally the biggest spenders in any economy. By allowing small business to participate in obtaining a share of this market, entrepreneurial activity is likely to increase.
- **Culture.** Government can assist by reinforcing positive attitudes to innovation, risk taking and social perspective. This will result in the promotion and stimulation of entrepreneurial activity.

(Glancey and McQuaid, 2000:176-180).

The SACOB (1999:4) study indicated that the regulatory environment for SMMEs should be facilitating. The goal should be to improve the SMME environment and to not over-burden the SMME sector with development issues.

A balance needs to be created between regulations, costs associated with entry into an entrepreneurial venture, administration, the need to maintain reasonable business practices and environmental standards. It is important that regulations do not create barriers to informal business making the transition to formal

business. The contribution of small business to South Africa's growing national economy must constantly be borne in mind. The goal must be to establish a better regulation structure and to ensure that the simplified regulatory structure is enforced (SME Alert, 2002:5).

## **2.5 CONCLUSION**

Chapter 2 attempts to explain South African entrepreneurs, the environment in which they operate and the difficulties that they face. In addition, the impact on entrepreneurs of financial institutions, the government and the education system is also discussed.

South African entrepreneurs have many environmental obstacles to overcome. The removal of obstacles such as poor education and lack of experience will only be resolved in the long term. Other minor obstacles can be overcome within a shorter timeframe.

The reality is that people are going to start businesses now, regardless of the obstacles they face. This is in part a result of the economic problems currently present in South Africa. The entrepreneurs who decide to pursue new businesses are in need of immediate support. This intervention will assist entrepreneurs to develop sustainable businesses in the long term. Developing sustainable businesses will contribute towards employment and economic growth which will impact positively on South Africa.

However, it has been indicated that South Africa has a low survival rate among its start-up entrepreneurs which means that the entrepreneur's impact on economic growth and job creation will fall short of the government's economic and job creation objectives.

It is vital that SMME and entrepreneurship development be taken seriously if the South African entrepreneurial environment is to

improve. The government has established several organisations to help with the support and development of entrepreneurs. Government is developing policies and regulatory conditions that will promote SMME development by providing organisations with more latitude to assist, promote and develop SMMEs in accordance with the government's objectives (Ntsika 2001:57-75). Part of this strategy will include the appointment of mentors who will assist the government to realise its objectives.

Chapter 3 will discuss mentors, the mentoring process and the skills required to assist the mentors.



## CHAPTER 3

### THE NATURE AND ROLE OF ENTREPRENEURSHIP MENTORS AND THE SKILLS SETS REQUIRED

#### 3.1 INTRODUCTION

The South African government has identified the SMME sector as an important vehicle to effect change by assisting in job creation, economic growth and in creating equity within the South African labour market (as indicated in Chapter 2). To this end, the government has devised a strategy that is designed to support and develop the SMME sector.

The key objectives of this National Small Business Strategy (1995) is as follows:

- Creating an enabling environment for small business.
- Facilitating greater equity in income, wealth and earning opportunities.
- Creating long-term employment.
- Stimulating sector-focused economic growth.
- Strengthening the cohesion between small enterprises.
- Levelling the playing fields between big and small businesses as well as between rural and urban businesses.

Government Gazette (1995:15).

The government has identified several fundamental principles that will assist in trying to achieve these objectives. These principles need to be understood in order to fully appreciate the objectives of the strategy.

Gynawali and Fogel (1994:54), whose survey is concerned with the entrepreneurial environment, identify three objectives that a government should consider when it designs its policy for small business and for entrepreneurs. *Firstly*, the role of government and other agencies should be to increase opportunities for the potential entrepreneurs. *Secondly*, an emphasis must be placed on developing and motivating potential entrepreneurs. *Thirdly*, an effort should be made to enhance the ability of potential entrepreneurs to start and establish the new venture.

Bukula (2000:14) highlights three factors that contribute to a successful national strategy on creating an environment in which effective entrepreneurship is enabled. *Firstly*, entrepreneurs need to have access to open and functioning markets. *Secondly*, the government programs must be well designed and correctly targeted. This will encourage entrepreneurs and provide information and financing for would-be entrepreneurs. *Thirdly*, a supportive environment nurtures both successful entrepreneurs and those who have failed in their endeavours.

The South African national strategy for small business also factors in these principles in the design of their strategy. This is evident when you consider the organisations formed by the government to promote and develop small business.

The South African government's strategy for small business forms part of the overall national economic strategy which includes big corporations, multinationals, parastatals, NGOs and other non-business organisations that are striving to achieve common goals. The government intends to offer a more holistic approach to small business support which should be more demand-orientated. These services have cost implications for the end-users. The result is that a 'fee for service culture' is created among small business operators. The provision of such services is linked to the compliance of the end-

users and includes generally accepted standards for business practices. The government has designed this strategy in such a way that it will assist SMMEs to comply with certain standards and requirements. The agencies that offer support and use government resources must be accountable for their performance and their progress. The process of restructuring the SMME sector is a gradual and flexible process and many of these support agencies will need to be created or restructured and enhanced so that they can operate in an ever-changing environment (Government Gazette 1995:18).

### **3.2 GLOBAL PERSPECTIVE**

A global assessment details specific examples of countries that have SMME development strategies. These include the United States of America, Japan, Germany and Scotland. The United States of America which, through its Small Business Act of 1953, identified small business as important and in need of assistance. The act allowed for the creation of the Small Business Administration to oversee the interests of the small business sector. Japan focused its small business strategy on the elimination of barriers to the establishment of small business and the modernisation of businesses. Germany assisted its small business sector by reducing the impact of the barriers that hinder small business formation and growth (Glancey and McQuaid, 2000:176). Scotland focuses on encouraging start-up entrepreneurs and supporting the entrepreneur during the initial stages of the business (Deakin *et al*, 1997:5).

The South African government has adopted a strategy that will hopefully improve South Africa's entrepreneurial performance. This strategy is not too dissimilar to that developed by the United Kingdom. The United Kingdom has followed a strategy in which they aim to create an entrepreneurial culture, commonly called an 'enterprise culture'. This government identified the importance and

role of support agencies in trying to achieve this 'enterprise culture' (Deakins, 1996:136).

The support agencies are tasked with facilitating the enterprise culture. The main functions of the support agencies are to:

- Nurture the start-up business.
- Stimulate entrepreneurial activity.
- Raise entrepreneurial awareness.

(Deakin, 1993: 57).

The government of the United Kingdom, like most governments, identified the importance of the SMME sector to achieving its objectives of job creation and economic growth. In the late 1980s and early 1990s, a SMME support strategy was pursued that targeted existing businesses that employed between 20 and 200 employees. These businesses had high growth potential. This strategy was supported by the research conducted by David Storey who believed that the support should focus on growth-oriented businesses. Business Links and Personal Business Advisors (support agencies) began to focus their support on 'growth' businesses and began to reduce the support offered to start-up business (Deakens and Ram, 1994:361).

However, in the late 1990s, the United Kingdom realigned the strategy to redirect this support. The new direction would focus on pre-start-up entrepreneurs and start-up entrepreneurs. The support agencies used were *Business link* and *Personal Business Advisors* (PBA) that were created in the early 1990s to support the SMME sector. These organisations were created to assist the United Kingdom to achieve its economic objectives (Deakin *et al*, 2000:159). The author also discusses several programs that were used by the support agencies, one of which included a mentoring program. This program allowed the mentor to intervene at the pre-start and early

stages of the entrepreneurial process, thereby increasing the birth rate of start-up businesses.

The SMME strategies identified were generally implemented to decrease business failures, to stimulate new business, to develop skills and to identify opportunities.

### **3.3 MENTORSHIP IN SOUTH AFRICA**

Mentoring has been identified as an important means of assisting with the implementation of the government's objectives for SMME development. Although mentoring was identified as important, there is very little research pertaining to mentorship in South Africa.

South Africa developed a micro-economic reform strategy called *Vision 2014*. This strategy is a vision for South Africa's future. The strategy will focus on growing the economy, creating employment and increasing equity by allowing all South Africans to participate in creating sustainable development (Dobson, 2002:4).

The government has identified key factors that can facilitate the achievement of transformation. Small business development was included within these key factors and the contribution of small businesses to this transformation will include the following:

- Sectoral initiatives to promote SMME business.
- New support products for small business.
- Greater co-ordination from government.
- **The consolidation of all mentoring support projects.**
- Improved access to finance.
- Improved access to markets.
- The promotion of entrepreneurship.
- Expanded support services.

(Dobson, 2002:23).

This emphasised the South African government's commitment to the development of entrepreneurs and small businesses as well as their intention to utilise the mentoring approach to assist small businesses and, ultimately, to achieve the government's goals.

The responsibility for support, promotion and assistance of the SMME sector falls on the shoulders of many organisations. These organisations/entities include the government as a whole, parastatals, NGOs, business associations and private and foreign donor agencies. In addition, the South African government has created organisations to help to achieve the government's national objectives. These organisations will now be discussed.

### **3.3.1 National Small Business Council (NSBC)**

The NSBC was established with the enactment of the National Small Business Act of 1996. The Small Business Council's main function is to:

- represent and promote the interests of small business, with emphasis on those entities contemplated in the National Small Business Support Strategy; and
- advise the national, provincial and local spheres of government on social and economic policy that promotes the development of small business.

(Government Gazette, 1995:40).

The main aim of the NBSC is to safeguard the interests of the SMME sector throughout South Africa (National Small Business Act 1996:3).

### **3.3.2 Ntsika Enterprise Promotion Agency**

Ntsika was established with the enactment of the National Small Business Act of 1996. The main purpose of Ntsika is the delivery of programs for the support and promotion of small business. Ntsika acts as an intermediary between government, the private sector and service providers in order to provide non-financial services to SMMEs (Ntsika, 2003). The main functions of Ntsika include the following:

- Expanding, co-ordinating and monitoring the provision of training, advice, counselling and any other non-financial services to small business in accordance with the National Small Business Support Strategy.
- Providing financial support to service providers that provide the services detailed above.
- Consulting with any department of the government, the Council or a service provider in order to:
  - facilitate the provision of business advice and counselling services to small business,
  - facilitate access by small business to raw material and other products,
  - facilitate international and national market access for the products and services of small business, and
  - generally, to strengthen the capacity of service providers to support small business and, as a result, to assist small business to compete successfully in the economy.

- Formulating and co-ordinating a national programme of policy research, collection and dissemination of information concerning small business.

(National Small Business Act, 1996:8).

Ntsika is divided into four departments, namely:

- **Management and Entrepreneurial Development Division**

The aim of this unit is to improve the training, counselling, information and management skills of the service providers. The division deals with new and existing enterprises run by the youth, women, disabled people and rural entrepreneurs. The division is creating an entrepreneurial culture by means of programmes implemented at schools, universities, technikons and the private sector.

- **Business Development Services Division**

The aim of this division is to create a network of local, regional and national Local Business Service Centres (LBSC). The division assists the LBSC with capacity building and training which, in turn, assists the SMME sector with non-financial services. These services offered by the LBSC may include, but are not limited to, business skills and entrepreneurial skills training, counselling, mentoring, information and market research, networking, and referrals.

- **Marketing and Business Linkage Division**

The aim of this division is to remove market constraints that affect SMMEs. It facilitates the expansion of domestic and international markets by assisting entrepreneurs with market development through the business linkages.



➤ **Policy, Research and Information**

The aim of this division is to support policy formation, design and implementation. The division gathers data and research on SMMEs. This information is then disseminated.

**3.3.3 Khula Enterprise Finance Ltd (Khula)**

Khula is a wholesale lending institution that was established in 1996 through the Department of Trade and Industry. Khula is an independent limited liability company. The aim of Khula is to improve the lending resources for SMMEs. Khula does not lend money directly to the SMME, but to financiers who act as intermediaries between Khula and the SMME. These intermediaries include commercial banks, retail financial intermediaries (RFIs) and micro-credit outlets (MCOs) (Khula, 2003).

Khula's aim is to provide the SMME sector with access to loans and equity by offering a full range of financial services and information. It offers five services to the financial institutions; namely, Business Loans, Credit Guarantees, Seed Loans, Equity Funding and Capacity Building. Khula's intention is to absorb some of the risk by assuming a portion of the intended finance by means of guarantees.

Khula also offers a mentorship service that guides and counsels entrepreneurs in various aspects of managing a business. The aim of the Thuso Mentorship Program is to transfer skills to new entrepreneurs and to assist them to create a sustainable business using suitable accredited mentors. The Thuso Mentorship program is able to offer pre-loan and post-loan assistance.

### 3.4 MENTORSHIP

Bygrave (1989:7) argues that entrepreneurship is a relatively new research area in the management sciences. Ensher *et al*, (2000:100), supports this by stating that much of the research has focused on entrepreneurs, their motivation and the entrepreneurial process. This has resulted in very little research being conducted into specific and significant relationships for entrepreneurs. This includes the concept of mentorship.

The South African government has indicated, through its national strategy, that it views small business and entrepreneurs as very important contributors to the national economy. The South African government has developed various strategies that will facilitate the prosperity of entrepreneurs and small businesses. This study is concerned with only one aspect of the national small business development – advice and education that are specifically related to entrepreneurship mentoring.

The government has indicated that they view mentors as an important tool to assisting it to achieve its strategic goals.

In 1998, the South African Government held a Presidential Job Summit to highlight the government's intentions with respect to job creation, improving industrial and labour relations and creating sustainable growth and development. The summit identified the establishment of a national Mentorship Scheme that will add value to the SMME sector and, as a result, have an effect on the job creation and wealth distribution in South Africa. The government thus views a mentorship scheme as a vehicle that can assist in achieving two of South Africa's key economic objectives (Jobs Summit Declaration, 1998:3).

Dr Allistair Ruiters - Director General in the Department of Trade and Industry - is quoted in the Ntsika Annual Review of Small Business 2000 as saying "I cannot over emphasise the importance of providing ongoing support, mentoring and the general promotion of small enterprises" (Ntsika Annual Review, 2000:6). This comment is reinforced in 2002 (Business Report 2002:2). These public comments by leading representatives of the national government highlight the importance of supporting entrepreneurs and of formulating an acceptable approach to providing this mentorship support.

In order to understand why mentoring is so important to the support and development of entrepreneurs, one must define and understand mentors their role in the support and development of entrepreneurs. It is important that, in this process of understanding mentoring, we must define mentoring.

### **3.4.1 Defining mentoring**

The Oxford Dictionary defines a mentor as '*n.* an experienced and trusted adviser.'

Mentoring has been a part of the learning process for many years, dating as far as back as ancient Greece (Anderson, Kirkwood and Jack 1998:7). In recent years, the use of mentoring has formed a part of individual and group development and has improved learning processes. Mentoring can be found at work, at educational institutions and in community development projects.

Mentoring often contributes to the advancement of both mentors in their personal growth, pride and experience and of mentees in the skills that they acquire and the confidence that they gain (Klasen and Clutterbuck, 2002:1).

There are many definitions of the role of mentoring. There are, however, always common elements to every definition.

The Institute of Business Advisors South Africa (IBA) identify the mentoring relationship as: “...*business Mentoring is an ongoing, long-term business counselling relationship between an experienced business advisor and client which covers a diverse range of topics as a business develops*” (IBA 2001:1).

In Graham and O’Neill (1997:491), Collins is quoted as defining mentoring as a “*protected relationship in which learning and experimentation can occur, and potential skill can be developed in which results can be measured in terms of competencies gained rather than curricular territory covered*”.

Collins and the IBA touched on some of the common elements that are found in most definitions of mentoring. These include that mentoring is a **long-term learning relationship**, in which **skills and development are shared** and in which **certain abilities are acquired**.

Murray (1991:xiv) goes on to stress the importance of the mentors’ skills and experience, “*a deliberate pairing of a more skilled or experienced person with a lesser skilled or experienced one, with the agreed-upon goal of having the lesser skilled person grow and develop specific competencies.*” The skills and experience of the mentor are important because respect will be enhanced and they will gain credibility from the mentee (Pegg, 1999:136).

In Klasen and Clutterbuck (2002:8), Parloe defines the purpose of mentoring as, “... *to support and encourage people to manage their own learning in order that they may maximize their potential, develop their skills, improve their performance and become the person they*

*want to be.*” This definition has the essential factors related to the mentoring relationship. It shows that the mentor will use skills development to advance the mentee as well as motivational skills to encourage mentees to take control of their learning. The definition again stresses the importance, in the relationship, of learning.

Entrepreneurial mentoring will include all of these factors. Anderson *et al*, (1998:8), believe that the purpose of entrepreneurial mentoring is to allow the mentees to be guided by experienced mentors, thereby enabling mentees to develop their skills and abilities. The entrepreneurial experience will be improved as a result.

Several factors have been identified in the definitions of mentoring. These factors indicate that the mentoring relationship is a long-term relationship that focuses on learning and developing. The objective of the mentoring process is to assist the mentees to acquire certain skills or competencies. Emphasis is placed on the mentor’s prior experience, skills capabilities and the ability to motivate and support mentees. This highlights important questions, such as “Who is a mentor?”, “What skills do they possess?”, and “What role do mentors play in the mentoring process?” In addition, the definitions stress the importance of learning in the mentor-mentee relationship.

### **3.4.2 Learning**

Learning is a fundamental component of the mentoring process. An important component of the entrepreneur’s development is the ability to learn. The research of Cox and Jennings (1995:9) reiterates that it is the entrepreneurs’ ability to learn from their life experiences that significantly contributes to their success.

Definitions of learning indicate how complex and diverse the concept is. There are many different theories and opinions regarding the role,

importance and nature of learning in a mentorship context (Knowles *et al*,1998:10). However, several key components serve as a foundation for an understanding of learning. These components include change, fulfilling a need, learning as a product, learning as a process, learning as a function, natural growth, control, shaping, development of competencies, fulfilment of potential, personnel involvement, a self-initiated process, learner-evaluation, independent learning and learning domains.

In Knowles *et al* (1998:11), learning is defined by Boyd, Apps, *et al* (1980), as the act or process by which behavioural change, knowledge, skills and attitudes are acquired.

Kolb (1984:38), who subscribed to the belief that learning occurs through experience, defines learning as a process in which knowledge is the result of a creation process in which experience is directly conveyed. The author views this learning process as a four-staged process consisting of concrete experience, reflective observation, abstract conceptualisation and active experimentation.

Boyd's definition of learning, Kolb's experimental learning and Bell's list of five common adult axioms about adult learning indicate that:

- adult learning takes place as their needs develop;
- adults learn through their life and work experiences;
- learning is conducted by reflecting on experiences;
- adults want to be self-directed in their learning; and
- adults learn differently, based on their age and experience.

Bell (1996:25).

It becomes clear that adults learn and alter their behaviour based on their needs and experiences. This is commonly found to be true for

entrepreneurs as they also learn through experiences using a reflective process (Deaken and Freel 1998:153, Cope and Watts 2000:113, Rae and Carswell 2000:223, and Sullivan 2000:161). One of the most important aspects of entrepreneurial learning is that, in the changing world of entrepreneurship, the entrepreneur needs to understand the experience within the context of the environment (Rae and Carswell 2000:221).

Deaken and Freel (1998:146) believe that the entrepreneurial process will continually change from the start-up phase to the mature phase. Entrepreneurs must adjust their plans and actions as a means of modifying behaviour. This learning process for the entrepreneur is experimental in nature. In addition, entrepreneurs will try new ideas although they are often unsure of the outcome, and these will contribute to the learning process (Deakin and Freel 1998:153).

Cope and Watts (2000:113) suggest that entrepreneurs learn through critical incidents and these critical incidents can have a negative or positive impact on the entrepreneur and/or the business. As the entrepreneur and the business pass through the various stages of the entrepreneurial process, entrepreneurs must reflect on these critical incidents. This will enable them to learn and to alter their plans and actions.

Rae and Carswell (2000:223) indicate that entrepreneurial development and learning take place based on various themes. These themes play a key role in entrepreneurial learning and include personal values, personal theory, known capabilities, active learning and relationships.

Sullivan (2000:161) agrees with Cope and Watts that entrepreneurs learn by experience and that they will learn as the new venture

passes through the phases of the entrepreneurial process. It is at this point that entrepreneurs need to reflect and learn from prior experience. This facilitates changes to future action (Sullivan 2000:168).

It has been established that entrepreneurs learn from experience, actions, critical incidences and themes and that the ability to learn contributes to success. This learning process can be assisted and enhanced with the aid of someone who is able to assist entrepreneurs to reflect upon and understand their experiences.

Sullivan (2000:163), Cope and Watts (2000:117), Deakins and Freel (1998:153) and Rae and Carswell (2000:224) believe that, because mentoring is a good reflective learning tool, it will provide effective support for entrepreneurs by allowing them to reflect on their experiences and to understand the actions related to their position in the entrepreneurial process.

Entrepreneurial learning is based on experience and reflection. The style of entrepreneurial learning is very similar to that of action learning (Antonites 2003:135-146). Therefore, in order to gain a better understanding of entrepreneurial learning, we need to examine the nature of action learning.

### **3.4.3 Action learning**

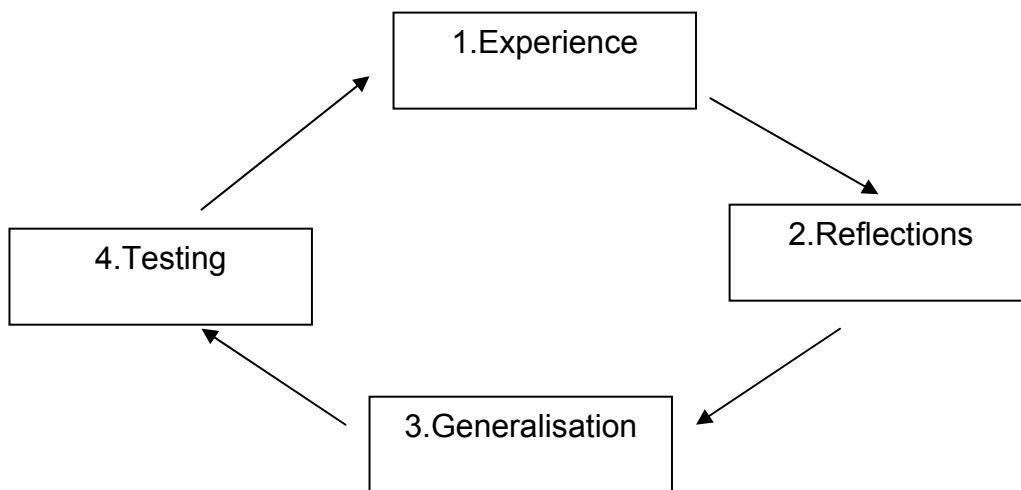
Action learning has been around for many years. People would learn by experience and this form of learning was originally called **learning by doing**. Action learning is reflection-based. It entails asking questions to gain an understanding of past actions in the hope of influencing future actions (Revans 1997:6).



Action learning as defined by McGill and Beaty (2001:11) as a continuous process of *firstly*, having an experience, *secondly*, reflecting on that experience and, *thirdly*, learning from the experience. This learning process is often supported by colleagues and advisors. In action learning, the individual will learn by working on real problems and then reflecting on the experience in order to gain a better understanding of a situation. The most important components of action learning are the relationship between the action of the individual and the learning process itself (McGill and Beaty 2001:19).

In order to understand the action learning process, we must understand the phases in the learning cycle. This learning cycle has four stages through which an individual will pass in the learning cycle (McGill and Beaty 2001:19).

**Figure 3.1 Learning cycle**



(McGill and Beaty 2001:20).

Action learning is also broken down into four stages of a learning cycle. These include:

- Action – the actual event.
- Reflection – the experience will be considered and reviewed with the intention of analysing, evaluating and understanding.
- Generalisation – plans will be developed and past reflection will be taken into account.
- Testing – the newly designed plans will be put into action.

Bourner *et al* (1996:32), agree that action learning is based on reflection that is aimed at improving the effectiveness of actions, where learning is an important outcome.

The basic principle of action learning is that we can learn from our own actions. These experiences/actions are influenced by our beliefs, attitudes and earlier experiences (Taylor *et al*, 1997:4).

As indicated above, the individual will learn by reflecting on the action. This reflection enables the individual to progress by gaining a better understanding of the actual event. The individual's past experience and knowledge influence this reflective process. The learning process can be further enhanced by means of colleagues, advisors, mentors or facilitators who guide the individual through the process (Taylor *et al* 1997:viii). Beaty, Lawson *et al* (1997:185), agree that action learning is a supportive activity that uses active listening and questioning as a means of providing insight, ideas and an action plan to assist the learner with a holistic learning experience. This person can be described as a mentor who uses the mentoring process to assist the mentee.

#### 3.4.4 The mentoring process

Mentoring dates back to the time of Greek mythology. The term 'mentor' was used in the historical perspective of Odyssey. Odysseus, the king of Ithaca, who fought in the Trojan wars, entrusted his son's care and education to his friend Mentor. Over time the word 'mentor' has been used in the context of a trusted advisor, friend and teacher (Klasen and Clutterbuck 2002:5).

Mentoring is currently widely used as an effective tool in developing skills for work and for our personal lives. Mentoring has developed differently in different parts of the world and within an array of scientific and functional disciplines.

The North American concept of the mentoring process is that it is related to sponsorship and advice, whereas the European mentoring role is one of facilitating learning and developing the mentee (Klasen and Clutterbuck 2002:7).

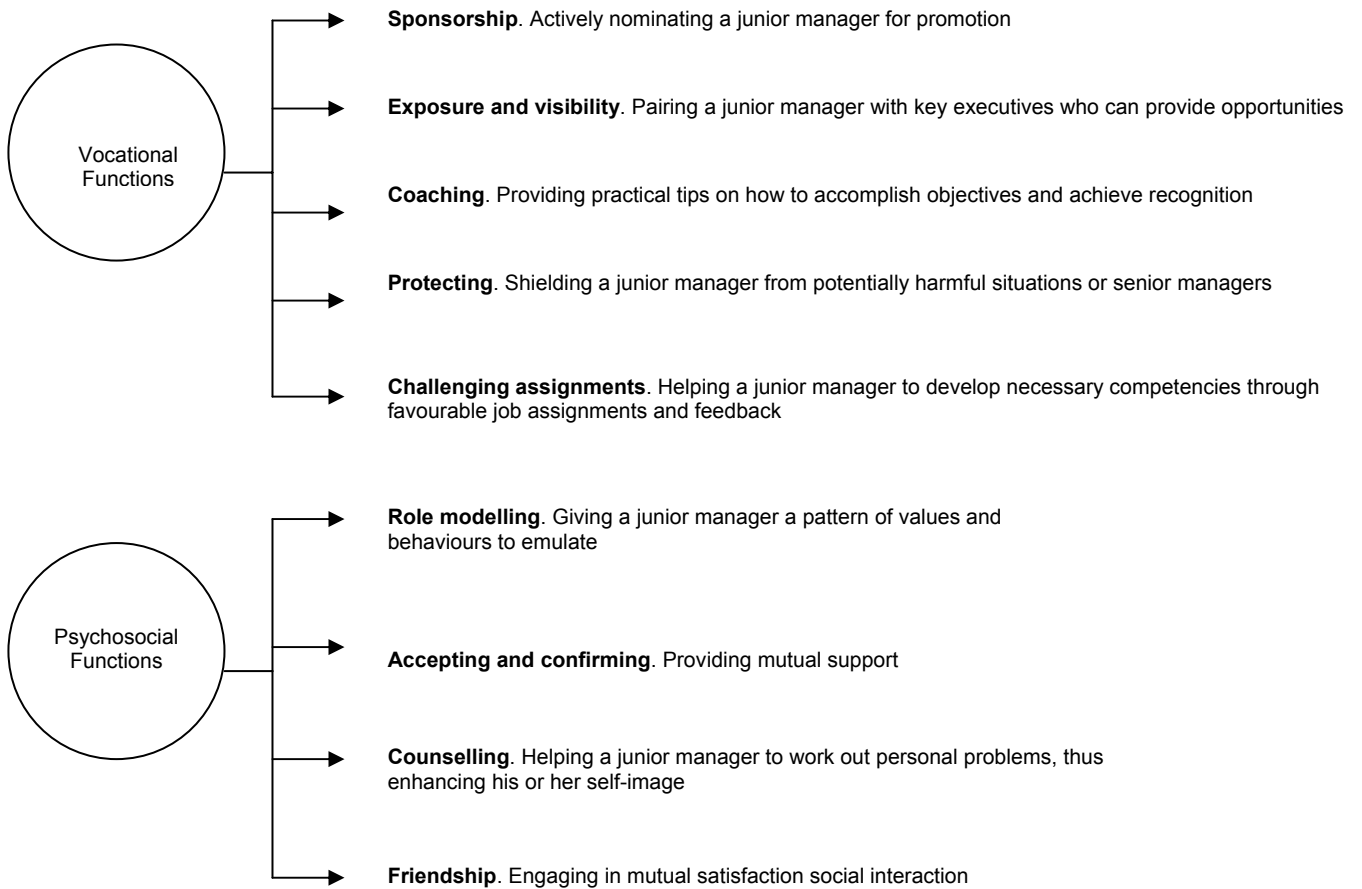
This highlights two different types of mentoring; namely, *sponsorship mentoring* (North American) and *developmental mentoring* (European). *Sponsorship mentoring* is more concerned with career advancement than with learning. The mentor is often a more powerful senior executive who's intention it is to assist the mentee with making the correct career choices. *Developmental mentoring* is more concerned with learning, support and developing the mentee as a whole individual. This does not mean that sponsorship mentoring is not concerned with learning and support and that developmental mentoring is not concerned with sponsorship. The roles of developmental and sponsorship mentoring overlap. The focus of both types of mentoring is different (Klasen and Clutterbuck 2002:7).

Mentoring is a critical form of learning because the mentor will use the relationship to develop opportunities for the mentee to learn by facilitating the progress through the learning cycle. This assists the mentee to reflect on past actions and to plan new actions (Klasen and Clutterbuck 2002:5). Developmental mentoring follows a holistic style. Mentoring focuses on developing the individual and on developing the person as a whole. Klasen and Clutterbuck add that mentoring has become popular as it facilitates personal and professional development, and it offers an integrated approach that combines elements from other development approaches.

### **3.5 AN INTEGRATED APPROACH TO MENTORING**

Over the years, research on mentorship has identified two functions that are used in the mentoring process. These include a **vocational** function and a **psychosocial** function (Kram and Isabella 1985:111). These functions have been further subdivided into nine separate developmental roles. The vocational function has five supporting roles that include sponsorship, exposure and visibility, coaching, protection and challenging assignments. The psychosocial function includes four supporting roles; namely, role modelling, acceptance and confirmation, counselling and friendship (Kram and Isabella 1985:111).

**Figure 3.2: The vocational and psychosocial functions of mentoring**



Source: Adapted from Kreitner and Kinicker (1998:78)

Figure 3.2 provides an overview of the mentoring function as identified by Kram in Kreitner and Kinicker (1998:78). Clutterbuck (1998:88) and Miller (2002:30) show that these roles have been further reduced to only four interchangeable roles.

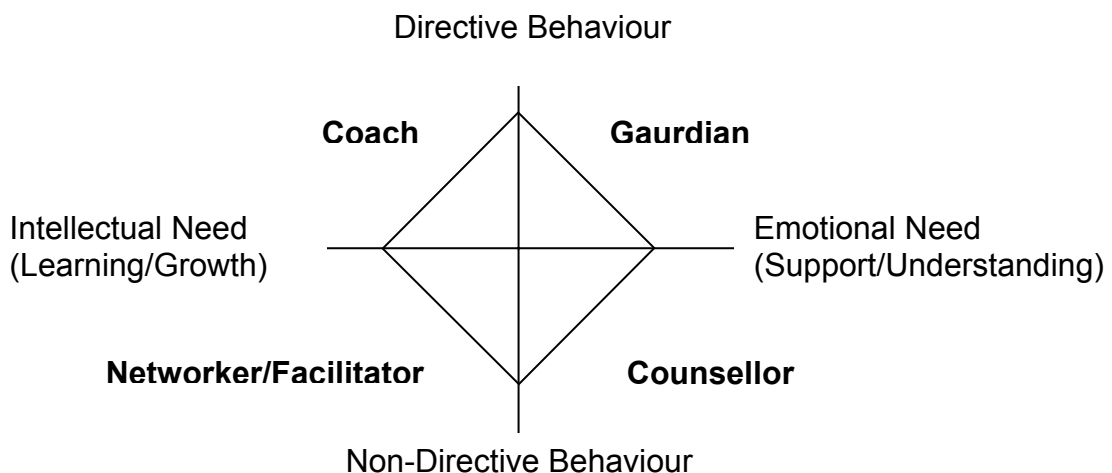
Miller (2002:30) refers to this type of mentoring as **holistic**. The author believes that holistic mentoring uses a wide range of development skills and the mentor needs to be experienced and well-trained.

A holistic mentor will use the following roles:

- befriending;
- counselling;
- coaching; and
- tutoring.

Clutterbuck (1998:88) refers to this process as an **integrated approach to mentoring** that draws on other developmental roles such as coach, guardian, counsellor and networker/facilitator. The integrated mentoring method draws attention to the fact that mentoring uses four different developmental support roles as indicated in Figure 3.3.

**Figure 3.3: Developmental mentoring model**



Source: Adapted from Clutterbuck (1998:88).

As we can see from figure 3.3, four specific roles have been identified in the integrated approach to mentoring. It is important to establish the parameters of these roles. In directive behaviour that includes the roles of coach and guardian; the mentor takes the lead and controls the discussions, feedback and goal setting. In non-directive behaviour, the mentee controls the meeting in that the mentee sets the agenda, guides the discussions and, with the help of the mentor, learns from the experience (Clutterbuck (1998:7).

The author elaborates on the fact that the role of the developmental mentor is very complex and must, therefore, know which support role is required, depending on the needs of the mentee at the time. The mentor must be adaptive and the style must be personalised. In addition, mentors must draw on their experiences, understanding and skills to enhance the mentees' performance.

Essentially, the mentor's role is to 'respond to the mentee's needs' Clutterbuck (1998:92). A fundamental skill required by mentors is that they must be able to move between the different supportive roles.

### **3.6 THE SUPPORTIVE ROLES OF A MENTOR**

#### **3.6.1 The coach**

Coaching can best be defined as a process in which the mentor helps the mentee to perform better (Klasen and Clutterbuck 2002:14). Coaching is task-specific and focuses on the skills that are needed and on the performance outcomes. The coach will set the agenda based on the needs of the mentee. Feedback from the coach is essential as it assists the mentee to reflect. The coaching relationship is short-term in nature (Clutterbuck 1998:18). Miller (2002:32) indicates that coaching is more on-the-job training, it is skills specific and it directs behaviour.

Murray and Owen (1991:57) believe that coaching is the essence of the mentoring process. The fundamental objective of coaching is that it provides honest objective feedback (positive or negative) and that it motivates and challenges the mentee.

Some of the activities associated with coaching include goal-setting, and assuming the roles of critical friend, challenger and collaborator:

- Goal-setting: helping the mentee to set reasonable goals.
- Critical friend: telling the mentee the truth about the experience when no one else will. This is fundamental to the feedback process.
- Challenger: this involves motivating mentees to extend their boundaries and to think more deeply about experiences.
- Collaborator: involves working with the mentee on a specific task.

Coaching continuously helps mentees to reshape their ideas and achievements.

Clutterbuck (1998: 19 to 35).

### **3.6.2 The guardian**

- The guardian often plays the role of the 'godfather' or someone who acts as a protector, guide and role model. As we mentioned previously, this role is predominately that of a sponsor, for example, the North American style of mentoring in which the guardian is concerned with career development. This is a complex relationship in that the guardian can influence the mentee to act or behave in the same way as the sponsor, with no individual development. The role of the guardian is generally associated with power.
- A role model is a person who provides an example. The mentee can admire and emulate a role model.
- The guardian will stop the mentee from making errors that can easily be avoided. In other words, the guardian is a protector.
- The guardian will advise the mentee to find answers to questions and will guide the mentee.
- The guardian will assist by promoting the mentee with, for example, job applications and introductions to the right people.

(Clutterbuck 1998:36-52).



### **3.6.3 The counsellor**

Counselling is a process of identifying problems, analysing the problems and establishing a workable solution (Klasen and Clutterbuck 2002:14). Clutterbuck (1998:55) believes that this form of counselling is related to the emotional well-being of the mentee. The mentor must assist the mentee to understand the mentee's emotions and how they effect perceptions, judgements and behaviour. The mentor is not a trained psychologist and is often able to suggest other forms of professional help. The function of a mentor is to listen with empathy and detachment, to motivate and support, and to be an effective sounding board.

The following are the main functions of the counsellor:

- Good listener: enable the mentor to gain an understanding of the emotions and actions of the mentee.
- Motivation: to assist by motivating and by drawing on previous discussions.
- Sounding board: to provide the mentee with a platform to express new ideas and concepts.

(Clutterbuck 1998:53-69).

### **3.6.4 The networker/facilitator**

The networker/facilitator has an extensive list of people and connections who are able to assist mentees to achieve their goals (Klasen and Clutterbuck 2002:14).

The process of network creation is a long process and establishing a network takes time and effort. Developing and managing a network requires skills that must be acquired over time. Sharing that network with mentees requires trust and confidence in the mentees' abilities. Exposing the mentee to a network will create opportunities for the mentee by providing opportunities, experience and access to other advisors. Mentors can assist mentees by helping them to create their

own network and by teaching them how to manage that network. The skills required are introductions, catalysts and contacts.

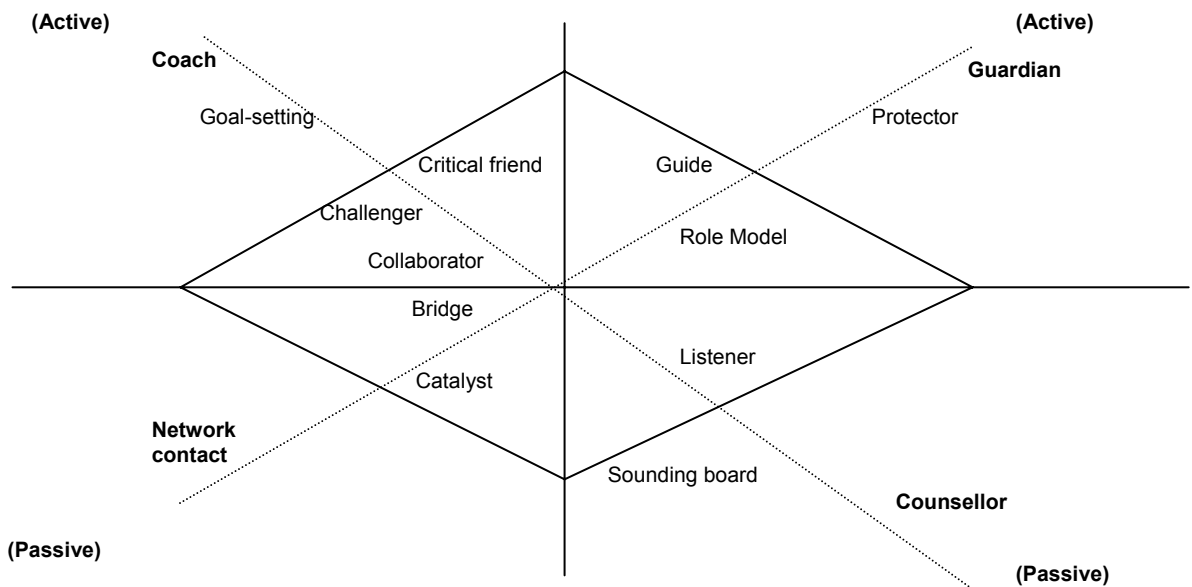
- Contacts: mentors can assist mentees by introducing them to the correct people.
- Catalyst: assisting with the creation of a network.

(Clutterbuck 1998:70 to 86).

The behavioural matrix illustrates the four basic roles of a mentor and the activities involved in these roles.

- The role of *coach* is an active role that includes activities such as goal setting, challenger, collaborator and critical friend.
- The role of *guardian* is an active role that includes activities such as protector, guide and role model.
- The role of *network contact* is a passive role that includes activities such as building bridges and being a catalyst.
- The role of *counsellor* is a passive role that includes activities such as listener and sounding board.

**Figure 3.4 : The behavioural matrix**



Source: Adapted from Clutterbuck (1998:10).

All of the above roles assist mentees with learning. The mentoring cycle is not too dissimilar from that of the learning process as indicated by Miller (2002:227):

- Experience – in this stage, the mentor will ask the mentee to describe the experiences.
- Reflections – the mentor will then ask the mentee to reflect on the experience by asking questions about the experience.
- Generalisation – this stage involves the mentor and the mentee relating this experience to other similar situations.
- Application – the final stage involves considering, planning and discussing the road ahead.

The mentor's role is to facilitate this learning process. It is important that mentors allow mentees to reach their own conclusions so that they understand and take responsibility for their next course of action. The mentor must not prescribe solutions.

### **3.7 ENTREPRENEURSHIP MENTORING SKILLS**

Mentors must use their education, their skills as mentors and their experience as skilled businesspeople/entrepreneurs to assist mentees to achieve certain goals.

The mentor's skills and experience are fundamental to the mentor-mentee relationship. As in the case of entrepreneurship mentors, these skills not only include the above, but also the entrepreneurial and business skills of the mentor. The following will detail these skills in terms of the multiplicative entrepreneurial performance model (Antonites and Van Vuuren (2001:2):

$$\mathbf{E/P=M (E/S \times B/S)}$$

### 3.7.1 The Entrepreneurial Performance Model

The Entrepreneurship Performance Model is based on the Motivational and Expectation theory of Vroom in De V Maasdorp and Van Vuuren in Marx *et al* (1998:713). The Vroom theory of motivation and expectation assists in the development of the above training model and the basis of Vroom's theory relates to personal achievement.

$$\mathbf{P = f (M \times V)}$$

P = Personal Achievement.

f = Function of

M = Individual Motivation.

V = Individual Ability.

Vroom's theory was adapted for Entrepreneurial Achievement as indicated by De V Maasdorp and Van Vuuren in Marx *et al* (1998:713) and is reflected in a formula as follows:

$$\mathbf{EA = f (AM \times BS)}$$

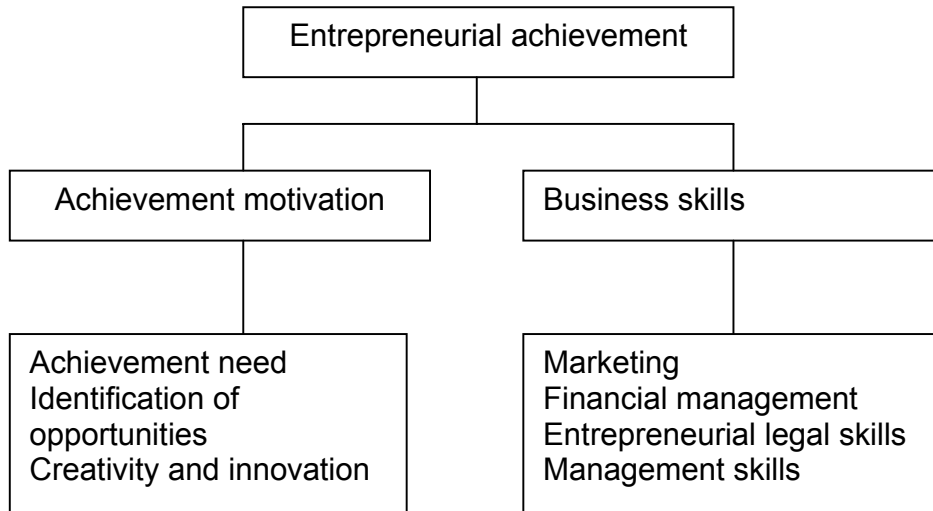
EA = Entrepreneurial Achievement.

f = Function of

AM = Achievement Motivation.

BS = Business Skills.

**Figure 3.5: Entrepreneurial achievement**



Source: Adapted from De V Maasdorp and Van Vuuren in Marx *et al* (1998:713).

Further advancement of the model by Van Vuuren and Antonites (2001:2) resulted in the model being modified and used as a content framework for training entrepreneurs. This multiplicative model is used for the development and training of entrepreneurs.

$$\mathbf{E/P = M(E/S \times BS)}$$

E/P = Entrepreneurial Performance.

M = Performance Motivation.

E/S = Entrepreneurial Skills.

B/S = Business Skills.

The model can be presented as follows:

**Figure 3.6: Entrepreneurial Performance Model**

Entrepreneurial Performance (E/P)	Performance Motivation (M)	Entrepreneurial Skills (E/S)	Business Skills (B/S)
Establishment of own business	Personal motivation	Creativity and innovation	Business plan
Completion of first transaction		Risk propensity	Communication skills
Growth in net value of business		Opportunity identification	General management skills
Recruitment of employees		Role models	Financial management skills
Increase productivity levels			Marketing skills
Increase profitability			Operational skills
			Human resource management skills
		Legal skills	

We can conclude that an increase or decrease in entrepreneurial performance should be seen as the result based on a change in one of the above-mentioned factors.

Based on the assumption that these are the skills required for entrepreneurs to perform, it follows that entrepreneurship mentors who want to impact on entrepreneurial performance should have certain competences within these skills.

This study has adapted the model to assist with the evaluation of the required skills sets for entrepreneurship mentors and the importance accredited to these skills as seen by entrepreneurship mentors.

The model was adapted to correctly represent it as a tool for measuring an entrepreneurship mentor. The term performance motivation represents the motivational skills required in order for the mentor to assist the entrepreneur. These skills include:

- Providing constructive criticism.
- Providing guidance.
- Providing encouragement.
- Being a sounding board.
- Helping to manage change.

The model can therefore be presented as follows:

**Figure 3.7: Entrepreneurial Performance Model as adapted for mentoring**

Entrepreneurial Performance (E/P)	Performance Motivation (M)	Entrepreneurial Skills (E/S)	Business Skills (B/S)
Establishment of own business	Providing constructive criticism	Creativity and innovation	Business plan
Completion of first transaction	Providing guidance	Risk propensity	Communication skills
Growth in net value of business	Providing encouragement	Opportunity identification	General management skills
Recruitment of employees	Being a sounding board	Role models	Financial management skills
Increase productivity levels	Helping to manage change		Marketing skills
Increase profitability			Operational skills
			Human resource management skills
			Legal Skills

Based on the model, we can see that a mentor who has the required education and experience can have a positive impact on one or all of the abovementioned factors. This will result in an increase in entrepreneurial performance.



### **3.7.2 Entrepreneurial performance**

The question of entrepreneurial performance can be related to many factors.

According to Van Vuuren in Antonites (2003:20), these can include:

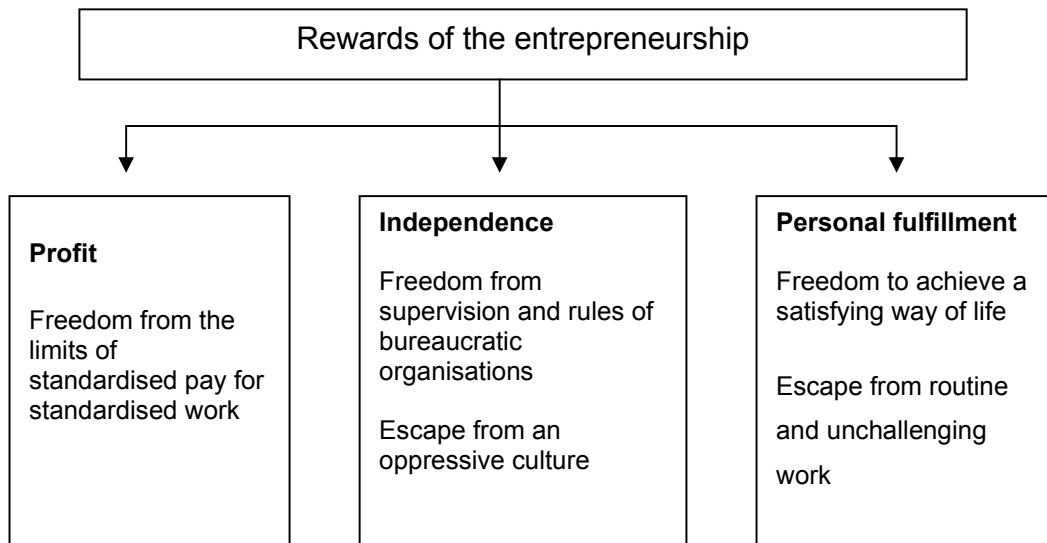
1. An increase in productivity.
2. An increase in the number of employees.
3. An increase in the net value of the business.
4. An increase in profitability.
5. The completion of the first market-related transaction.

### **3.7.3 Performance motivation**

The concept of what motivates the entrepreneur has been extensively researched. Timmons (1999:216) discuss the theory of motivation based on the research of McClelland and Atkinson who believe there are three needs that motivate individuals. *Firstly*, the need for achievement, *secondly*, the need for power and *thirdly*, the need for affiliation.

Longenecker, Moore and Petty (2003: 10) accentuate the fact that motivation for the entrepreneur is based on the potential rewards. These rewards can be broken into three categories; namely, profit, independence and personal fulfillment.

**Figure 3.8: Entrepreneurial motivation**



Source: Adapted from Longenecker, Moore and Petty (2003: 10).

The following skills are used by entrepreneurship mentors to motivate and mentor entrepreneurs.

- Providing constructive criticism.
- Providing guidance – this role will include providing advice and assistance to assess in the decision-making process (Meyer and Fourie 2004:43).
- Providing encouragement – this skill includes motivating, stimulating, encouraging and inspiring the mentee to take action (Meyer and Fourie 2004:44).
- Being a sounding board – the mentor must create an environment in which mentees feel comfortable with sharing their frustrations and ideas. An environment must be created in which appropriate feedback is provided (Meyer and Fourie 2004:42).
- Helping to manage change – the entrepreneurial environment is continually changing and the entrepreneur is ultimately responsible for managing change. (Rwigema and Venter (2004:94).

Mentors can use the above skills to assist the entrepreneur

### **3.7.4 Entrepreneurial skills**

Entrepreneurship mentors will need a thorough understanding of creative and innovative thinking, the ability to identify, understand and take risks, the ability to identify and evaluate opportunities and the ability to relate to a role model who could have a positive impact on the entrepreneur.

#### **(a) Creativity and innovation**

Innovative thinking is an important factor in the entrepreneurial process. Innovation is how entrepreneurs convert opportunities into new business. The entrepreneurs must think imaginatively and creatively and must identify opportunities and solutions in order to take advantage of an opportunity (Kuratko and Hodgetts 1998:122).

Creativity and innovation are the skills that entrepreneurs will use when they identify a new idea and opportunity. The creative thinking process passes through various phases before an outcome is reached. Innovation is the process of converting a new idea or opportunity into action (De V Maasdrorp and Van Vuuren in Marx *et al*, 1998:714).

Creativity and innovation are present in many facets of a new business, including the creation of a new product or service, inventive ways to cut costs, ways of improving products and finding new ways to combat competition. These creative and innovative skills are attributes associated with entrepreneurs (Rwigema and Venter 2004:65).

The mentor will facilitate the creation and refinement of new products, services and processes based on innovative and creative thinking.

### **(b) Risk propensity**

A fundamental skill required by an entrepreneur is the ability to identify and assess the possible risks associated with the new venture. Entrepreneurs must develop a strategy to prevent, minimise or respond to the potential risks (Hisrich and Peters 2002: 239).

Kuratko and Hodgetts (1998:106) argue that entrepreneurial risk is not only determined by the economic risk versus return explanation. The authors believe that entrepreneurs face not only financial risks, they also face career risks, family and social risks and psychological risks. Entrepreneurs must identify these risks, evaluate them and either accept or reject the new venture based on their findings.

De V Maasdorp and Van Vuuren, in Marx *et al* (1998: 702,703) agree that entrepreneurs face many risks including financial risks and social and personal risks. However, one of the skills required by entrepreneurs is the ability to identify and evaluate these risks and to make sure that they take advantage of calculated risks.

The mentor may assist with the identification, assessment and strategy designed to counter, prevent or minimise potential risks.

### **(c) Opportunity identification and evaluation**

Identifying an opportunity is the departure point for the creation of a new venture. There are several ways of identifying opportunities and most entrepreneurs will not employ a formal approach to identifying an opportunity. The evaluation of the opportunity is a critical step for the entrepreneur as it will indicate whether the opportunity is worth pursuing (Hisrich and Peters 2002:239).

The environment in which an entrepreneur operates consists of a macro, micro and market environment. These environments have many internal and external influences that, in turn, will guide the entrepreneur. These factors continuously change and it is this change that assists entrepreneurs to identify opportunities and threats (De Bruyn and Kruger 2002:30).

The ability to evaluate the decisions that have been made is essential because it will determine the entrepreneur's future strategy. The entrepreneur can take advantage of an opportunity and embark on a new venture. Alternatively, the threat will be too great and the entrepreneur may choose not to start a new business or to pursue a completely new strategy (Kuratko and Hodgetts 1998:126).

The mentor may aid the entrepreneur to identify, evaluate and establish the feasibility of potential opportunities.

#### **(d) Role models**

Role models form an important part of an entrepreneur's development. Being able to refer to a successful person assists entrepreneurs who will believe that they are able to attain the same success. Role models include parents, family members, businesspeople and other entrepreneurs (Hisrich and Peters 2002:73).

Role models are often successful people who can inspire and support and who entrepreneurs can emulate during the life cycle of the business (Rwigema and Venter 2004:70). Timmons (1999:46) considers role models as excellent teachers and inspiring motivators.

Mentors assist entrepreneurs by helping them to develop relationships with other entrepreneurs, financial institutions, and respectable businesspeople.

### **3.7.5 Business skills**

Business skills are those skills required by both mentors and entrepreneurs in order to equip them to start and manage a business.

#### **(a) Business plan**

The business plan is a preliminary document that describes all the internal and external elements that could affect the new venture and the strategies that will be used to manage these elements (Hisrich and Peters 2002:222). The business plan will include all the factors that will affect the start-up of the business. These include, but are not limited to, marketing, finance, manufacturing and human resources management. The plan will establish the business's objectives and strategies for the short-term and the long-term decisions that will need to be made (often for as long as three years).

Kuratko and Hodgetts (1998:292) state that a business plan must include every aspect of the potential venture including, but not limited to, prior research and development, risks, management and timetables. The objective of the business plan is to anticipate the progress of the project and the means of establishing this.

Timmons (1999: 367) reiterates the views of the above authors. However, he emphasises that the business plan is a work-in-progress within a continually changing environment. The plan must be flexible and must only be a guide. The business plan will assist investors and entrepreneurs to gain a better understanding of the business in terms of its objectives, strategies and the

environment in which the business will operate. The business plan is a changing and adaptable document.

The mentor will facilitate in the formulation, drafting and development of the business plan.

### **(b) Communication skills**

Communication is the transfer of information between individuals, organisations and stakeholders. The intention of communication is to create awareness, to facilitate understanding and to influence the intended recipient of the information. Entrepreneurs operate within an environment and this means that they need to communicate with the people in the environment. This includes staff, suppliers, financial institutions, government departments and customers. Communication can be verbal and non-verbal and can be in the form of face-to-face communication, telephonic communication, telefaxes, e-mail, letters, memorandums, reports, videos and oral presentations (Labuschagne 2002:284).

Timmons (1999:249) believes that communication is important to the entrepreneur because, regardless of whether communication is oral or written, entrepreneurs will be in a position to influence the internal and external environments and the intended recipient.

The mentor may assist with the presentation, negotiation and documentation for stakeholders.

### **(c) General management skills**

Oosthuizen (2002:99) views general management skills as the basic functions conducted by all managers at any management level. These skills are essential

for entrepreneurs because they assist with planning, organising, leading and controlling the relevant resources.

De Villiers and Crous (1998:353) agree that the general management function can be broken down into five distinct tasks. These are planning, organising, leading, co-ordinating and controlling. These tasks are found at all levels of management, regardless of the size of the business. The skills required by managers and entrepreneurs can also be sub-divided into four skills types which include technical skills (specific knowledge and techniques), analytical skills (analysis of information), interpersonal skills (communication, motivation and relationship management) and conceptual skills (vision, creativity and long-term orientation).

The mentor may assist the entrepreneur with strategic decision making, problem solving, planning, controlling, and co-ordination.

#### **(d) Financial management**

Financial management is one of the most important management skills. Financial information affects every aspect of the entrepreneurial venture. Financial management entails minimising the costs, maximising the profit, and planning and controlling the finances of the venture (Bloom and Boessenkool 2002:244).

The management of cash flow is vitally important in an entrepreneurial venture as it entails the inflow and outflow of cash (De V Maasdorp and Van Vuuren in Marx *et al*, 1998:714).

Kuratko and Hodgetts (1998:255) believe that financial management links all of the functional areas of the business including marketing, distribution,



manufacturing and general management. Effective financial management will quantify all the initial assumptions made about the viability of the business. This will allow entrepreneurs to effectively manage their businesses.

The mentor will facilitate the understanding and management of financial statements and day-to-day management of the finances.

### **(e) Marketing management**

Marketing basically entails establishing how to operate and compete within the environment. The marketing entrepreneur is responsible for directing the marketing mix which consists of product, price promotion and distribution, selecting the marketing strategy and deciding on the marketing philosophy of the new venture (Bennett 2002: 175).

De V Maasdorp and Van Vuuren in Marx *et al* (1998:714), agree that marketing is one of the most important skills for the entrepreneur because this skill will assist the entrepreneur to assess the market's potential. It will also facilitate a decision on the pricing of the product or service, determining how the product will be distributed and the advertising that will be used to create the necessary awareness of the product or service.

Establishing a marketing strategy is significant to any new venture as it will establish how the business will compete and operate within the marketplace and, in the process, assist in meeting the entrepreneur's goals (Hisrich and Peters 2002:255).

The mentor may facilitate in marketing activities such as product design, pricing, promotion, distribution and formulating marketing strategy.

### **(f) Operational skills**

De Wit (2002:153) agrees that the entrepreneur is responsible for the operations and production for the new venture. This requires planning, organising, leading, co-ordinating and controlling all the factors related to the creation of the final product or service. The entrepreneur must operate within set cost constraints, quality requirements, stock controls and logistics, in order to make the new venture viable.

Rwigema and Venter (2004:35) add that this function also includes developing an organisational structure that can facilitate the growth of the new venture. The organisational structure can grow either horizontally and/or vertically. These structures can evolve and change. This depends on the type of organisation, its products or services, the geographic location and the corporate culture within the organisation. An entrepreneur must be able to identify and react to possible organisational needs.

The mentor may assist with the management of operational activities such as quality control, inventory, cost control and scheduling.

### **(g) Human resource management**

The management of human capital is a critical concern for any new venture as it can facilitate a competitive advantage for the organisation. These assets must be nurtured and correctly managed to secure a maximum return (Rwigema and Venter 2004:185).

A new venture would not exist if it did not have human input. It is the entrepreneur's responsibility to manage the personnel within the organisation. Entrepreneurs must recruit effectively, train their employees and motivate and lead their employees (Marx *et al*, 2002:257).

The human element is a critical asset for any business and this is particularly true for a new business. Entrepreneurs must manage their staff effectively, which means managing the various tasks of a human resource manager as well. These tasks include managing the services to the organisation (recruiting, selection and training), controlling the human resource function (implementing human resource policy and administration), advising staff and management (disciplinary conduct, salaries and budgeting), formulating a human resource policy and adhering to the labour legislation (Marx *et al*, 1998:473).

The mentor may assist the entrepreneur with the management of the personnel functions. These include recruitment, selection, motivating employees, training employees and complying with labour legislation.

#### **(h) Legal management**

Entrepreneurs may have many legal issues to deal with, including intellectual property laws, licensing, copyright and contracts, and so on. All of these issues can either assist or hinder the new venture's progress (Hisrich and Peters 2002:215).

Entrepreneurs will be confronted with many legal issues relating to the functioning of the business, including contracts, local and national government requirements and labour contracts. All of these legal issues can have a serious impact on the success of the business (De V Maasdorp and Van Vuuren, in Marx *et al*, 1998:714).

The mentor may facilitate the implementation of entrepreneurial law, contractual law, intellectual property law, tax law and meeting any statutory requirements.

### **3.8 CONCLUSION**

The South African government has identified the SMME sector as a vehicle that can effect change in accordance with their strategic objectives. These objectives are to grow the economy, create jobs and equitably distribute South Africa's wealth. To facilitate this change, the government intends supporting the SMME sector. Mentoring has been identified as an important activity for providing support to the SMME sector. Mentoring entrepreneurs, in both the global and local environments, has been recognised as important to the support and development of entrepreneurs.

In an attempt to fully explain the entrepreneurship mentoring relationship, the researcher firstly defined the construct mentoring, explained the learning process during the mentoring relationship and researched the various roles relating to mentors.

In accordance with the objectives of the study, the researcher also focused the research on the subject of entrepreneurship and the skills required by entrepreneurs and mentors alike. To this end, the multiplicative model  $E/P=M(E/S \times B/S)$  was used. It is these skills that entrepreneurship mentors will have gained through their education and personal experience. Mentors will impart their experience and will develop their skills while mentoring entrepreneurs. Mentors will facilitate the entrepreneur's development and learning process in an attempt to improve entrepreneurial performance.

The literature review consisted of mostly international studies as there is limited local research to support the entrepreneurship mentoring relationship. This is the first study based on entrepreneurship mentoring in South Africa and will create a platform from which further research can be conducted.

## **CHAPTER 4**

### **RESEARCH METHODOLOGY**

#### **4.1 INTRODUCTION**

The purpose of this chapter is to provide a clear and detailed description of the method followed by the researcher. This chapter will explain the research design, the units of analysis of the study, the instruments used for data collection and the procedures followed, and lastly the data analysis.

The study is a descriptive study using both quantitative and qualitative research gathered from a self-administered electronic questionnaire that was distributed to the units of analysis. A descriptive study is one that attempts to explain the characteristics of a population by examining samples of that population (Glatthorn 1998: 75).

The empirical objectives of this research project are primary and secondary in nature.

The secondary research objectives are illustrated below.

##### **4.1.1 Secondary objectives**

1. To establish the number of entrepreneurs who are supported, as represented by the entrepreneurship mentors.
2. To determine the average time spent mentoring entrepreneurs, as represented by the entrepreneurship mentors.
3. To identify the success rate and perceived role of entrepreneurship mentors in terms of entrepreneurial growth and support.

4. To identify the industries and provinces in which entrepreneurship mentors operate.
5. To determine the kind of support that entrepreneurship mentors provide.
6. To assess the need for entrepreneurship mentor training.
7. To assess the need for mentors in South Africa.

#### **4.1.2 Primary objectives**

1. To determine the basic demographic of entrepreneurship mentors in South Africa with reference to gender, age, language group, and education?
2. To determine the entrepreneurship mentors' work experience, personal entrepreneurial experience, mentoring experience; the phases of the entrepreneurial process in which entrepreneurship mentor have the most personal experience; and the phases in which they are most active?
3. To determine the skill sets of entrepreneurship mentors based on the predefined motivation skills, entrepreneurial skills and business skills?
4. To represent the level of importance attached to the mentor's predefined skill sets that have been identified as necessary to becoming a successful entrepreneurship mentor?

### 4.1.3 Propositions

The researcher identified four propositions from which conclusions can be drawn about the entrepreneurship mentoring community. The study not only gathered statistical evidence in regard but also substantive evidence supporting the proposition.

#### **Proposition 1:**

P1.0 Entrepreneurship mentors comply with the expected skill sets for the facilitation of Entrepreneurial/ Performance (E/P) as derived from the  $E/P = M(E/S \times B/S)$  multiplicative model.

P1.1 Entrepreneurship mentors do not comply with the expected skill sets for the facilitation of Entrepreneurship/Performance (E/P) as derived from the  $E/P = M(E/S \times B/S)$  multiplicative model.

#### **Proposition 2:**

P2.0 Entrepreneurship mentors see themselves as an important component of the entrepreneurial team.

P2.1 Entrepreneurship mentors do not see themselves as an important component of the entrepreneurial team.

#### **Proposition 3:**

P3.0 Entrepreneurship mentors need training, as perceived by the entrepreneurship mentors.

P3.1 Entrepreneurship mentors do not need training, as perceived by the entrepreneurship mentors.

**Proposition 4:**

P4.0 Entrepreneurship mentors need accreditation.

P4.1 Entrepreneurship mentors do not need accreditation.

The study is primary in nature in that the information gathered is original. This is a result of the fact that very little research has been conducted on this topic.

**4.2 RESEARCH DESIGN**

Welman and Kruger (1999:46) define the research design as: "...the plan according to which we obtain research participants (subjects) and collect information from them. In it we describe what we are going to do with the participants with a view to reaching conclusions about the research problem."

In order to gather the required information to respond to the research objective, a quantitative and qualitative approach was used. Rudestam and Newton (2001:45) indicate that using a combination of quantitative and qualitative methodologies can be very effective. These authors also quote Creswell (1995) who indicated that there are four mixed method designs, these include;

- a) Sequential studies – the study involves firstly gathering quantitative or qualitative data in two distinct phases.
- b) Parallel / simultaneous studies – quantitative and qualitative studies phases occur simultaneously.
- c) Equivalent status designs – quantitative and qualitative approaches are used with differing emphasis.
- d) Dominant/less dominant studies – either the quantitative or qualitative approach is dominant and the second approach is a supplementary component.



Creswell's fourth approach was used (the dominant/less dominant study) (Rudestam and Newton 2001:45). In order to achieve the appropriate results, the quantitative approach was more dominant and the qualitative research was a supplementary component of the study.

Jankowicz (2000:213) refers to quantitative analysis as using techniques which will establish the frequency of occurrence from the participants. The author also refers to qualitative analysis as using techniques which will allow the researcher to interpret the information gathered.

The primary method used to gather data was the survey method. This method was developed in the form of a self-administered electronic questionnaire. The questionnaire consisted of open- and close-ended questions designed in accordance with the research objective with the intention of extracting the most relevant information. The close-ended questions used in this study offer the participant a selection of possible alternative responses allowing the researcher to gather quantitative data. The open-ended questions are described as free-response questions in which the participants express their views openly. This allows the researcher to gather qualitative data (Oppenheim 1992:112).

The literature study was conducted in the early part of 2003, the questionnaire was administered in mid-2003 and the results were assessed in the later part of the same year. The participants were drawn from a variety of government and private organisations with active mentors who are currently operating within South Africa.

#### **4.3 THE RESEARCH PARTICIPANTS (UNITS OF ANALYSIS)**

It is important to stress that this study is the first of its kind in South Africa and that it focuses on a population that has, as yet, not been academically defined.

Nor does the population have any prior sample frame. It should be re-emphasised that this is fundamentally a platform for further research.

The total population of mentors in South Africa is very difficult to establish as many of them operate informally. In addition, their services are not widely advertised, if at all. There is also no national registry or professional association for entrepreneurship mentors. There are, however, various organisations which offer entrepreneurship mentoring services or networking facilities. These organisation and networking facilitators represent the largest knowledge pool of potential participants.

#### **4.3.1 Sample**

Sampling is the deliberate selection of a number of individuals who will provide the researcher with the necessary data from which conclusions can be drawn Jankowicz (2000:192).

As indicated, the sample frame has unknown characteristics and it is difficult to establish the degree to which the sample will represent the population as a whole. There is a lack of accurate parameters for entrepreneurship mentors.

To overcome this limitation, the researcher used non-probability sampling which involves the researcher using inference, judgement and interpretation in drawing up the sample frame. The selected sample frame represents the population who met the general parameters of the study's objectives. Welman and Kruger (1999:47) indicate that non-probability sampling offers several methods for identifying participants. These include accidental sampling, purposeful sampling, quote sampling and snowball sampling. Jankowicz (2000:194) adds that

purposeful sampling allows the researcher to use his or her judgement for sampling. Judgement sampling is used when there are no accurate parameters for the population (Oppenheim 1992:43). Snowball sampling was applied, although only on a limited scale. This method involved previous participants referring other potential participants. Snowball sampling is a useful technique that is often used where small groups are the focus of analysis (Riley *et al*, 2000:87).

The disadvantage of using purposeful sampling is that different researchers may use different methods for drawing up the sample frame. This makes it difficult to establish whether the conclusions are representative of the relevant population (Welman and Kruger 1999:63).

The participants selected are individual mentors who are actively operating within one of the following organisations, or registered with one of the following organisations; Business Referral and Information Network (BRAIN), Business Partners Mentors, Sizinani, Ntsika's service providers and Thuso Mentorship Scheme. All of these organisations are nationally recognised for providing entrepreneurship mentoring support services to the SME sector.

- **Business Referral and Information Network (BRAIN)** was developed by the Department of Trade and Industry. BRAIN's intention is to improve the competitiveness and growth of SMMEs by supplying relevant value-added information and networking abilities to any individual or SMME. The information can be accessed by telephone, telefax, e-mail, post, or walk-in, or on the BRAIN website. BRAIN provides a registry of affiliated support agencies or individuals. The researcher used the website to search for registered support agencies and individuals. The search was conducted using the keyword 'mentoring' for services provided.

- **Business Partners Mentors** is a private company that provides the services of carefully selected individuals to provide mentoring services to SMMEs. Business Partner Mentors was reluctant to participate in the study. However, in an attempt to maintain their mentor's confidentiality, they elected to distribute and collect the covering letter and questionnaire themselves.
  
- **Thuso Mentorship Scheme** is a Khula Enterprise initiative. Thuso Mentorship Scheme uses the services of individuals who provide mentoring services to SMMEs. Thuso Mentorship Scheme also elected to distribute and collect the covering letter and the questionnaire themselves as a means of maintaining the confidentiality of their mentors.
  
- **Sizanani** is a Banking Council of South Africa initiative that uses the services of individuals who provide mentoring services to SMMEs. In order to maintain the confidentiality of the mentors, Sizinani elected to distribute and collect the covering letter and questionnaire themselves.
  
- **Ntsika** is a small business development initiative of the Department of Trade and Industry (DTI). Their main purpose is the delivery of programs for the support and promotion of small businesses. Ntsika acts as an intermediary between the government, the private sector and service providers in order to provide non-financial services to the SMME sector. Ntsika, through registered SMME service providers, provides services to new and established small businesses. One of the services provided is mentoring. The researcher targeted these SMME support organisations for participation in the study.

#### **4.4 INSTRUMENT USED TO COLLECT DATA**

The survey method was used for data collection from the participants. This method is often used to gather data on the population's views, values and beliefs. The objective is to assist the researcher to draw generalised conclusions (Jankowicz 2000:222).

A structured questionnaire was administered in the form of an electronically self-administered questionnaire (Annexure 2). The questionnaire consisted of close-ended and open-ended questions that facilitated the gathering of statistical results and opinions from the sample frame. The questionnaire was distributed using electronic mail. The use of electronic mail as a survey medium has many benefits including cost saving, quick administration and flexibility (Ranchhod and Zhou 2001: 254).

Since this is the first study of its kind in South Africa, the questionnaire had to be designed by the researcher.

The questionnaire was designed using the Microsoft Word 1998 program. The questions were designed to extract the most information from the respondent. Each question used a form field that would allow the participants to insert their responses in the form of an 'X' or a text response.

The organisations that assisted with the distribution of the questionnaire were in agreement that the proposed participants all used e-mail and Microsoft software. This reduced the possibility that the questionnaire would not be accessible to the participants.

For the quantitative sections of the electronic questionnaire, participants would insert an 'X' or text. Using their mouse, participants would click on the desired

option and the response would be recorded with an automatic X or the desired text in the allocated space.

The questionnaire had an allocated text portion in which participants could provide their opinions. This would form that qualitative section of the questionnaire. The electronic questionnaire was designed using a text field. Participants would simply click on the shaded area which would allow them to type in their desired response.

Ten pilot questionnaires were distributed. The pilot participants were active entrepreneurship mentors who used three different operating systems; namely, Windows 1998, Windows 2000 and Windows 2003. The pilot questionnaire had many functions; namely, to ensure that various operating systems were compatible for completing the questionnaire, to test the questions for content and understanding, to assess how long it would take to complete the questionnaire and, finally, to ensure that the instructions were clear and easy to follow. Pilot samples in academic studies are widely used and recommended. The pilot questionnaire will assist in identifying any problems in the questionnaire. In addition, it assists the researcher to perfect the questions prior to distribution (White 2000:31-52. Riley *et al*, 2000:98). The pilot participants responded to the questionnaire as follows: the questionnaire could be used on all operating systems, the questions were found to be simple and understandable, the test took the pilot sample approximately 15 minutes to complete and the instructions were clear and easy to follow.

The questionnaire was designed to extract as much information as possible, and in accordance with the research objectives. The questionnaire was divided into the following four sections.

The questionnaire was structured as follows:

### **Section A: Demographic Information**

This section used close-ended questions to gather information such as gender, age, home language and education. Once participants had read the question, they would click the space containing the applicable response. The questions were designed to be as simple as possible. The questions listed in **Section A** included questions in a multiple-choice format and questions in a free-choice format which allowed participants to choose one or more alternatives. In addition, a section called 'Other specify' was also included.

### **Section B: Work, Entrepreneurial and Mentoring Experience**

This section also used close-ended questions to gather information such as the number of years of experience as an employee of a corporation, the number of years of experience as an entrepreneur (if applicable), and the number of years of experience as an entrepreneurship mentor. The questions were designed to be as understandable as possible.

**Section B** also asked the participants to indicate the number of personal entrepreneurial projects and the number of entrepreneurs the participant assists as an entrepreneurship mentor.

Finally, this section asked entrepreneurs to indicate in which phases of the entrepreneurial process they operated as entrepreneurs and entrepreneurship mentors. It consisted of multiple-choice questions. Once participants had read the question, they would click on their applicable response.

### **Section C: Mentors' Skills Sets**

Section C was divided into two parts. The first was the assessment of the participants' proficiency and the second was the assessment by the participant of the importance of the required skills for entrepreneurship as defined by the model  **$E/P=M(E/S \times BS)$**  (discussed in Chapter 3).

The participants were asked to indicate their proficiency in a number of skills sets as defined by the model. The questions were based on a Likert scale using a five-category rating to measure the participants' proficiency in the proposed skills set.

1. No understanding.
2. Little understanding.
3. Theoretical knowledge.
4. Working knowledge.
5. Professional knowledge.

The participants were asked to indicate the level of importance in relation to mentoring entrepreneurs of the skill sets as defined by the model.

The questions were based on a Likert scale using a five-category rating to measure the participants view on the importance of the skill. The level of importance includes the following:

1. Not at all important.
2. Of little importance.
3. Important.
4. Very important.
5. Vital.



The Likert scale is used to assess the attitude of the participants. This is done using a five-category scale for negative to positive statements. The intention was to measure a tendency. There was a dividing statement (mid-point) between the negative and positive statements. The objective was to find a total score from the total sample and to assess whether the sample falls above or below the mid-point (Riley *et al*, 2000:121).

### **Section D: Mentoring Functions**

This section contained open-ended and close-ended questions relating to the mentor's views on the mentoring entrepreneurs. The questionnaire asked the mentor demographic information relating to mentoring, such as the industries in which the entrepreneurship mentors operate; the provinces from which the entrepreneurship mentors operate; the number of current and past entrepreneurs that entrepreneurship mentors have mentored; and the length of time spent mentoring each entrepreneur.

Mentors could discuss their views on mentoring in this section, such as their importance to the entrepreneurial team and what skills they have to offer their teams. In addition, mentors could discuss their success or failure rate and the type of support offered by mentors. This support may take the form of professional support or moral support.

The final objective of the questionnaire was to establish the mentors' view on the training of mentors, their views on to the provision of mentoring and the need for entrepreneurship mentors in South Africa.

The questionnaire was distributed with a covering letter (Annexure 1). The covering letter was distributed on a University of South Africa letterhead and included:

- An explanation of the relevance of the study.
- A brief description of the objectives of the study.
- Instructions on how to administer the questionnaire.
- An assurance of confidentiality.
- Contact details if any difficulties were encountered.
- Thanks for their participation in the study.

The participants were sent two follow-up e-mails which included the attached covering letter and e-mail.

The questionnaire was distributed as follows:

**Table 4.1: Distribution of questionnaire**

<b>Number distributed</b>	<b>Number returned</b>	<b>Percentage of total returned</b>
363	90	24,7%

An amount of 363 questionnaires were distributed and a total of 90 were returned. This means a response rate of 24,7%.

The electronic questionnaire has several advantages, including:

- The cost of distribution was greatly reduced using e-mail as a medium for distribution.
- Confidentiality of the participants was maintained by both the researcher and the organisations that chose to distribute the questionnaire themselves.

- The electronic structure of the questionnaire was made as simple as possible in order to extract as much information as possible.

The use of an electronic questionnaire can have several disadvantages namely:

- The questionnaire was limited to the population who have access to a computer and e-mail and those who have basic computer literacy. The organisations and individuals who participated in the survey were happy to use e-mail as a communication mechanism.
- Low response rate: the use of the electronic medium would improve the notoriously low response rate for questionnaire. The current response rate is 24,7%.
- Questionnaires offer little or no chance to clarify any questions or concerns that the respondents may have.
- Respondents could consult a third party without the researcher's knowledge.

(Kumar 1999:114).

#### **4.5 DATA ANALYSIS**

As already stated, the questionnaires were distributed and returned to the researcher by e-mail or as printed copies from the organisations that chose to distribute the questionnaires. The returned questionnaires were scrutinised to identify and reduce any errors. In addition, incomplete questionnaires and/or gaps in the collected questionnaires (statistical cleaning) were also discovered at this stage. The vast majority of questionnaires were of an acceptable standard. Eight questionnaires were rejected due to inconsistencies and impractical responses.

A statistician was contracted to assist with the statistical analysis in an attempt to improve the accuracy and presentation of the results. Mr Oscar V Kilpert from UNISA's Bureau for Learning Development was employed to assist in this

regard. The questionnaire was coded prior to analysis. This procedure assisted with the statistical analysis. The coded data was then assessed using the statistical program SAS V8.2 for Windows which then presented statistical results in terms of frequencies and arithmetic means.

The use of frequencies indicates the number of times that the participants responded to the question. These results can be expressed as a number or a percentage. The results are represented in chapter 5.

The use of arithmetic means is the most common measurement for determining averages and is calculated using the sum of all values in the data set. This value is then divided by the frequency of the responses. (Riley *et al*, 2000:177)

The results have been displayed in chapter 5.

#### **4.6 CONCLUSION**

This chapter assisted the reader to understand the process followed by the researcher. This empirical study using primary data collected from an explorative structured electronic questionnaire gathering both quantitative and qualitative data has provided a broad overview of the mentoring community. The researcher believes that using non-probability sampling to identify the sample from which information has been gathered is representative of the population from which findings and conclusions can be drawn.

## CHAPTER 5

### RESEARCH FINDINGS

As stated in chapter 1, this study will examine entrepreneurship mentors in South Africa in detail. The chapter is organised in terms of the four primary objectives proposed in chapter 1. Section A as listed below examines the entrepreneurship mentors' demographic variables. Section B discusses the personal experiences of entrepreneurship mentors. Section C evaluates the skills sets of entrepreneurship mentors and Section D investigates entrepreneurship mentoring in South Africa.

#### 5.1 SECTION A: DEMOGRAPHIC INFORMATION

Section A gathers basic demographic Information in relation to *gender*, *age*, *home language* and *education*. This section responds to the first primary objective:

##### **Objective 1**

To determine the basic demographic of entrepreneurship mentors in South Africa with reference to gender, age, language group, and education.

1. What is your gender?

Figure A1: Gender

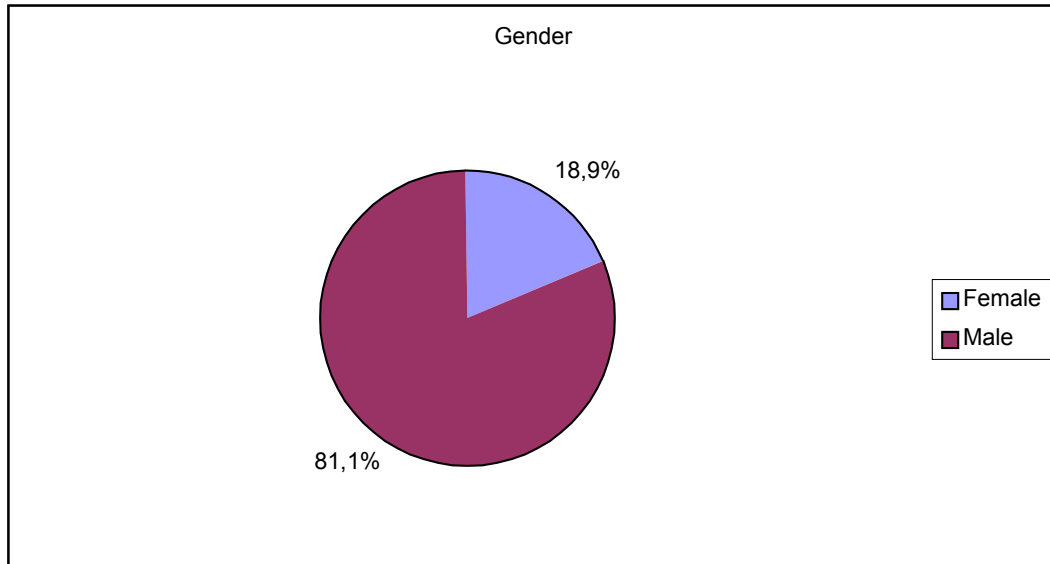
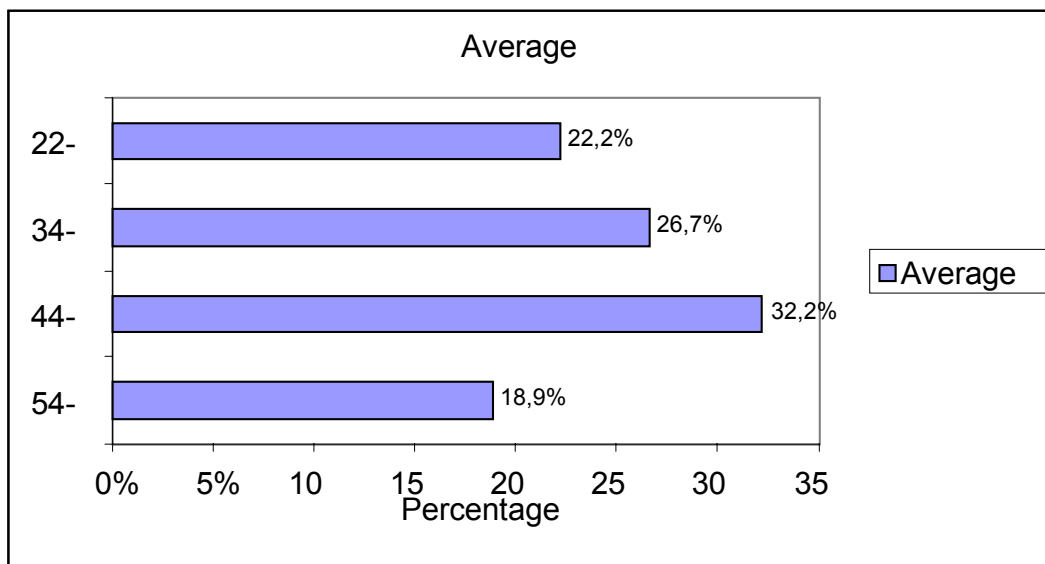


Figure A1 indicates that male entrepreneurship mentors represent 81% of respondents.

2. What is your age in completed years?

Figure A2: Average age



An amount of 51,1% of mentors are over the age of 43 years and more than 77% of the respondents are over the age of 35.

**3. Which one of the following languages do you mostly speak at home?**

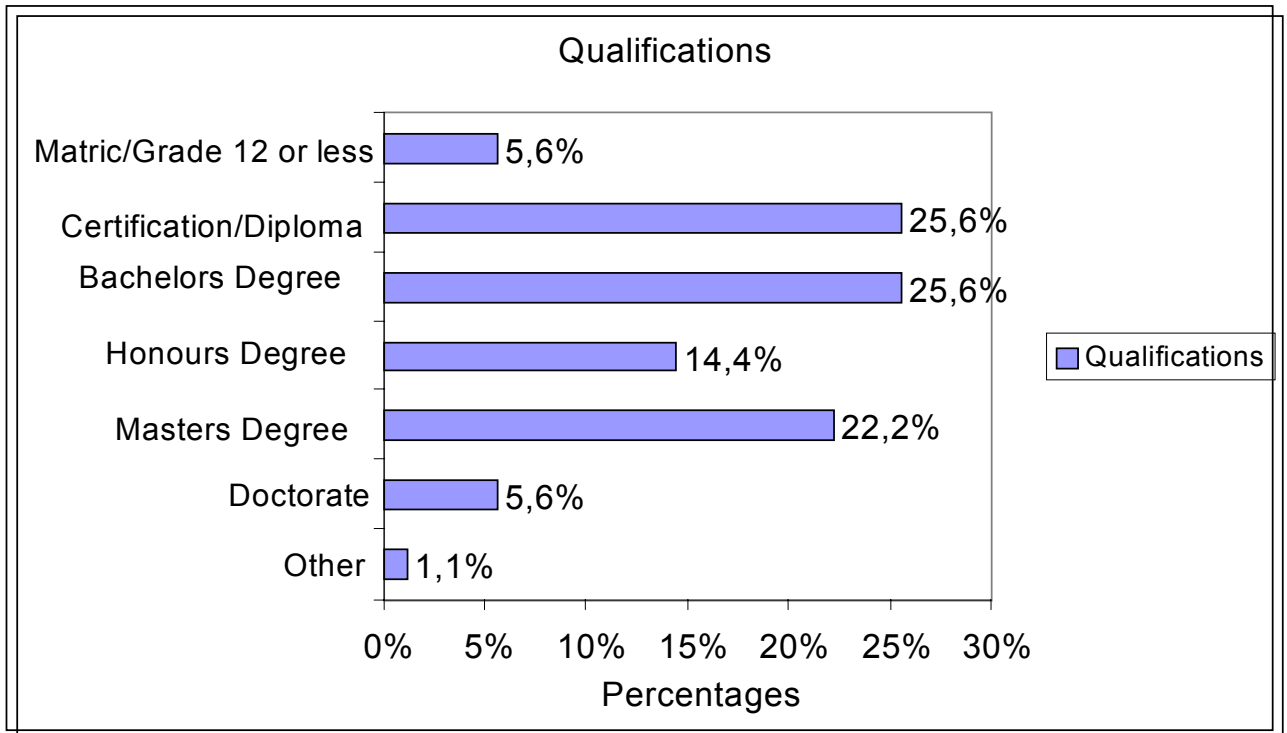
**Table A1: Languages**

<b>Languages</b>	<b><i>Percentage</i></b>
Afrikaans	24,4%
English	60,0%
Ndebele	0,0%
Pedi	1,1%
Sotho	0,0%
Swati	0,0%
Tsonga	1,1%
Tswana	0,0%
Venda	0,0%
Xhosa	3,3%
Zulu	10,0%
<b>Total</b>	<b>100%</b>

English is the most widely spoken language by entrepreneurship mentors. This is followed by Afrikaans and Zulu. The remaining eight official languages were not significantly represented.

#### 4. What is your highest qualification?

Figure A3: Qualifications



More than 90% of entrepreneurship mentors have some form of qualification other than Matric/Grade 12.

#### 5.2 SECTION B: WORK, ENTREPRENEURIAL AND MENTORING EXPERIENCES

##### Objective 2

To determine the entrepreneurship mentors' work experience, personal entrepreneurial experiences, mentoring experiences and the phases of the entrepreneurial process in which entrepreneurship mentors have the most personal experience. To determine in which phases entrepreneurship mentors are most active?



**1. For how many years have you worked in the corporate environment?**

Average number of years	<b>15,7 years</b>
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**2. How many years' personal entrepreneurial experience do you have?**

Average number of years	<b>9,1 years</b>
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**3. State the number of personal entrepreneurial projects in which you have been involved over the past three years?**

Average number of personal projects	<b>16,8</b>
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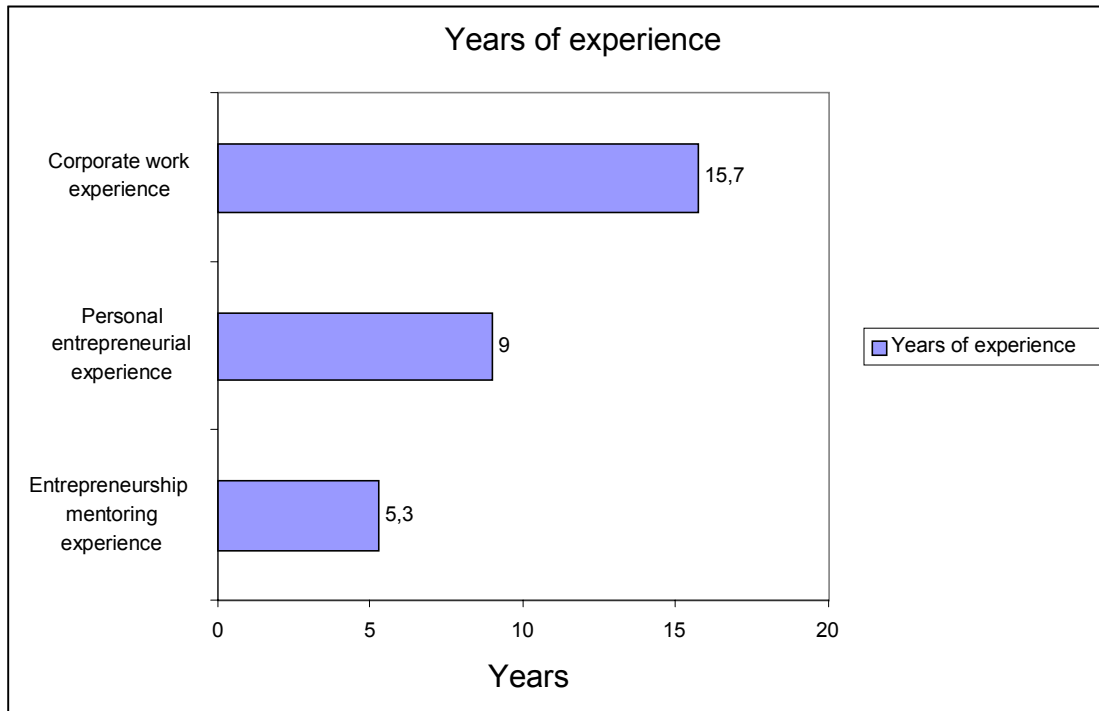
**4. For how many years have you been an entrepreneurship mentor?**

Average number of years as a entrepreneurship mentor	<b>5,3 years</b>
--	------------------

**5. How many entrepreneurs have you mentored or are you mentoring?**

Average number of entrepreneurs being mentored or have been mentored	<b>272</b>
--	------------

**Figure B1: Years of experience**

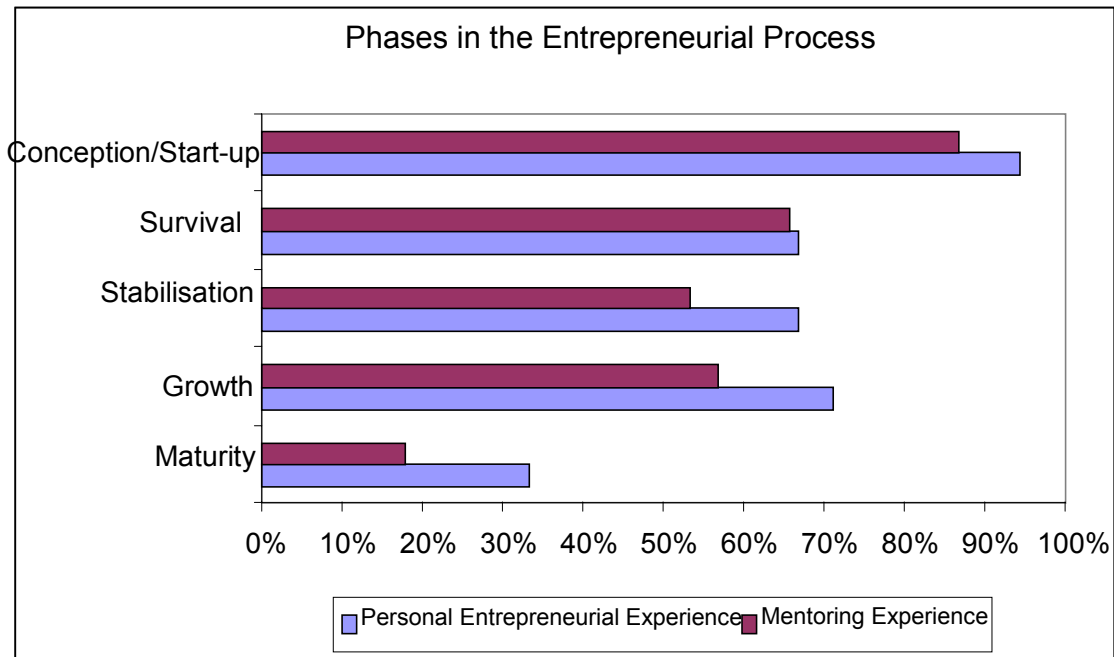


As indicated in Figure B1, entrepreneurship mentors have an average of 15,7 years of corporate work experience, nine years of personal entrepreneurial experience and 5,3 years of entrepreneurship mentoring experience.

The average number of personal projects in which entrepreneurship mentors have been involved is 16,8 projects in the last three years.

The average number of entrepreneurs that an entrepreneurship mentor may mentor is 272.

**Figure B2: Phases in the entrepreneurial process**



The respondents clearly have personal entrepreneurial experience and entrepreneurship mentoring experience in the conception/start-up, survival, stabilisation and growth phases of the entrepreneurial process.

### **5.3 SECTION C: MENTORS' SKILL SETS**

Section C is presented in two parts. The first part establishes the mentor's proficiency in certain predefined skill sets and the second part of Section C establishes the importance of the predefined skills sets. Section C responds to primary objectives 3 and 4:

#### **Objective 3**

To determine the skill sets of entrepreneurship mentors based on the predefined motivation skills, entrepreneurial skills and business skills.

#### Objective 4

To represent the level of importance attached to the mentors' predefined skill sets, that have been identified as necessary in order to be a successful entrepreneurship mentor.

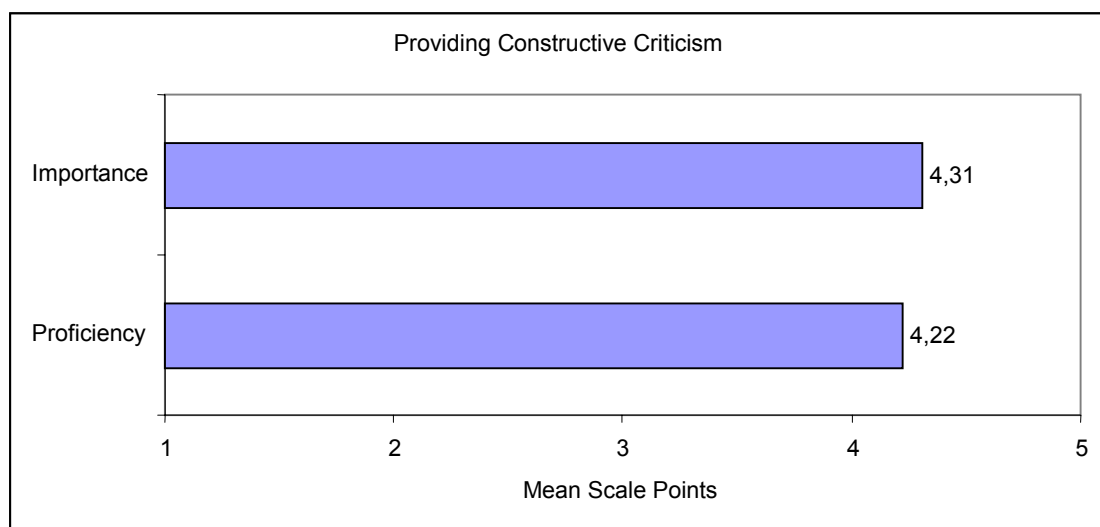
To gain a better understanding of the results of Section C, questions 1 and 2 have been presented together. This will highlight the findings.

***By using your education, experience and skills you, as a mentor, can assist and facilitate the entrepreneurial experience and thereby increase the chances of survival of the entrepreneur.***

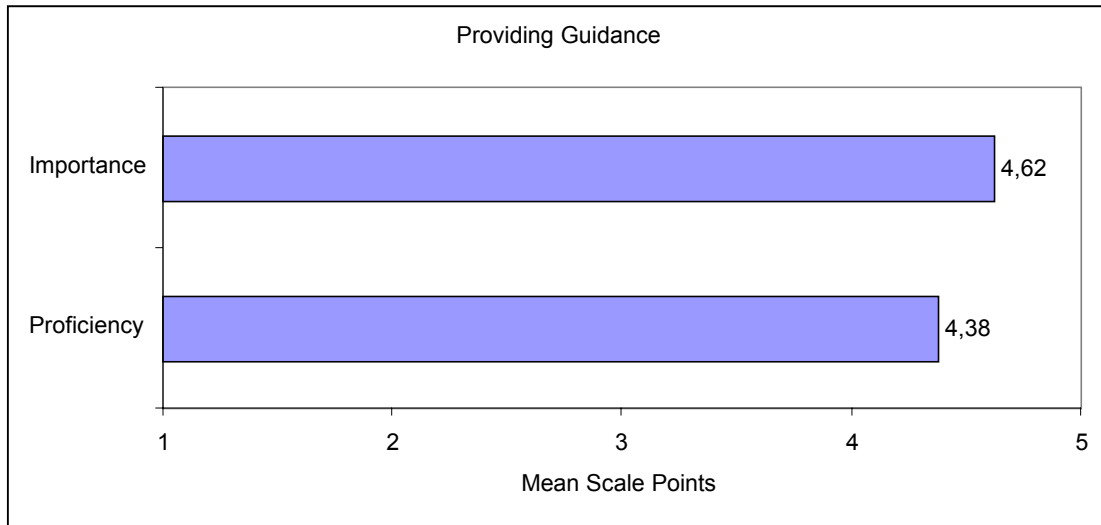
1.1 **Indicate your proficiency** and your view of the level of **importance** of the following skills by using the following five-point scale?

#### Performance Motivational Skills

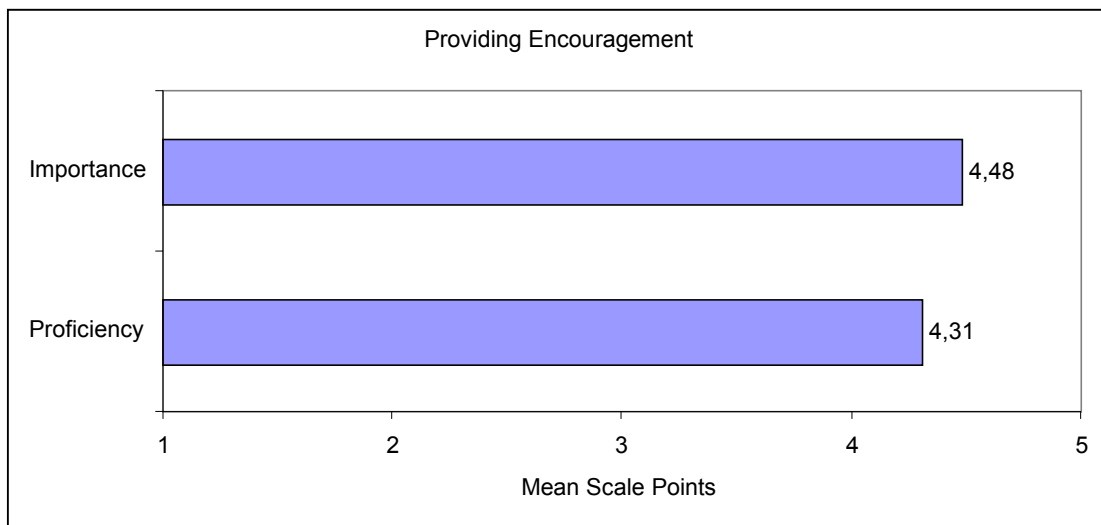
**Figure C1: Providing constructive criticism**



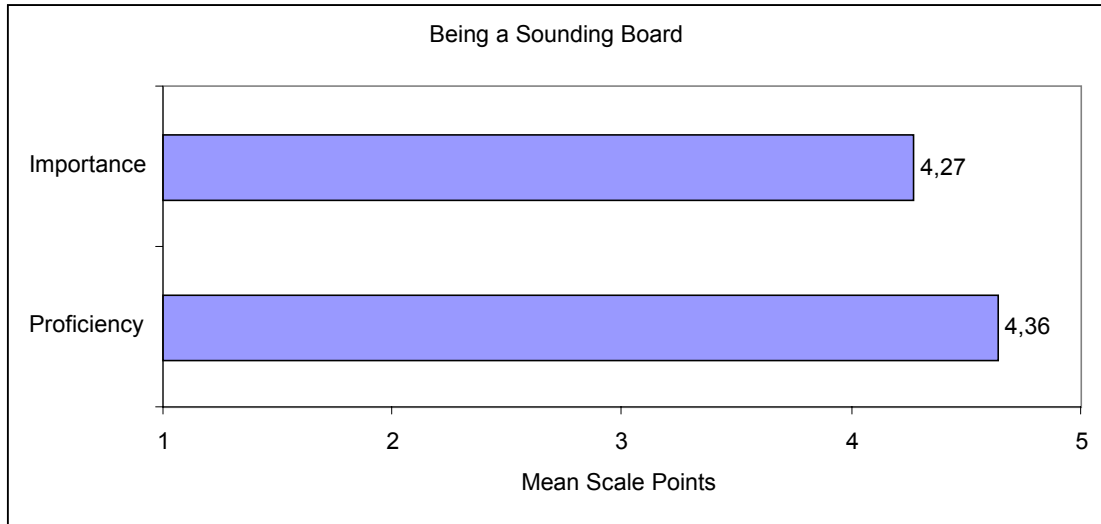
**Figure C2: Providing guidance**



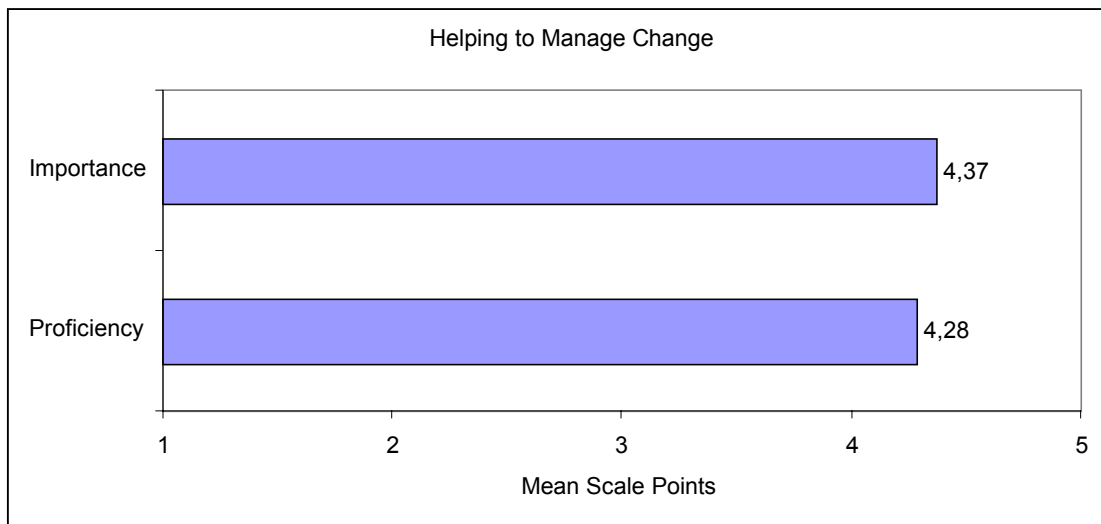
**Figure C3: Providing encouragement**



**Figure C4: Being a sounding board**



**Figure C5: Helping to manage change**



**Figure C6: Performance motivational skills**

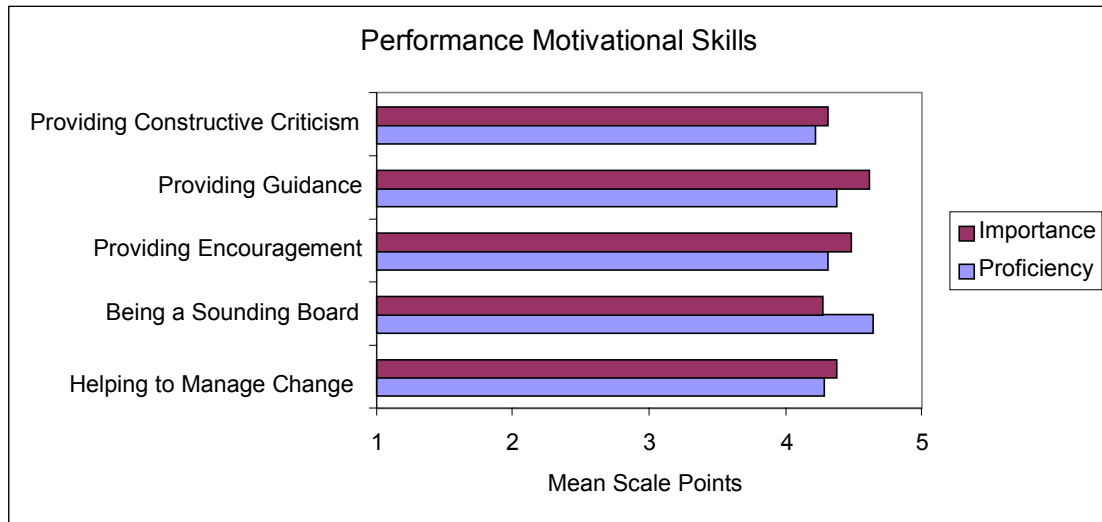


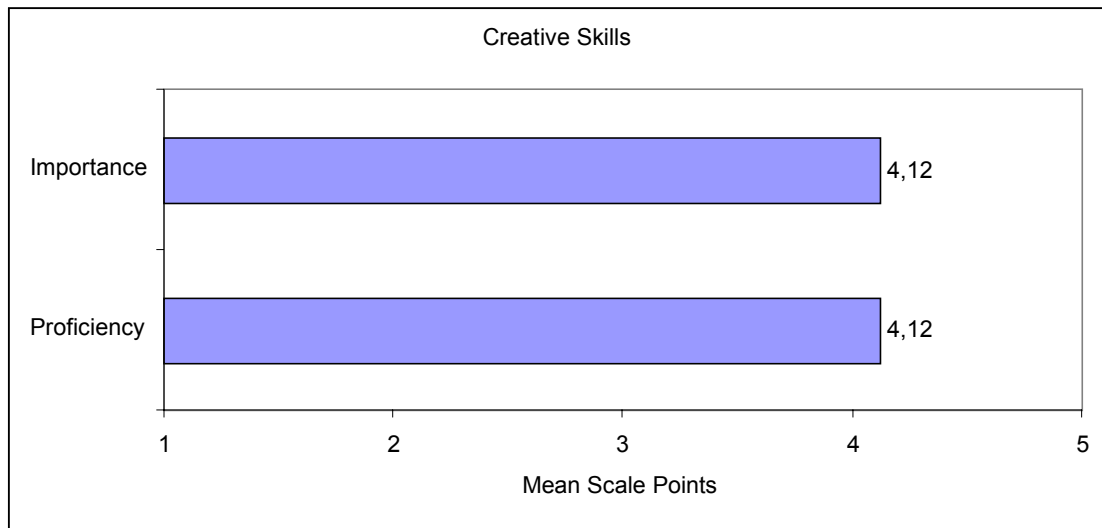
Figure C6 indicates that entrepreneurship mentors believe that performance motivational skills are very important skills and, in only one of the skills, **Being a Sounding Board**, did they believe that entrepreneurship mentors are more proficient than what the skill is important.

1.2 **Indicate your proficiency** and your view on the level of **importance** in the following skills by using the following five-point scale?

### **Creative Skills**

Facilitate the creation and refinement of new products, services and processes, based on innovative and creative thinking

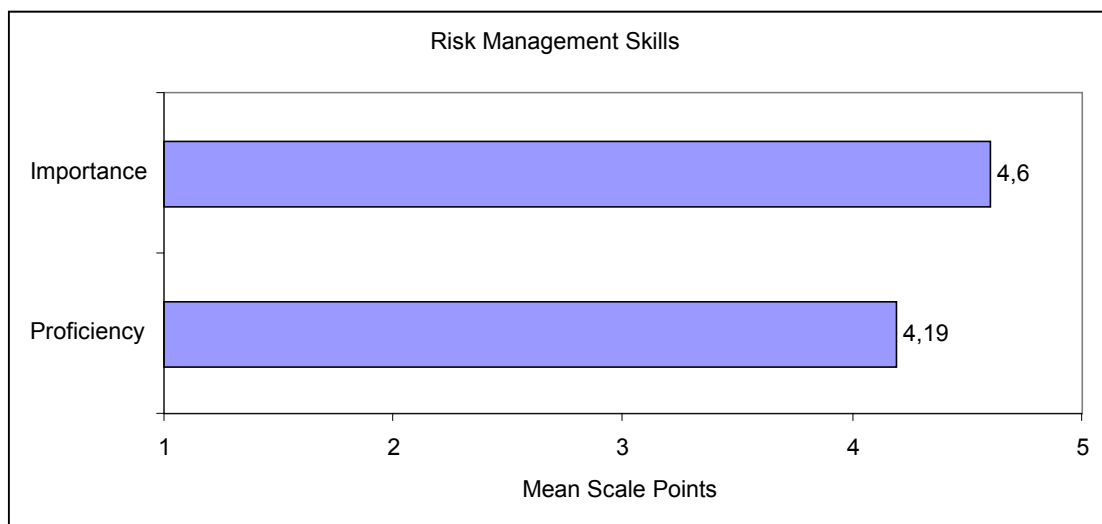
**Figure C7: Creative skills**



**Risk Management Skills**

Facilitate the identification of potential risk and the assessment of the risk. Assist in developing a strategy to prevent, minimise and respond to the identified risk.

**Figure C8: Risk management skills**

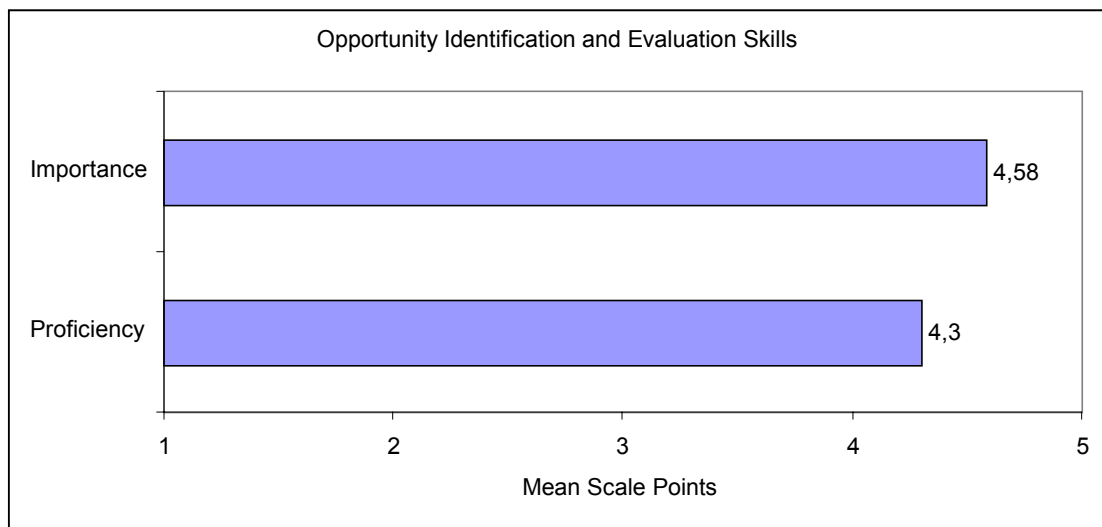




## Opportunity Identification and Evaluation

Facilitate the identification, evaluation and feasibility of the opportunities.

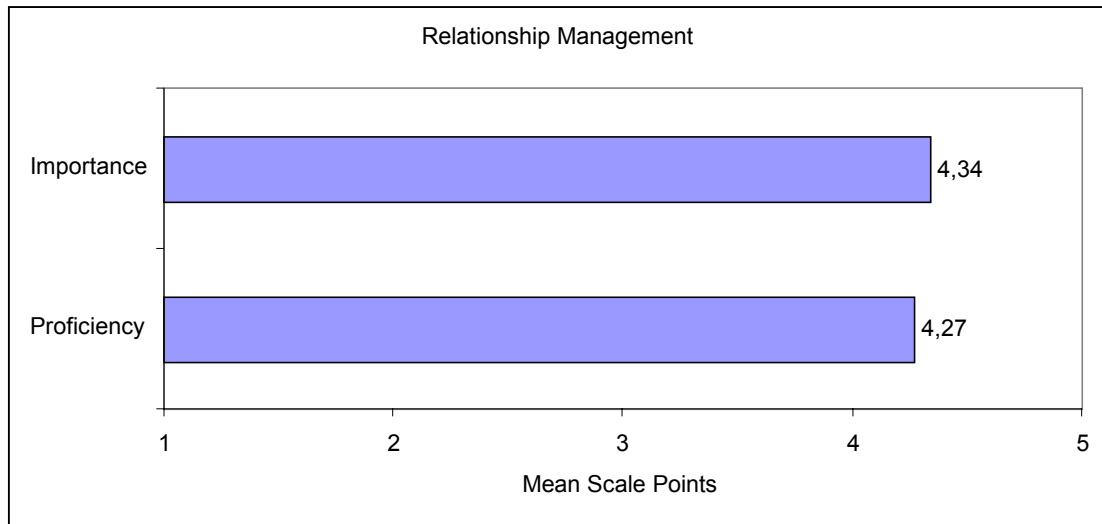
**Figure C9: Opportunity identification and evaluation**



## Relationship Management

Facilitate in developing relationships with financial institutions, suppliers, potential customers and associations as well as introductions to other successful entrepreneurs.

**Figure C10: Relationship management**



**Figure C11: Entrepreneurial skills**

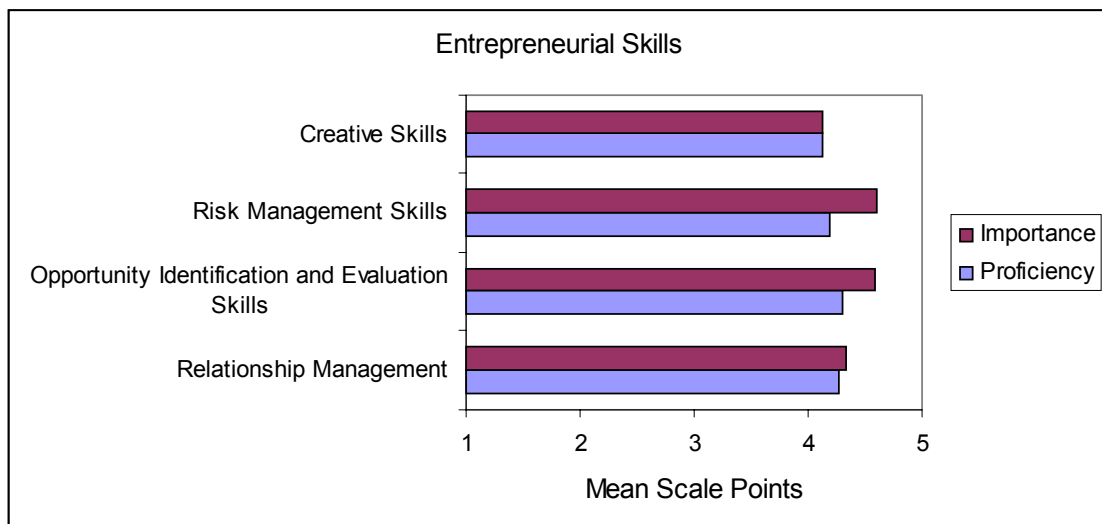


Figure C11 indicates that entrepreneurial skills as described in the questionnaire are regarded as very important skills and, in all of these skills, the

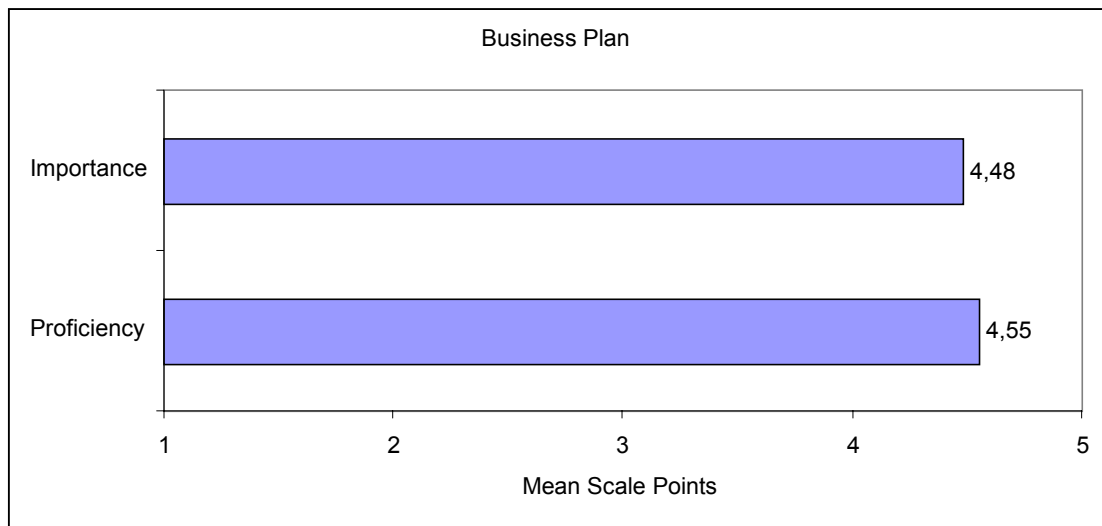
entrepreneurship mentors' proficiency is less than their perceived importance of the skill.

1.3 **Indicate your proficiency** and your view on the level of **importance** in the following skills by using the following five-point scale?

### **Business Plan**

Facilitate the formulation, drafting and development of the business plan.

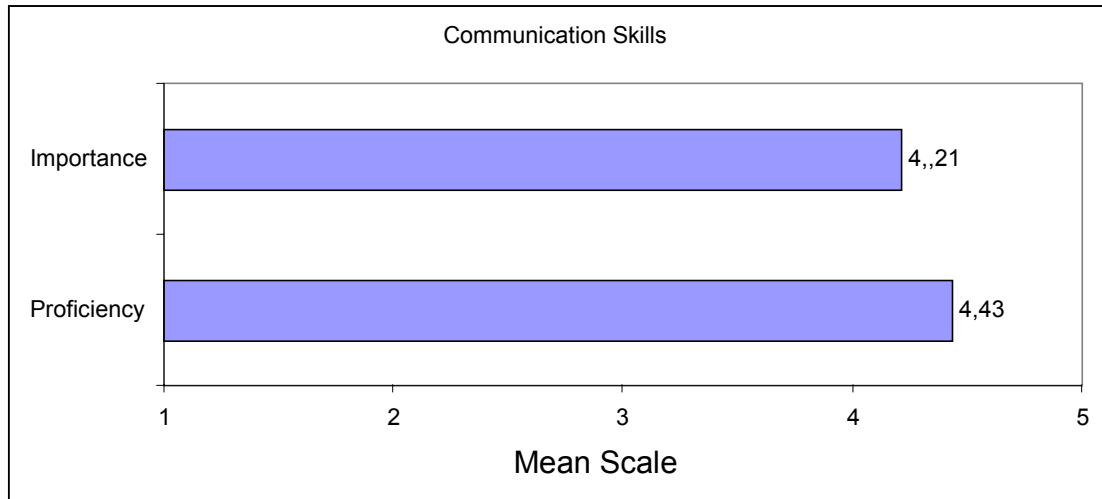
**Figure C12: Business plan**



### **Communication Skills**

Facilitate the presentation, negotiation, document presentations and effective communication with stakeholders (for example, customers, labour, suppliers and shareholders).

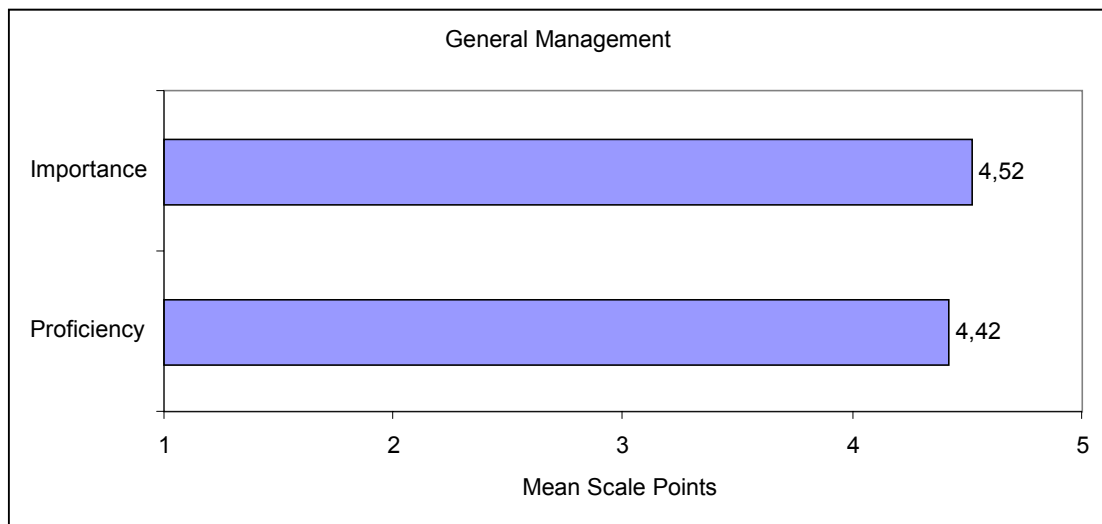
**Figure C13: Communication skills**



**General Management**

Equip the entrepreneur with general/strategic decision-making process, problem solving, planning, controlling, co-ordination and leadership skills.

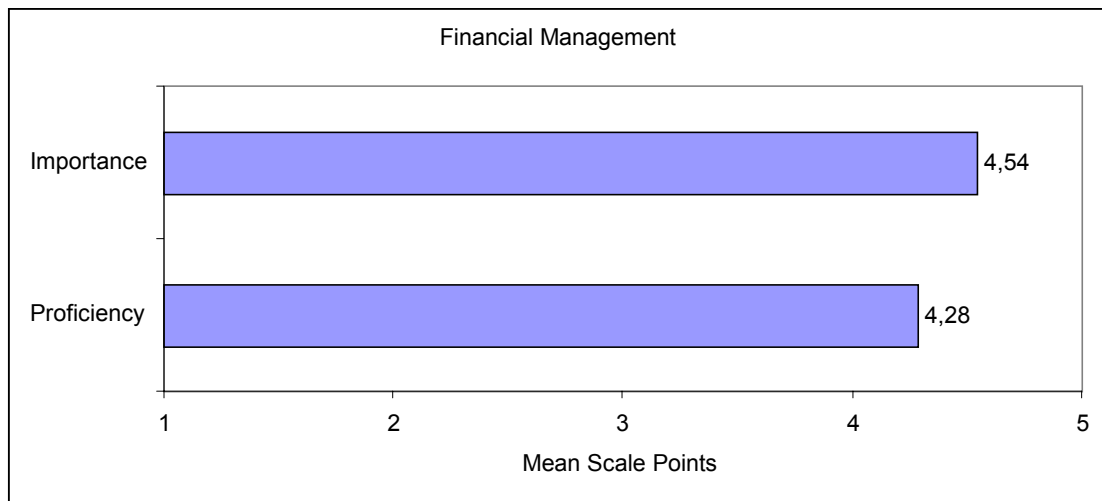
**Figure C14: General management**



### Financial Management

Facilitate the understanding and management of financial statements and day-to-day financial management.

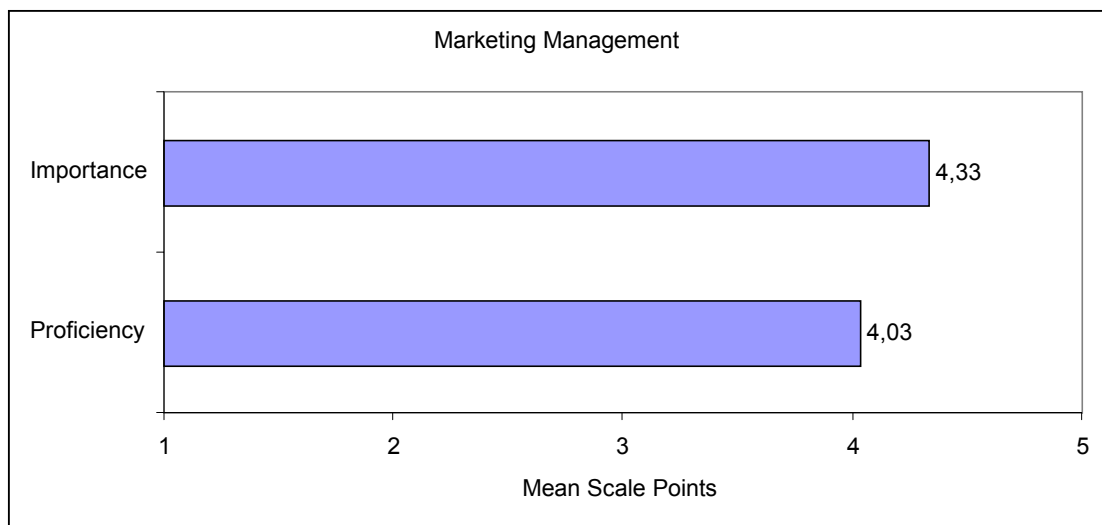
**Figure C15: Financial management**



### Marketing Management

Facilitate the product design, pricing, promotion, distribution, setting of marketing objectives, sales techniques and marketing strategy formulation.

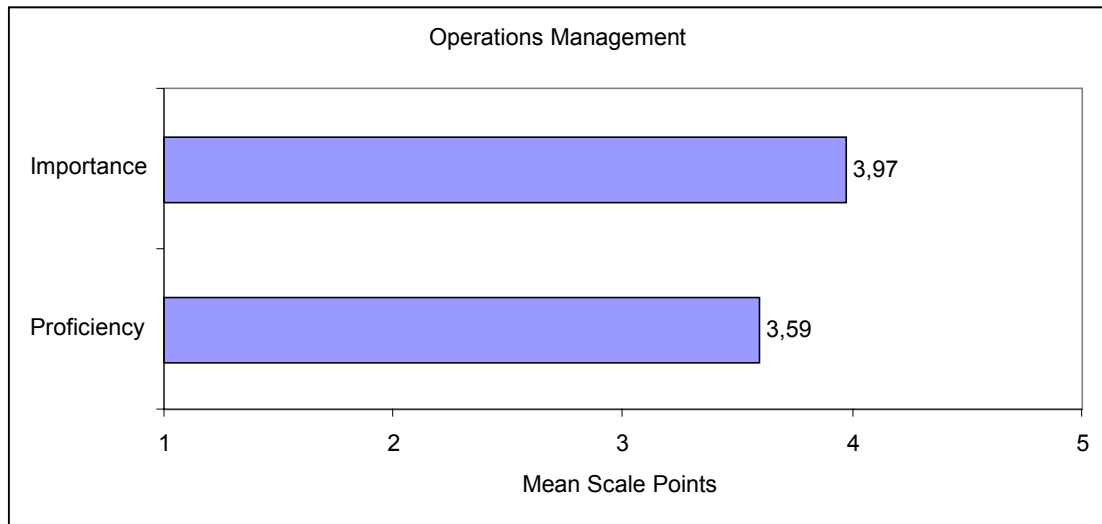
**Figure C16: Marketing management**



## Operational Management

Facilitating manufacturing, inventory, cost control, quality controls and production scheduling.

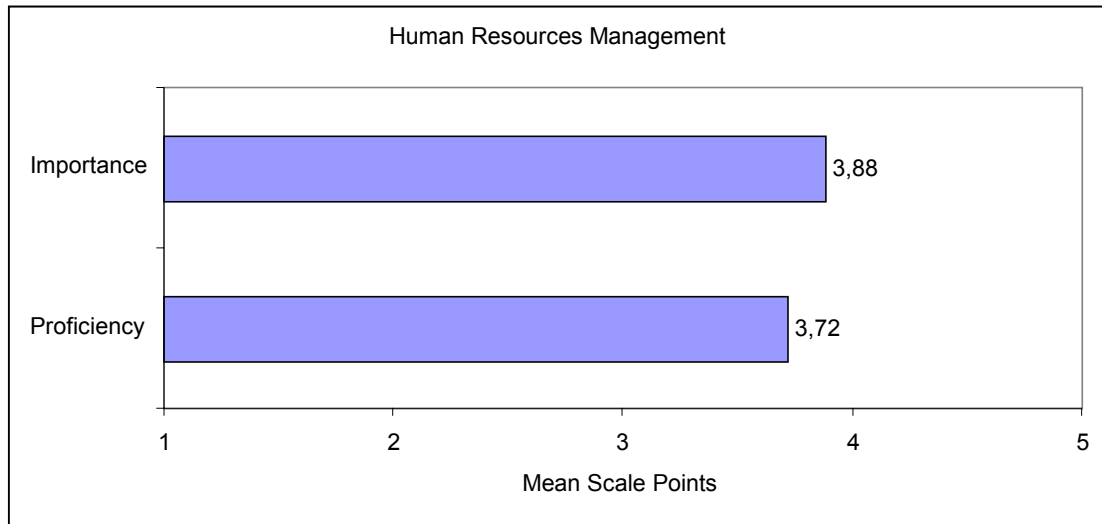
**Figure C17: Operations management**



## Human Resource Management

Facilitate the effective provision and maintenance of personnel, for example, recruiting, selecting, placing staff, motivating, training and general human resource management.

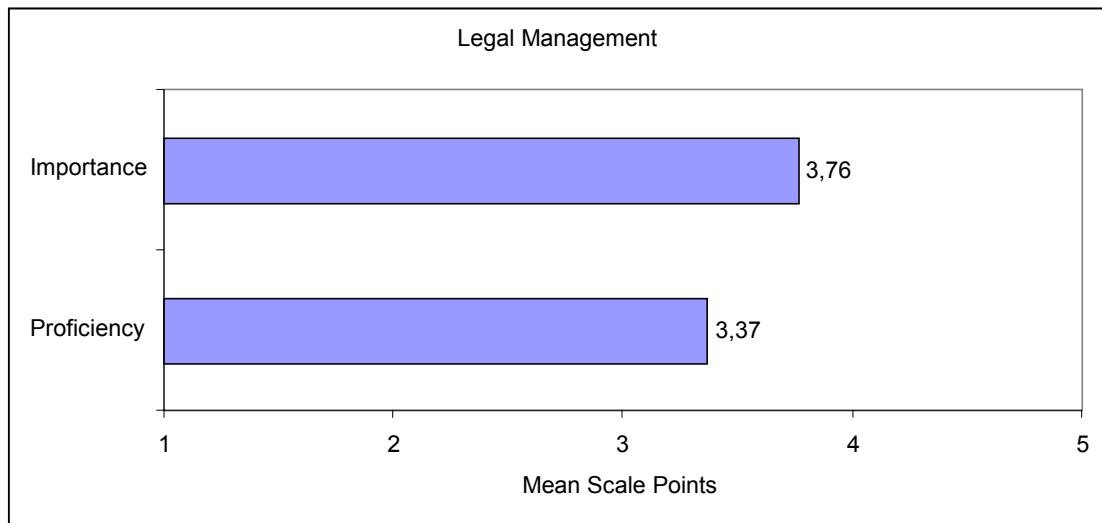
**Figure C18: Human resources management**



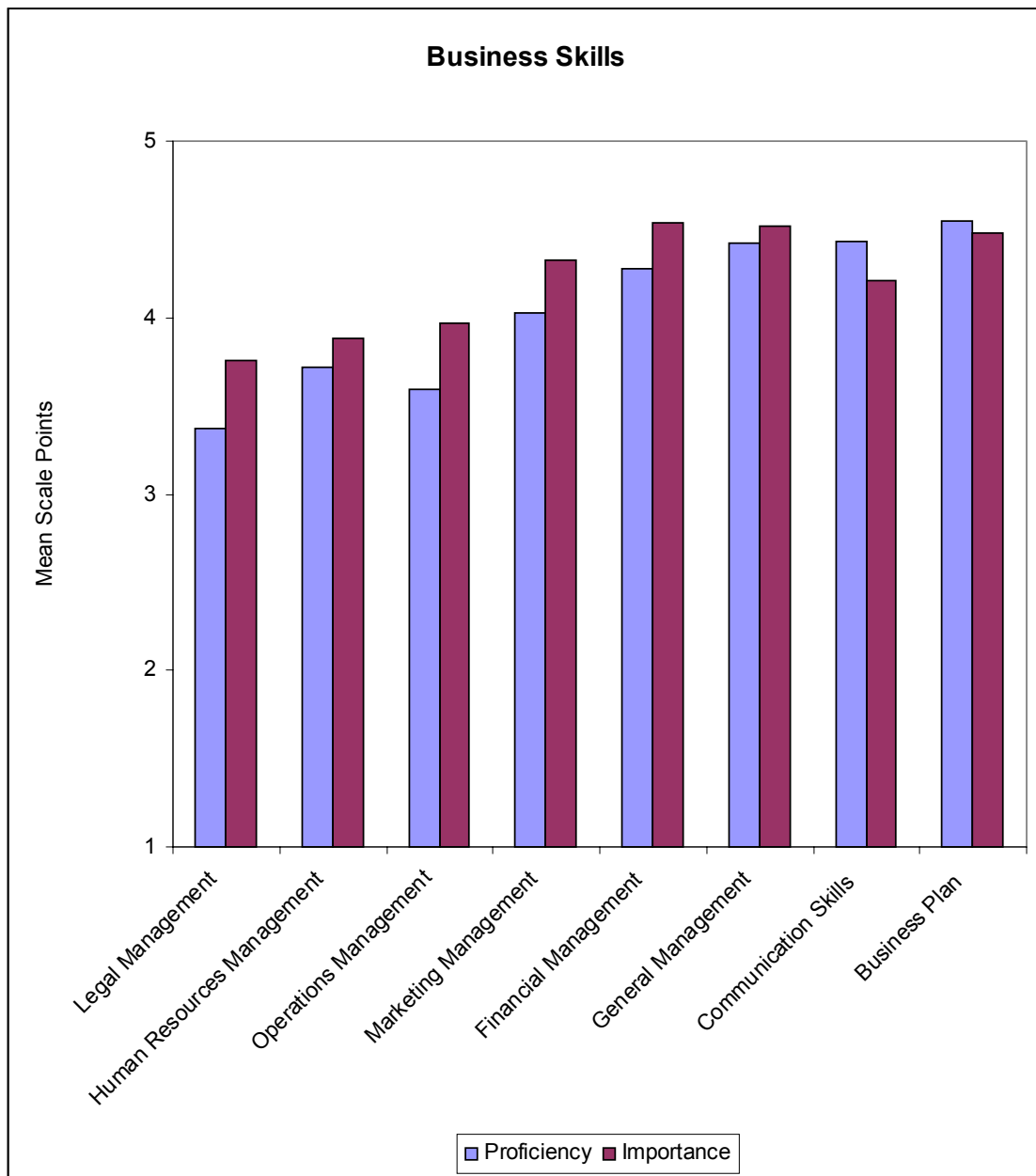
**Legal Management**

Facilitate an understanding of basic entrepreneurial law, contractual law, intellectual property laws, tax law, labour law and local and state authorities' regulations.

**Figure C19: Legal management**



**Figure C20: Business skills**



Five business skills have been identified as very important. These include formulating a business plan, communication skills, general management, financial management and marketing management. Formulating the business plan and communication skills are not only regarded as very important skills,



entrepreneurship mentors also believe they have the proficiency to perform these skills.

#### 5.4 SECTION D: MENTORING FUNCTION

Section D assists the researcher to try and gain a better understanding of the mentoring function in South Africa. Section D responds to the fifth primary objective:

<b>Objective 5</b>
To gain a better understanding of entrepreneurship mentoring in South Africa.

1. How many **entrepreneurs have you, or are you currently mentoring?**

**Table D1: Number of entrepreneurs either mentored or in the process of being mentored**

Average number of current entrepreneurs being supported	17
Average number of past entrepreneurs supported	282

Table D1 indicates that, on average, an entrepreneurship mentor will mentor 17 entrepreneurs at one time. An entrepreneurship mentor will mentor 282 entrepreneurs in total.

2. On average, for **how many months** do you mentor an entrepreneur?

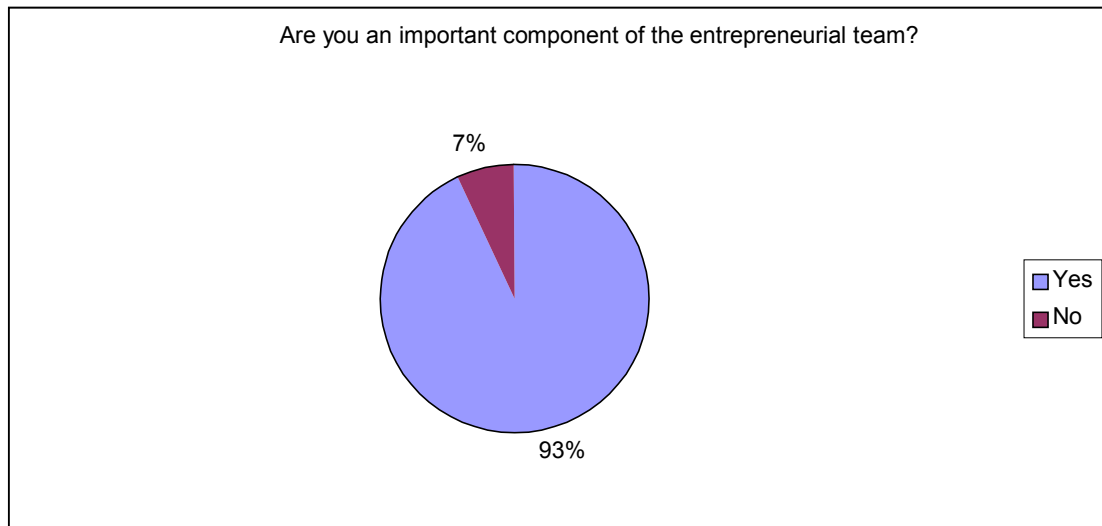
**Table D2: Number of months**

Average number of months of supporting entrepreneurs	10
--	----

Table D2 indicates that an entrepreneurship mentor will provide mentoring services for ten months.

3. Do you see yourself as **an important component** of the entrepreneurial team?

**Figure D1: Entrepreneurial team**



Entrepreneurship mentors see themselves as an important component of the entrepreneurial team.

4. Please provide the following information?

**Table D3: Mentoring success**

Description	Percentage
What percentage of entrepreneurs have left as a result of a relationship failure?	2,4%
What percentage of entrepreneurs have left due to the failure of the business?	7,6%
What percentage of entrepreneurs are you still mentoring?	47,7%
What percentage of entrepreneurs have left as a result of successful mentoring?	39,4%

Entrepreneurship mentors believe that they provide a valuable service to entrepreneurs as only 10% of entrepreneurs leave their mentors as a result of failure of the business or as a result of a breakdown in the relationship.

5. Indicate in which of the following **industries you operate** and the **number of entrepreneurs that you mentor** in these industries? **Mark all that may apply.**

**Figure D2: Industries**

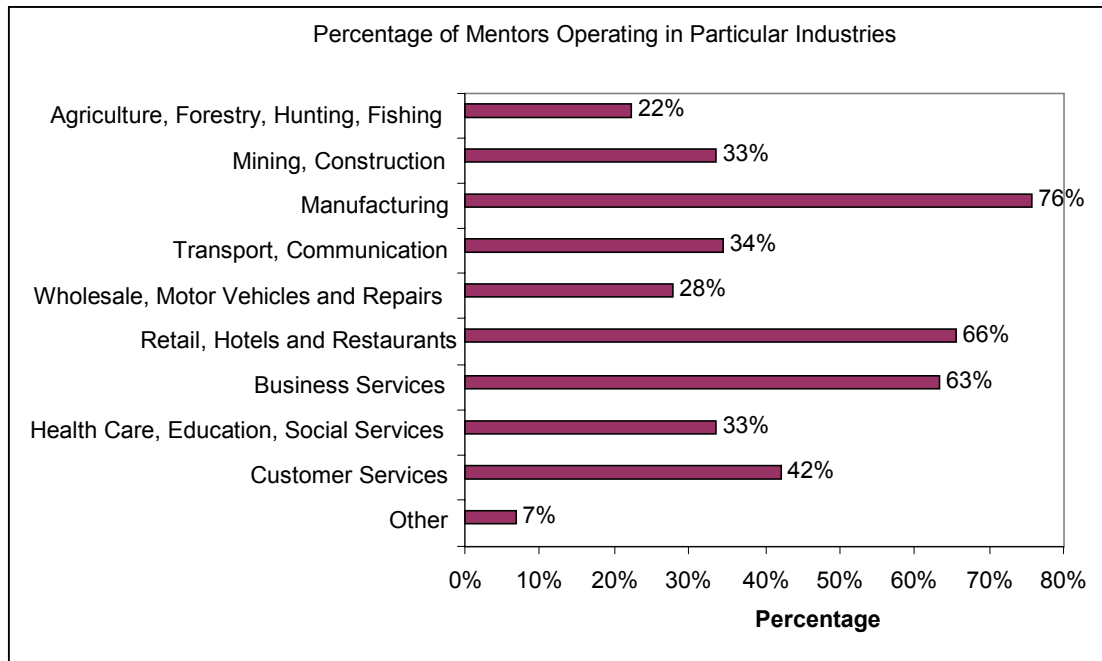
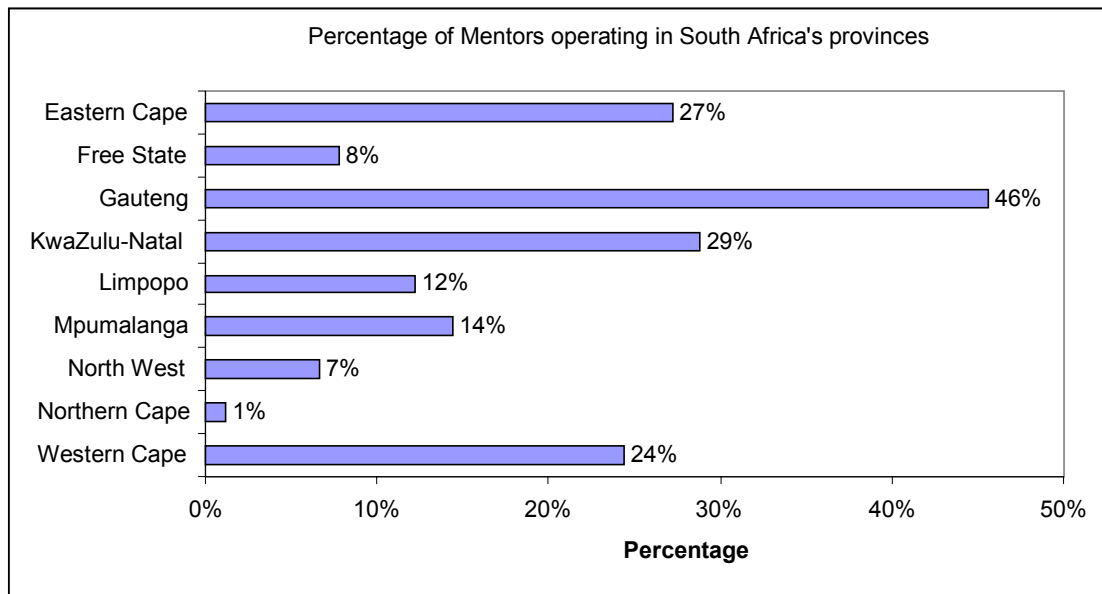


Figure D2 indicates the industries in which entrepreneurship mentors are active. The sectors in which entrepreneurship mentors are most active are manufacturing, retail, hotels and restaurants, and business services. The results of the second part of the questionnaire (indicate the number of entrepreneurs that you mentor in these industries) were not satisfactory for statistical analysis. The question may have been misleading as unrealistic numbers were inserted. This would have distorted the results.

6. In which **provinces** do you operate? **Indicate all that may apply.**

**Figure D3: Provinces**



Gauteng, KwaZulu-Natal, Eastern Cape and the Western Cape are the provinces in which entrepreneurship mentors are most active.

## 7. Statements

7.1 Do you agree or disagree with the following statement?

**Mentors are excellent avenues for obtaining professional and moral support.**

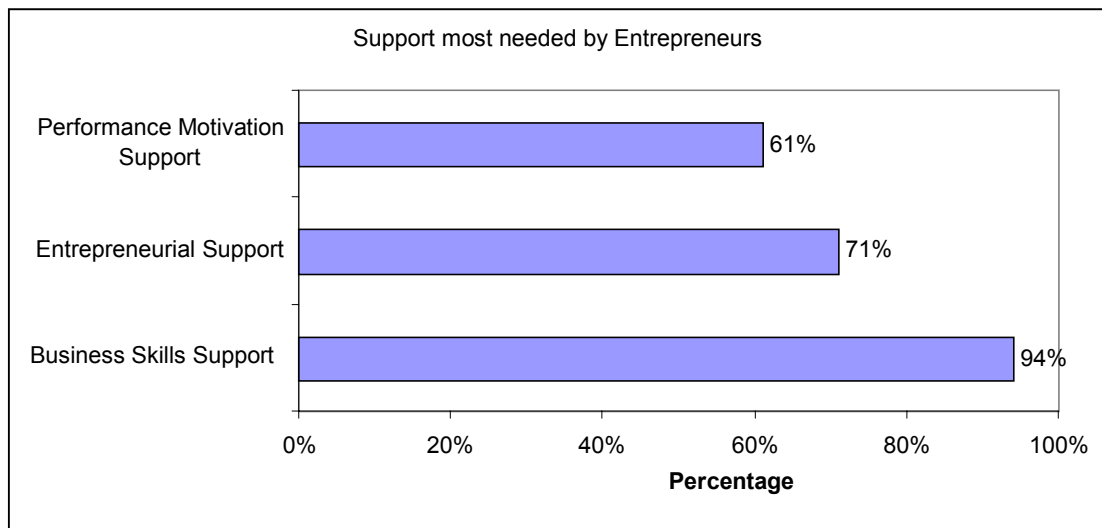
**Table D4 Mentors provide professional and moral support.**

Agree	98%
Disagree	2%

An amount of 98% of entrepreneurship mentors do believe that they are excellent avenues for entrepreneurs to obtain professional and moral support.

7.2 If you selected “**Agree**” in question 7 above, indicate **the type of** support that entrepreneurs need the most? **Indicate all that may apply.**

**Figure D4: Support most needed by entrepreneurs**



Entrepreneurship mentors believe that South African entrepreneurs need business skills support the most. This is followed by entrepreneurial support and then by performance motivational support.

8. Is the support you mostly supply **proactive** or **reactive**? (Proactive means taking the initiative to avoid a situation. Reactive means to react to a situation.)

**Table D5: Proactive and reactive support**

Support mostly supplied	Percentage
Proactive support	68,9%
Reactive Support	25,5%
Both	5,6%

9. What type of support is best suited to mentoring entrepreneurs?

**Table D6: Proactive and reactive support – best practice**

Support most suited	Percentage
Proactive support	92,2%
Reactive Support	5,6%
Both	2,2%

Entrepreneurship mentors believe that they mostly provide proactive support and that proactive support is best suited to entrepreneurship mentoring.

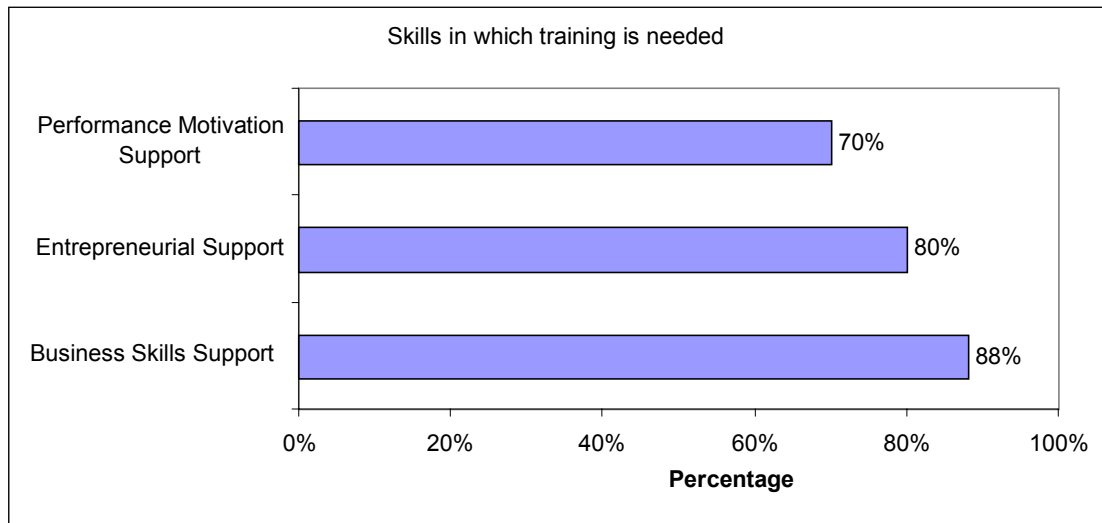
10. Do you believe mentors **need training** in mentoring entrepreneurs?

**Table D7: The need for mentoring training**

Yes	95,6%
No	4,4%

10.1 If you selected “**Yes**” in question 10 above, please indicate in which field the need for training exists?

**Figure D5: Skills in which training is needed**



An amount of 95% of entrepreneurship mentors believe that they need training in business skills (88%), entrepreneurial skills (80%) and performance skills (70%).

11. In your view, do you feel that mentors need to be accredited?

**Table D8: Mentoring accreditation**

Yes	91%
No	9%

An amount of 91% of entrepreneurship mentors believe that they need accreditation.

12. Do you believe South Africa needs **more** entrepreneurship mentors?

**Table D9: The need for South African entrepreneurship mentors**

Yes	98%
No	2%

An amount of 98% of entrepreneurship mentors believe that South Africa needs more mentors.

## **5.5. CONCLUSION**

This chapter has presented the findings of the research survey. The results of the survey were analysed using the statistical program SAS V8.2 for Windows which presented the statistical results in terms of frequencies and arithmetic means. This is an empirical study using primary data collected by an explorative structured electronic questionnaire. The questionnaire was quantitative and qualitative in nature and aimed to provide a broad overview of the entrepreneurship mentoring community.

The data has been analysed using typical techniques, which include tabulation, correlation and statistical graphics. Descriptive statistical analysis was predominantly applied in the presentation of results. The sample consisted of 90 entrepreneurship mentors who responded to the electronic questionnaire. The results will be discussed in Chapter 6 in accordance with the research objective.

## CHAPTER 6

### CONCLUSIONS AND RECOMMENDATIONS

#### 6.1 INTRODUCTION

Entrepreneurship mentors play an active role in supporting South African entrepreneurs, yet no research has been conducted in the South African SMME support sector. As previous chapters have demonstrated, entrepreneurship mentoring is fundamental to improving South African entrepreneurial performance. This study endeavoured primarily to create a platform from which further research can be conducted. It has evaluated the current position with respect to entrepreneurship mentors. Hopefully, the study will assist practising entrepreneurship mentors, academics, SMME support agencies, government SMME organisations and entrepreneurs to understand the role of entrepreneurship mentors in the SMME sector.

This chapter discusses the findings in relation to the research objectives. The primary research objective will be reiterated first. This will be followed by listing the secondary objectives and the propositions. The shortcomings of the study will be highlighted and additional research opportunities will be identified.

#### 6.2 PRIMARY OBJECTIVES

The primary research objectives are illustrated hereunder:

***To determine the basic demographic profile of entrepreneurship mentors in South Africa with reference to gender, age, language group and education.***



The results revealed that men represent the majority of entrepreneurship mentors (totaling 81% compared to 19% of female entrepreneurship mentors). The average age of entrepreneurship mentors indicated that 77% of mentors are over the age of 35 years, while 32% are between the ages of 44 to 53 years of age. The predominant home languages of entrepreneurship mentors are English (60%), followed by Afrikaans (24%) and Zulu (10%). The majority of South Africa's 11 official languages including Ndebele, Pedi, Sotho, Swati, Tsonga, Tswana, Venda were not significantly represented in the study. As indicated in chapter 5, South African entrepreneurship mentors are well educated, with 68% in possession of a university education.

These results have also indicated that South African entrepreneurship mentors have an above average education compared to the general South African population in which the number of people with post-school qualifications is only 8,4%. This is an important finding as education has a significant positive impact on entrepreneurial businesses. The findings therefore suggest that entrepreneurship mentors have a significant role to play in improving the performance of start-up, survival, stabilisation, growth and mature businesses.

The findings have also portrayed that there is a need to increase the number of female entrepreneurship mentors. In the past, cultural and social norms contributed to the marginalisation of female entrepreneurs. In spite of this, there are several examples of successful female entrepreneurs. This illustrates that the number of female entrepreneurs is growing (Rwigema and Venter 2004:18). The GEM 2002 (Foxcroft, *et al*, GEM 2002:25) survey indicated that female entrepreneurs in South Africa need encouragement as the South African entrepreneurial environment is male-dominated. South African women have been identified as a special group who are in need of specialised support to gain access to the mainstream economy. During the Presidential Job Summit of 1998, the SMME sector was identified as a vehicle that can assist with the development of women by introducing them to the mainstream economy to

facilitate this change (Job Summit 1998:6). The Presidential Job Summit set several targets for supporting women in the SMME sector which included aiming at least 50% of all mentorship programs at women by 2005 (Job Summit 1998:6). Considering the nature of the relationship between entrepreneurship mentors and entrepreneurs and the targets set in the Presidential Job Summit of 1998, it is surprising that there are not more female entrepreneurship mentors operating in this environment.

The survey also revealed that English is most widely spoken by entrepreneurship mentors at home. This is followed by Afrikaans and Zulu. The remaining eight official languages were not significantly represented. The GEM 2003 (Orford , *et al*, GEM 2003:30) survey stated that Black South Africans are less likely to believe they have the skills required to start a new business. Considering that mentors assist entrepreneurs by contributing to their skills and motivation levels, it is unfortunate that the vast majority of entrepreneurship mentors do not speak traditional African languages.

***To determine the entrepreneurship mentors' work experience, personal entrepreneurial experience, mentoring experience; the phases of the entrepreneurial process in which entrepreneurial mentors have the most personal experience; and the phases in which they are most active.***

The experience of the entrepreneurial team has been identified as having a critical influence on the performance of an entrepreneurial venture. As identified in Chapter 2 by the Global Entrepreneurship Monitor 2001 (Driver, *et al*, GEM 2001:23), South African entrepreneurs often lack experience. This hinders them from pursuing new business ventures. Consider the fact that entrepreneurship mentors are able to lend their experience to the entrepreneurial team. The researcher felt that it was important to understand the nature of entrepreneurship

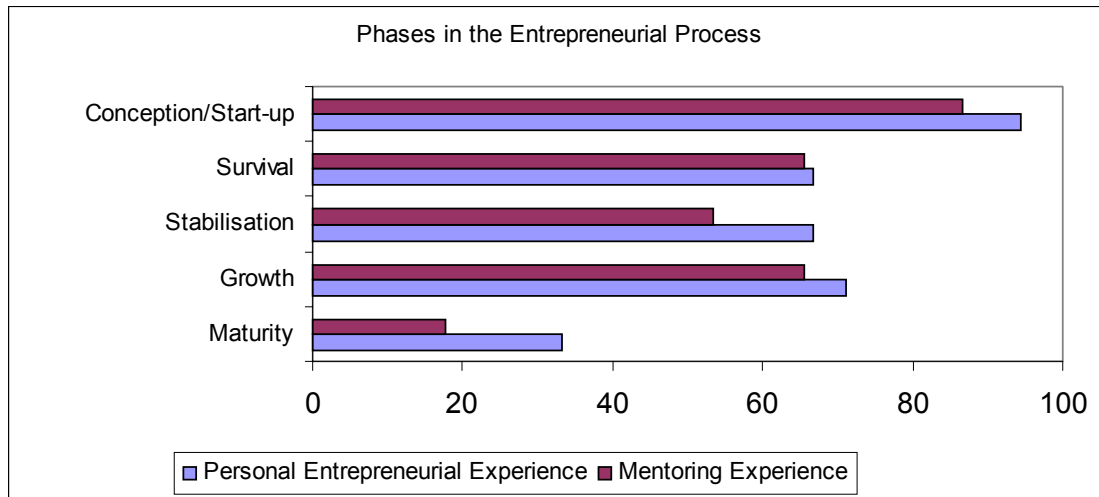
mentors' experience by understanding the nature of their experiences. These experiences can have a positive impact on the entrepreneurial venture.

In order to assess the entrepreneurship mentors' experience, the questionnaire focused on three areas of experience namely; corporate experience, personal entrepreneurial experience and entrepreneurship mentoring experience. The research findings indicated that the average corporate experience of entrepreneurship mentors is 15 years; the average number of years of personal entrepreneurial experience of entrepreneurship mentors is nine years; and the average number of years as an entrepreneurship mentor is five years.

As indicated in Chapter 5, section B, the results clearly indicate that South African entrepreneurship mentors have significant corporate experience, personal entrepreneurial experience and entrepreneurial experience. This experience can be shared with the entrepreneurs. The experience factor will, hopefully, impact on the performance of the entrepreneurial business. To fully understand the entrepreneurship mentors' experience and its relevance in the ability of entrepreneurship mentors to have an impact on the entrepreneur's performance, it became necessary to determine how many entrepreneurs are being, or have been, mentored by entrepreneurship mentors. (The average was determined to be 272 entrepreneurs.) As can be seen from the findings, entrepreneurship mentors are, on average, mentoring a significant number of entrepreneurs. Many questions that could form the basis for further research have arisen out of this finding.

In addition, this study also determined the phases of the entrepreneurial process in which entrepreneurship mentors have the most experience. This was determined in terms of personal entrepreneurial and entrepreneurship mentoring experience.

**Figure 6.1: Phases in the entrepreneurial process**



As we can see in figure 6.1, the vast majority of the experience is reflected in the critical phases of start-up, survival and growth of a business. Entrepreneurship mentors will be able to share their experience as the entrepreneurial business passes through these critical phases. This will ultimately impact on the entrepreneur's performance. As the above diagram suggests, entrepreneurship mentors do not have a great deal of experience in mentoring entrepreneurs during the maturity phase. The researcher believes that the relationship between entrepreneurship mentors and entrepreneurs will decrease significantly during the maturity phase as entrepreneurs will have acquired the necessary skills to manage their businesses. They will, therefore, not require mentors' services during this phase. Ideally, it would be encouraging to see a successful entrepreneur becoming a mentor to start-up entrepreneurs.

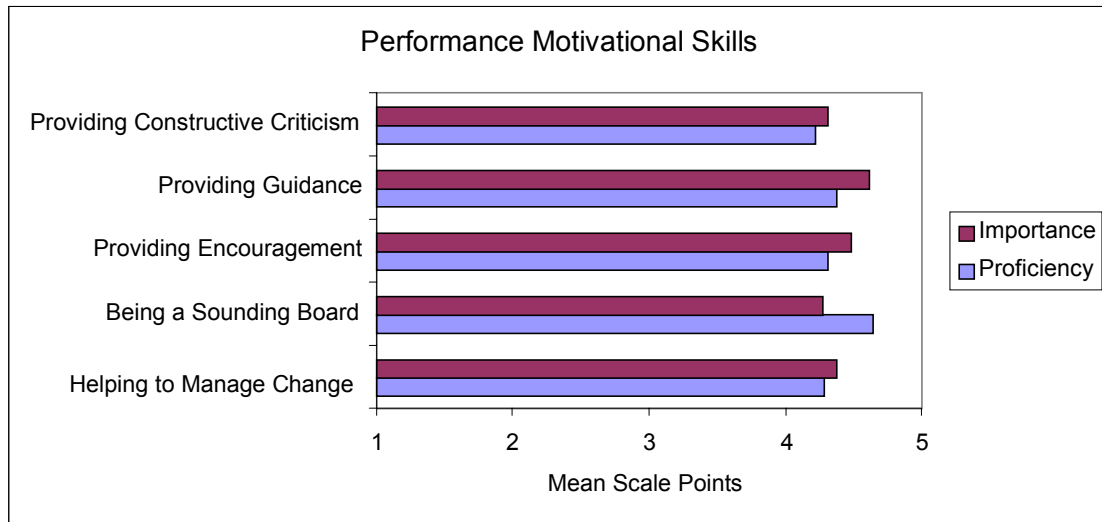
***To determine the skill sets of entrepreneurship mentors based on the predefined motivation skills, entrepreneurial skills and business skills.***

***To represent the level of importance attached to the mentor's predefined skill sets that have been identified as necessary to becoming a successful entrepreneurship mentor.***

The objective was to fully understand the skills of the entrepreneurship mentor as represented in the multiplicative model  $E/P = M(E/S \times BS)$ . The researcher used a Likert scale measurement to assess the participants' attitudes to the skills identified in the multiplicative model. The relative importance of the skills and the entrepreneurship mentors' proficiency in the skills were assessed. This was done using a five-category scale containing negative to positive statements. The intention was to measure a tendency by using a dividing statement (mid-point) between the negative and positive statements. The measuring principle was to find a total score from the total sample and to assess whether the sample fell above or below the mid-point (Riley *et al*, 2000:121).

The importance of the skills and the participants' proficiency in the skills, as identified by the entrepreneurship mentors, is illustrated in the following figures:

**Figure 6.2: Performance motivational skills**



As can be seen in figure 6.2, all of the identified performance motivation skills are seen as very important and, in four of the five skills, entrepreneurship mentors felt that they are not as proficient in the skill as they believe the skill is important.

**Figure 6.3: Entrepreneurial skills**

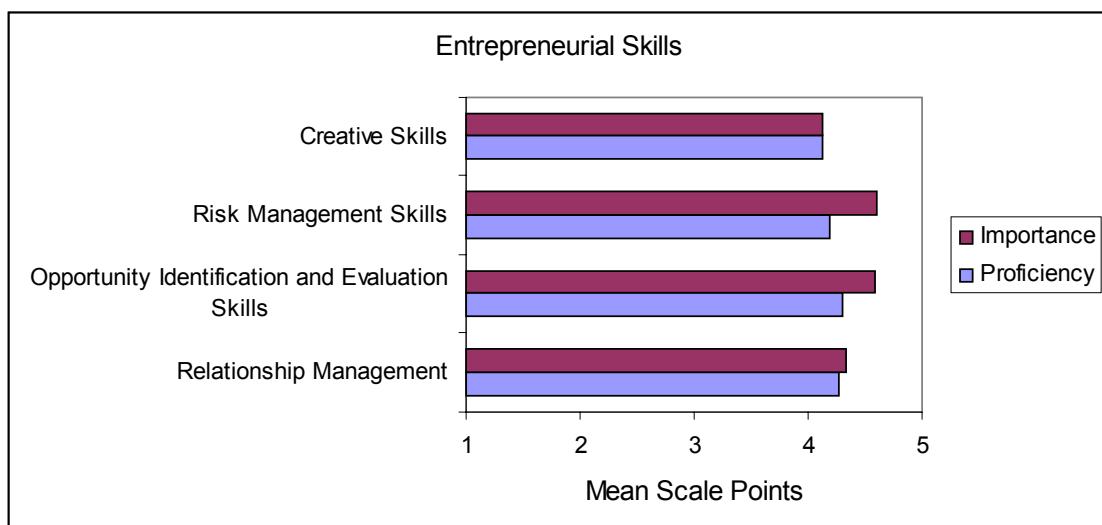
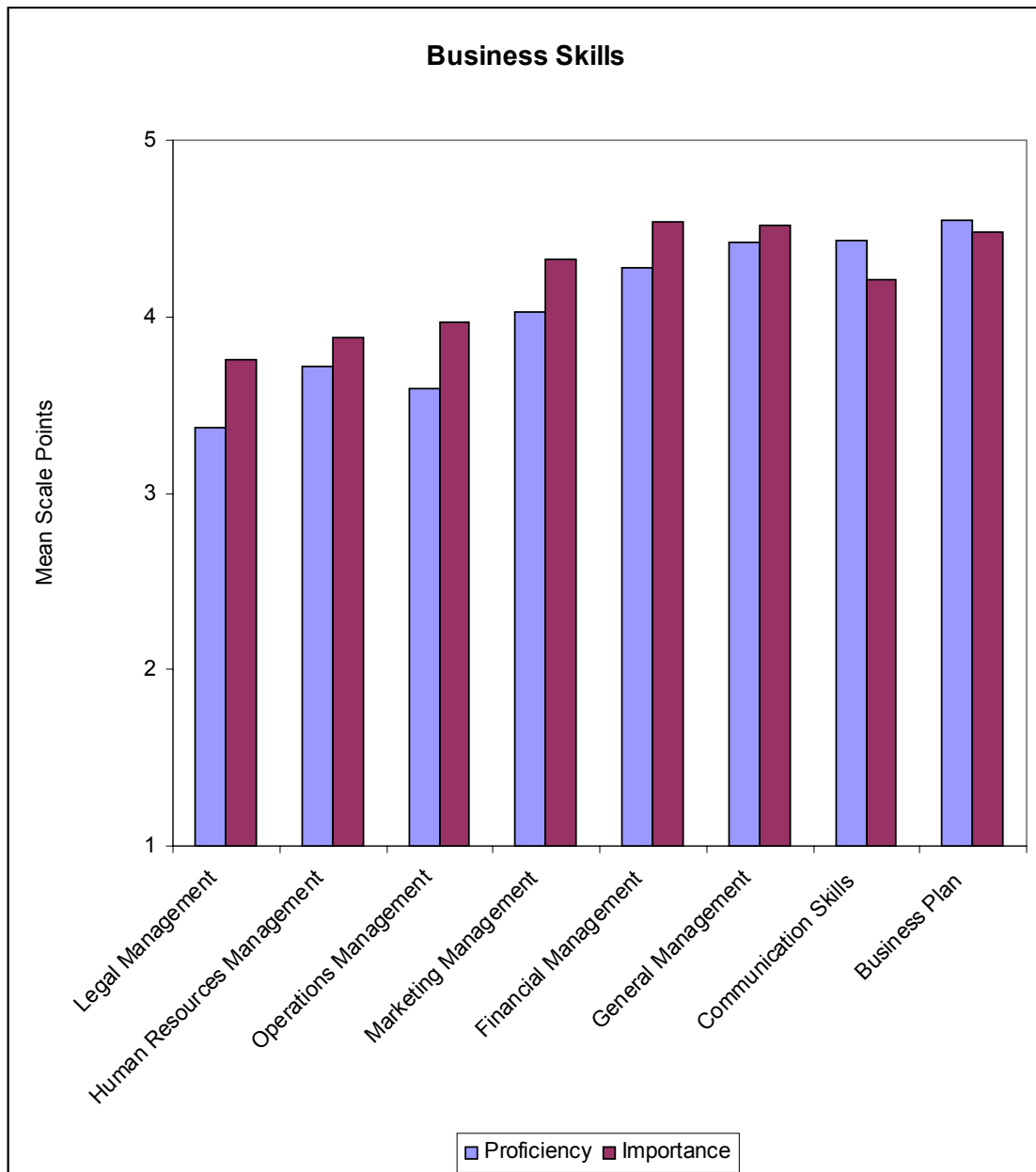


Figure 6.3 indicates that the identified Entrepreneurial Skills (ES) are regarded as very important and, in all of these skills, the importance of the skills exceeds the proficiency of the entrepreneurship mentors' skill sets.

**Figure 6.4: Business skills**



As indicated in figure 6.4, the Business Skills (BS) identified are business plan skills, communication skills, general management skills, financial management skills and marketing management skills. These are regarded as very important and the entrepreneurship mentors' proficiency in these skills varies in relation to the importance of the skills. The operations management, human resources management and legal management skills are regarded as important. However, entrepreneurship mentors believe they only need a theoretical understanding of these skills, which is less than the indicated importance of the skills.

These findings suggest that entrepreneurship mentors recognise the importance of the skills and that their proficiency is often lacking in relation to the importance of that skill. As a result, potential training interventions have been identified.

However, in order to fully respond to the objective, it was important to determine the skill sets in which there are significant differences between the importance of the skill as identified by the participants and their proficiency in the skills.

For further analysis of the skills required by entrepreneurship mentors, T-tests were conducted on paired comparisons between the importance of the skill and proficiency of the skill. The results are detailed in table 6.1. The T-test tests whether there is a significant difference between the importance of the skills as identified, and the participants' proficiency in these skills. This is done by testing the mean differences between the Importance and the Proficiency 'scores'.

Significant differences are indicated as follows:

\*\* Significant difference.

\*\*\* Highly significant difference.

Table 6.1 suggests that, in two of the skills, there is a significant difference. These skills include Providing Guidance and Providing Encouragement. The



significant difference is portrayed in the fact that the participants believe the skill to be very important. However, their proficiency in the above-mentioned skills is significantly lacking when they are evaluated in terms of the importance of the skill.

**Table 6.1: Paired comparisons between proficiency and importance for the performance motivational skills**

Performance Motivation Skills	Proficiency			Importance			T	Df
	N	$\bar{X}$	S	N	$\bar{X}$	s		
Providing Constructive Criticism	90	4,222	0,746	90	4,311	0,843	0,92	89
Providing Guidance	90	4,389	0,612	90	4,622	0,712	3,01**	89
Providing Encouragement	90	4,311	0,729	90	4,489	0,782	2,22**	89
Being a Sounding Board	88	4,364	0,664	90	4,278	0,848	-1,00	87
Helping to Manage Change	89	4,281	0,707	90	4,378	0,758	0,90	88

**Table 6.2: Paired comparisons between proficiency and importance of the entrepreneurial skills**

Entrepreneurial Skills	Proficiency			Importance			T	Df
	N	$\bar{X}$	s	N	$\bar{X}$	S		
<b>Creative Skills</b>	89	4,124	0,890	90	4,122	0,805	0,00	88
<b>Risk Management Skills</b>	89	4,191	0,838	90	4,600	0,684	5,22***	88
<b>Opportunity Identification and Evaluation Skills</b>	88	4,307	0,778	90	4,589	0,748	3,57***	87
<b>Relationship Management</b>	89	4,270	0,902	90	4,344	0,850	0,80	89

Table 6.2 suggests that two of the skills have highly significant differences. These skills include Risk Management Skills, Opportunity Identification Skills and Evaluation Skills. The highly significant difference is portrayed in the fact that the participants believe that the skill is very important. However, their proficiency in the above-mentioned skills is considerably lacking when it is compared to the importance of the skill.

**Table 6.3: Paired comparisons between proficiency and importance of the Business Skills**

Business Skills	Proficiency			Importance			T	Df
	N	$\bar{X}$	S	N	$\bar{X}$	s		
<b>Business Plan</b>	87	4,552	0,624	90	4,489	0,723	-0,55	86
<b>Communication Skills</b>	88	4,432	0,603	90	4,211	0,841	-2,10	87
<b>General Management</b>	89	4,427	0,737	90	4,522	0,738	1,26	88
<b>Financial Management</b>	88	4,284	0,757	90	4,544	0,721	2,82**	87
<b>Marketing Management</b>	89	4,034	0,935	90	4,333	0,719	3,19**	88
<b>Operations Management</b>	89	3,596	0,926	90	3,978	0,764	3,51***	89
<b>Human Resources Management</b>	87	3,724	0,949	90	3,889	0,841	1,80	86
<b>Legal Management</b>	87	3,379	0,879	89	3,764	0,840	4,19***	86

Table 6.3 indicates that two of the skills have significant differences. These skills include Financial Management Skills and Marketing Management Skills. Two of the skills have highly significant differences. These skills include Operations Management Skills and Legal Management skills. It is important to note that, in these skills, the participants only viewed the skills as important and not very important.

### 6.3 SECONDARY OBJECTIVES

***To establish the number of entrepreneurs who are supported, as represented by the entrepreneurship mentors.***

The participants indicated that an average of 282 entrepreneurs have been supported. There are currently on average 17 entrepreneurs who are being supported. This indicates that the South African entrepreneurship mentors are actively mentoring 53 entrepreneurs per year.

Further research must be conducted into the relationship between entrepreneurship mentors and mentees. This should be done from the perspective of time spent with each mentee, the mentoring process when interacting with mentees and the effectiveness of the mentors based on the number of mentees under their guidance.

***To determine the average time spent mentoring entrepreneurs, as represented by the entrepreneurship mentors.***

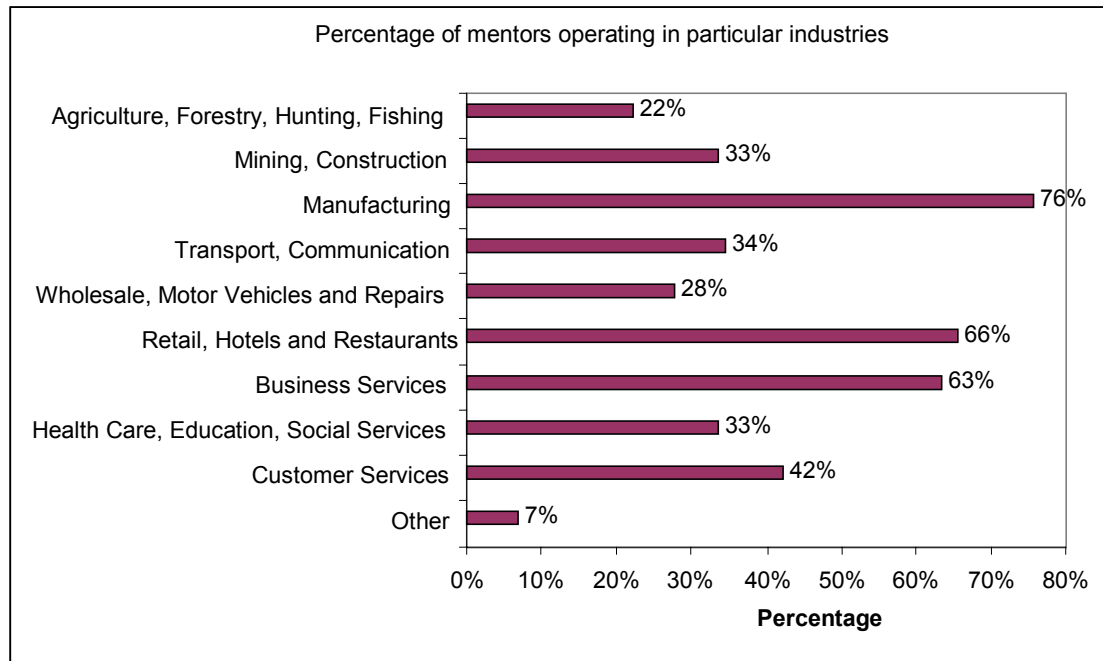
The findings indicated that the mentor will spend ten months with an entrepreneur. The response to this question was vague as it is not clear whether this was ten consecutive months or ten cumulative months.

***To identify the success rate and perceived role of entrepreneurship mentors in terms of entrepreneurial growth and support.***

The mentors perceive that their contribution to the success of entrepreneurs is accomplished. Entrepreneurship mentors have indicated that only 10% of entrepreneurs leave a mentors' service based on a negative event. Considering that this is a questionnaire that targets entrepreneurship mentors, there is a possible element of bias.

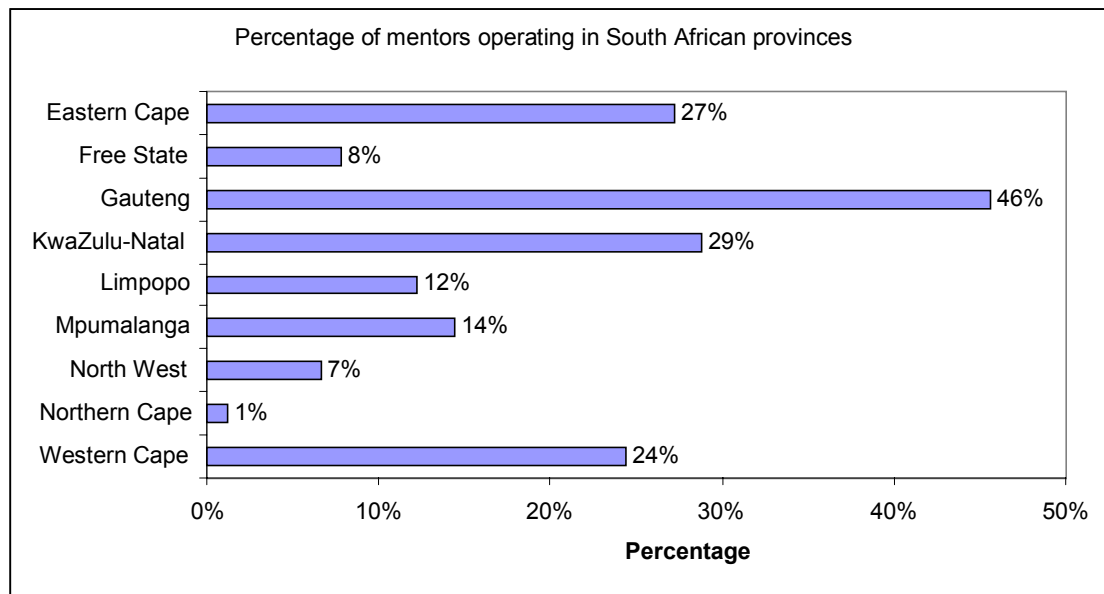
**Identifying the industries and provinces in which the entrepreneurship mentors operate.**

**Figure 6.5: Percentage of mentors operating in particular industries**



The GEM 2001 (Driver, *et al*, GEM 2001:34) survey identified several sectors in which entrepreneurs were most active. These sectors included retail, hotels and restaurants, manufacturing, consumer services and business services. Figure 6.5 illustrates that entrepreneurship mentors are most active in the manufacturing, retail, hotels and restaurants, business services and customer services sectors. On closer examination, it is clear that South African entrepreneurship mentors are active in the same sectors as South African entrepreneurs. It is also interesting to note that all sectors have some form of mentorship activity. The other sectors identified by the participants included engineering, NGOs, tourist operators, the music sector and spaza shops.

**Figure 6.6: Provincial distribution of mentors**



The GEM 2003 (Orford, *et al* GEM 2003:20) survey detailed Total Entrepreneurial Activity (TEA) in South Africa's nine provinces. Gauteng leads the provinces for total entrepreneurial activity, followed by the Western Cape, KwaZulu-Natal and the Free State. Mpumalanga and Limpopo were combined as were the Northern Cape and North-West Provinces. These four provinces were the least active provinces in terms of entrepreneurship. As can be seen from figure 6.6, mentors are also active in the leading provinces of Gauteng, KwaZulu-Natal, Eastern Cape and Western Cape. The least active provinces were similar to that determined in the GEM 2003 survey. The notable difference was that the Eastern Cape had the third largest grouping of mentors but the fifth highest entrepreneurial activity. The other notable difference was the Free State that had the fourth highest rating for entrepreneurial activity but the seventh lowest rating for mentoring activity. The findings suggest that entrepreneurship mentors operate in provinces that are most active in entrepreneurial activity. This confirms that the entrepreneurial provinces have been accurately identified. Further research can be conducted into the link between entrepreneurial activity, entrepreneurship mentors and economic performance.

***To determine the kind of support entrepreneurship mentors provide.***

Several questions were asked of the respondents in order to adequately respond to this objective. Firstly, respondents were asked whether they agreed with the statement '***Mentors are excellent avenues for obtaining professional and moral support***'. The response indicated that 98% of the respondents agreed with the statement. This confirms that entrepreneurship mentors see themselves as providing a professional service that acts as a moral support function for their mentees. The following open response has been included in support of the above statement:

*'Mentoring is a profession in which one needs compassion and patience rather than simply business-related skills. Too many mentors are aware of the business-related skills that they possess but they are unaware of the entrepreneurial needs of their clients.'*

The next question asked the participants to indicate in which skill, as identified in the multiplicative model  $E/P=M(E/S \times BS)$ , entrepreneurs need the most support. The findings revealed that entrepreneurship mentors provide services in all of the identified elements. The results are as follows:

**Figure 6.7: Support most needed by entrepreneurs**

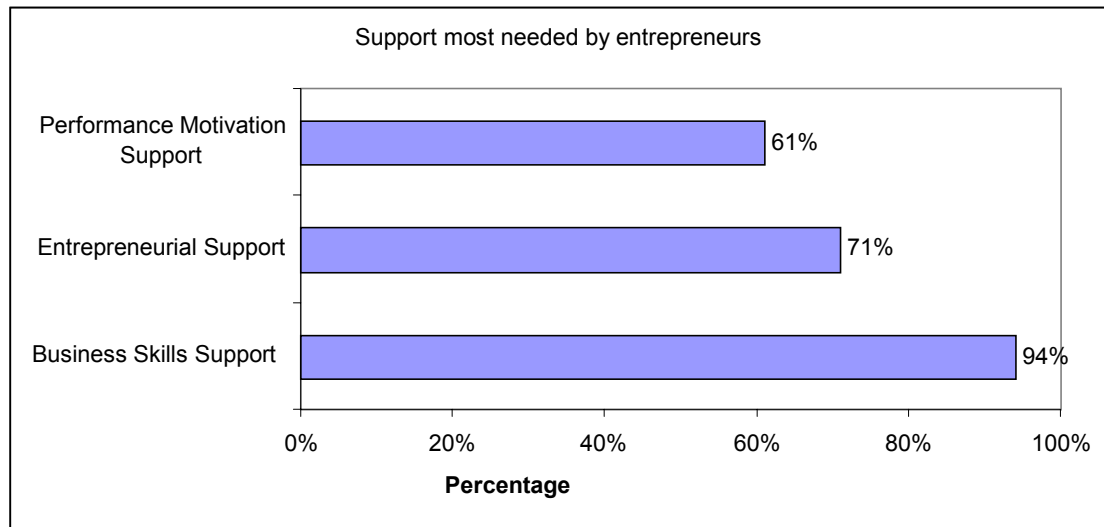


Figure 6.7 indicates that entrepreneurs require business skills support, followed by entrepreneurial skills support and performance motivation support.

The remaining questions were an attempt to establish whether the support provided was proactive or reactive and which type of support was best suited to mentoring entrepreneurs. The results are as follows:

**Table 6.4: Is the support provided mostly proactive, reactive or both?**

Support mostly supplied	Percentage
Proactive support	68,9%
Reactive support	25,5%
Both	5,6%

**Table 6.5: Proactive and reactive support – best practice**

Support most suited	Percentage
Proactive support	92,2%
Reactive support	5,6%
Both	2,2%



Participants believed that providing proactive support is most suited to the mentoring of entrepreneurs (92%). The majority of support that is currently provided by entrepreneurship mentors is proactive (69%). This indicates that, according to entrepreneurship mentors, the majority of mentors are providing the correct kind of support.

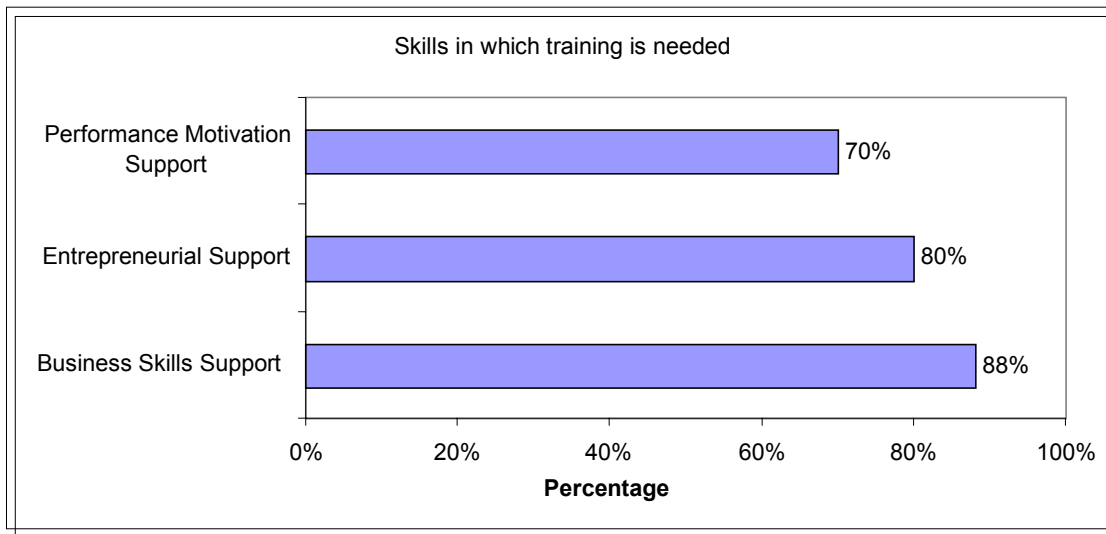
The support provided by entrepreneurship mentors is professional, has a moral support function and is proactive in nature. Support is predominantly supplied and mostly includes providing support in business skills, entrepreneurial skills and performance motivation skills.

***An assessment of the need for entrepreneurship mentor training.***

The participants were asked two questions. The first question asked the participants to indicate whether they felt that entrepreneurship mentors needed training. The responses could either be positive or negative. The majority of respondents believed that training should be provided (96%).

The second question was aimed at establishing in which elements of the multiplicative model  $E/P=M(E/S \times BS)$  the entrepreneurship mentors need training. The results were as follows:

**Figure 6.9: Skills in which training is needed**



Entrepreneurship mentors felt that they require training in all the elements contained in the multiplicative model. The majority of training required was in business skills. This was followed by entrepreneurial skills and performance motivation skills.

The need for training was further emphasised by the following open response:

*'Mentors need to improve their skills all the time to provide a better service. Training is, therefore, most important. We need to make sure that the quality of mentoring provided is high. Therefore, some form of accreditation is required.'*

#### **Assessing the need for mentors in South Africa.**

The participants were asked whether they believed that South Africa needs more entrepreneurship mentors. The results show that, from the participants' perspective, South Africa needs more entrepreneurship mentors (98%).

As indicated in the previous chapters, entrepreneurship mentors can play a vital role in the development of entrepreneurs. This will, in turn, have a positive impact on the South African economy. Participants have a clear understanding of the role that they can play in the development of entrepreneurs and the subsequent achievement of South Africa's strategic goals. This is supported by the open response:

*'The mentorship program needs dedicated people who believe in the development of entrepreneurs in South Africa. The result is a better economy and a better country.'*

Descriptive hypotheses or propositions formed the basis of the statistical testing and supports the findings of this study as follows:

## **6.4 PROPOSITIONS**

### **6.4.1 Proposition 1**

P1.0 Entrepreneurship mentors comply with the expected skill sets for the facilitation of Entrepreneurial/Performance (E/P), as derived from the  $E/P = M(E/S \times B/S)$  multiplicative model.

P1.1 Entrepreneurship mentors do not comply with the expected skill sets for the facilitation of Entrepreneurship/Performance (E/P) as derived from the  $E/P = M(E/S \times B/S)$  multiplicative model.

Proposition 1 is accepted, based on the findings displayed in figures 6.2, 6.3 and 6.4. This clearly shows the participants' proficiency. The responses, based on the Likert Scale, were positive as all of the skills are 'scored' above the predetermined mid-point. This indicates that, in accordance with the multiplicative model  $E/P = M(E/S \times B/S)$ , the participants comply with the

expected skills. **The participants perceive themselves as having the necessary skills.**

#### **6.4.2 Proposition 2**

P2.0 Entrepreneurship mentors see themselves as an important component of the entrepreneurial team.

P2.1 Entrepreneurship mentors do not see themselves as an important component of the entrepreneurial team.

Based on the finding illustrated in Chapter 5 (figure D1), Proposition 2 is accepted. The results indicated that 93% of the participants see themselves as an important component of the entrepreneurial team.

In support of acceptance of Proposition 2.0, two participants' views have been added.

#### **Respondent 19:**

*'The makeup of the team is very important. I bring my experience and skills that are often lacking in the entrepreneur, to the project.'*

#### **Respondent 86:**

*'Entrepreneurs are often isolated with very little opportunity for honest discussions about problems and opportunities. Entrepreneurs often do not have all the necessary skills or resources to ensure success.'*

### 6.4.3 Proposition 3

P3.0 Entrepreneurship mentors need training, as perceived by the entrepreneurship mentors.

P3.1 Entrepreneurship mentors do not need training, as perceived by the entrepreneurship mentors.

Proposition 3 is accepted, based on findings illustrated in Chapter 5, table D7. This indicated that 95% of the participants believe that entrepreneurship mentors need training.

### 6.4.4 Proposition 4

P4.0 Entrepreneurship mentors need accreditation.

P4.1 Entrepreneurship mentors do not need accreditation.

The proposed proposition is accepted, based on the findings illustrated in Chapter 5, table D8. An amount of 91% of entrepreneurship mentors feel that they need to be accredited.

In support of the acceptance of Proposition 4.0, **respondent 71** indicated the following:

*'South African mentors need to be rated according to ability and skills, this can help stop misrepresentation of mentoring skills and abilities.'*

This was further supported by **respondent 10**:

*'Mentors should be accredited but at different levels based on experience and qualification. Mentors should also be accredited to work in specific industries only.'*

## **6.5 SHORTCOMINGS OF THE STUDY**

Several shortcomings have been identified in the study. These include:

- lack of evidence regarding local research in the field of entrepreneurship mentoring;
- difficulty in locating participants who are operating as entrepreneurship mentors; and
- the use of the electronic questionnaire.

This is the first study of its kind in South Africa which means that there were no previous studies focusing on entrepreneurship mentoring from which the researcher could extract local information. The researcher was forced to use international studies and, as a result, the conclusions are based on international findings. The importance of local research from which local conclusions can be drawn was emphasised. One of the researcher's objectives for this study was to present a platform from which other research can be conducted.

South Africa does not have a professional association for entrepreneurship mentors. However, South Africa does have several organisations that operate in the SMME sector and that provide mentoring services. These organisations, understanding the importance of the study, agreed to participate by distributing the questionnaires to the mentors and collecting the responses from them.

The use of an electronic questionnaire as a research medium is relatively new. The risk of using such a medium is that participants do not have access to e-mail, they may not be computer literate, they fail to understand the instructions, and it is difficult to ensure that the designated recipient receives and responds to the questionnaire. These risks were reduced as the participating organisations distributed and collected the questionnaires from the respondents. The researcher, the participating organisations and the supervisors in these organisations ensured that the participants had the necessary computer skills to respond to the questionnaire.

Since this study is the first of its kind in South Africa, the researcher had no previous studies from which the researcher could extract information. The researcher's intention was that this study would form a platform from which other researchers could learn and from which further research could be conducted to ensure a better understanding of the subject.

## **6.6 FURTHER RESEARCH**

The further research that can be conducted includes the following:

1. The importance of matching the mentor with the mentee has been well researched. The influence of this type of relationship has been evaluated. However, neither have been researched in the South African entrepreneurial context. Further research could be conducted into matching the entrepreneurship mentor and the entrepreneur. Applicable criteria must be established.
2. Experience has been identified as critical to the success of an entrepreneurial business. Further research can be conducted into the entrepreneurship mentors' experiences in the phases and activities that form part of the entrepreneurial process.

3. The skills associated with the entrepreneurial process have been well researched internationally. This study has only identified the important skills and the entrepreneurship mentors' proficiency in these skills. Further research could be conducted into how a mentor imparts these skills and experience to a mentee.
4. The mentoring relationship has, in part, been defined as a long-term relationship. This study stipulated that ten months is the average amount of time spent with entrepreneurs. Further research can be conducted into the time spent with the entrepreneur in terms of the services provided.
5. This study indicated that 93% of participants felt that they were an important component of the entrepreneurial team. An important question that could form the basis for further research is how entrepreneurs view the role of entrepreneurship mentors in their teams.
6. The participants indicated that they have mentored between 272 and 282 entrepreneurs (averaging 53 entrepreneurs per year). An evaluation of whether these numbers are too high or too low could form the basis for further research.
7. The participants view their intervention as contributing to the success of the venture. Further research questions could include:
  - What are their success rates?
  - What is regarded as successful mentoring?
  - What is the entrepreneurs' view on the impact of the mentors' involvement on the success of the venture?
8. Research can be conducted into entrepreneurship mentoring performance by linking performance to job creation, company growth and company survival/stability. This could be done on a long-term basis.



9. Training has been identified as a major requirement for entrepreneurship mentors. Further research could be conducted into the specific training of entrepreneurship mentors in terms of performance motivation, entrepreneurial and business skills.
10. This study proved that South African entrepreneurship mentors feel they need accreditation. Further research could be conducted into what type of organisation could accredit entrepreneurship mentors. The most appropriate form of accreditation could be evaluated and the measurement and management of the accreditation could be assessed.
11. Several of the participants identified the need for further research on the remuneration of mentors. This question can be directly linked to accreditation.

## 6.7 CONCLUDING REMARKS

This study showed, by means of a descriptive statistical analysis, that the South African entrepreneurship mentor does have a critical role to play in improving entrepreneurial performance. The current profile of the entrepreneurship mentor is analysed and revealed in this study. Significant findings were also established in terms of the current deficiencies in this environment (for example, a lack of female mentors, lack of training and no accreditation).

The positive outcomes identified by the study include the fact that South African entrepreneurship mentors are educated, have personal corporate experience, have personal entrepreneurial experience and have entrepreneurship mentoring experience. The entrepreneurship mentors comply with the skills identified in the multiplicative model. It is interesting to note that participants recognise the need for entrepreneurship mentors in South Africa.

South African entrepreneurship as a discipline, and a relatively new science, is still not developed to the stage where primary research serves as a basis for secondary review. Any contribution in this regard adds to the body of knowledge in the entrepreneurship field. This study attempts to contribute by focusing primarily on South African entrepreneurship mentors.

*“The thing about Enterprise education in the field of Entrepreneurship – in whatever context we are talking about – is that it requires judgments and answers to be given based on probability and a form of risk rewards analysis. If these concepts can be consciously harnessed and systematized as a skeleton – for flesh to be added in any particular context – then we might be onto something very powerful”* (Gibb 1998) The eighth global Int Ent conference in Oestrich-Winkel, Germany Opening ceremony.

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## **Annexure 1**

### **Covering Letter**

Dear Respondent,

## **RESEARCH SURVEY OF ENTREPRENEURSHIP MENTORS IN SOUTH AFRICA**

The Department of Trade and Industry (DTI) have identified mentors as an important part of their SMME Strategy. However very little empirical evidence is available about the state and profile of South African entrepreneurship mentors.

This research project will assist, in trying to gain a better understanding of whom South Africa's mentors are, what skills they have and what role they play in inducing entrepreneurial activity and performance. This research is critically important because it is the first project solely related to South Africa's mentors.

Your participation is needed and greatly appreciated. By answering this questionnaire you will be contributing towards a better understanding of this vital intervention in the field of entrepreneurship and small business management. Be assured that all information provided will be treated in the strictest confidence.

Please acquaint yourself with the following terminology and instructions before completing the attached questionnaire:

<b>Table of Contents (Questionnaire as attached)</b>	<b>Pages</b>
Section A: Demographic Information	1
Section B: Work, Entrepreneurial and Mentoring Experience	2
Section C: Mentors Skill Sets	4,5,6
Section D: Mentoring Function	7,8,9,10

### **Terminology**

Facilitate- "Make easy, less difficult or more easily achieved, assist with understanding".

The mentor's role is to **facilitate** the entrepreneurial experience.

### **Instructions to complete questionnaire:**

The questionnaire is a MS Word document and can be answered via Email.

### ***Email Instructions:***

1. Please save the attached Questionnaire to your hard drive.
2. Close your Email and open the saved questionnaire.
3. Proceed to answer the questions by using your mouse, click on the appropriate square/s or by filling in the required information.
4. Once the you have completed the questionnaire save the alterations and return the document to me using the following Email address  
**cammin@icon.co.za**

Thank you for participating in this research process.

If you face any difficulties with the questionnaire, please phone

**Mr. Gavin Watson at 082 474 4484.**

Yours Sincerely

---

Mr. A.J. Antonites  
Section: Entrepreneurship  
Department of Business Management  
University of South Africa  
Tel. (012) 429 4741



## **Annexure 2**

### **Questionnaire**

## Entrepreneurship Mentors in South Africa

*Please answer each question by clicking with your mouse the appropriate option number in the box or fill in the information requested.*

Please complete all 10 pages (approximate time 15 min)

### Section A: Demographic Information

1 What is your **gender**?

Female	1 <input type="checkbox"/>
Male	2 <input type="checkbox"/>

2 What is your **age** in completed years?

years

3 Which **ONE** of the following languages do you **MOSTLY** speak at home?

Afrikaans	1 <input type="checkbox"/>	Tsonga	7 <input type="checkbox"/>
English	2 <input type="checkbox"/>	Tswana	8 <input type="checkbox"/>
Ndebele	3 <input type="checkbox"/>	Venda	9 <input type="checkbox"/>
Pedi	4 <input type="checkbox"/>	Xhosa	10 <input type="checkbox"/>
Sotho	5 <input type="checkbox"/>	Zulu	11 <input type="checkbox"/>
Swati	6 <input type="checkbox"/>	Other *	12 <input type="checkbox"/>
* Please specify:			

4 What is your **highest** formal educational qualification?

Matric/Grade 12 or less	1 <input type="checkbox"/>
Certificate/Diploma	2 <input type="checkbox"/>
Bachelors Degree	3 <input type="checkbox"/>
Honours Degree	4 <input type="checkbox"/>
Masters Degree	5 <input type="checkbox"/>
Doctorate	6 <input type="checkbox"/>
Other *	7 <input type="checkbox"/>

For office  
use only

1 - 3

1

4

5

6 - 7

8 - 9

10

\* Please specify:

**Section B: Work, Entrepreneurial and Mentoring Experiences**

For office use only

1 For how many years have you worked in the **corporate environment**?

Years of corporate work experience	
------------------------------------	--

11 – 12

2 How many years of **personal entrepreneurial experience** do you have?

Years of personal entrepreneurial experience	
--	--

13 – 14

3.1 State the number of **personal entrepreneurial projects** in which you have been involved over the **past 3 years**?

Number of personal entrepreneurial projects	
---	--

15 – 17

3.2 Indicate which **phases of the entrepreneurial process** you were/are involved in? **Please mark all that may apply.**

Conception / Start up	1 <input type="checkbox"/>
Survival	2 <input type="checkbox"/>
Stabilisation	3 <input type="checkbox"/>
Growth	4 <input type="checkbox"/>
Maturity	5 <input type="checkbox"/>

18

19

20

21

22

4 For how many years have you been an **entrepreneurship mentor**?

Years of entrepreneurship mentoring	
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23 – 24

5.1 How many **entrepreneurs** have you been or are you mentoring?

Number of entrepreneurs	
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25 – 27

5.2 As a mentor, in which phases of the entrepreneurial process are you **most active**?

**Please mark all that may apply.**

Conception / Start up	1 <input type="checkbox"/>
Survival	2 <input type="checkbox"/>
Stabilisation	3 <input type="checkbox"/>
Growth	4 <input type="checkbox"/>
Maturity	5 <input type="checkbox"/>

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### Section C: Mentors Skill Sets

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*By using your education, experience and skills, you as a mentor can assist and facilitate the entrepreneurial experience and thereby increase the chances of survival of the entrepreneur.*

1 **Indicate your proficiency** in the under-mentioned skills by using the following five-point scale:

- 1 : No understanding**
- 2 : Little understanding**
- 3 : Theoretical understanding (Based on theory rather than experience or practice)**
- 4 : Working knowledge**
- 5 : Professional knowledge**

Skills	No understanding	Little understanding	Theoretical understanding	Working knowledge	Professional knowledge
<b>1.1 Performance Motivation Skills:</b>					
Providing constructive criticism	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
Providing guidance	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
Providing encouragement	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
Being a sounding board	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
Helping manage change	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>

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1.2	<b>Entrepreneurial Skills:</b>						
	Facilitate the creation and refinement of new products, services and processes, based on innovative and creative thinking	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	38
	Facilitate in the identification of potential risk, assessment of the risk and assist in developing a strategy to prevent, minimize and respond to the aforementioned risk.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	39
	Facilitate the identification, evaluation and feasibility of the opportunities.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	40
	Facilitate in developing relationships with financial institutions, suppliers, potential customers and associations as well as introduction to other successful entrepreneurs.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	41
	<b>Skills</b>	No understanding	Little understanding	Theoretical understanding	Working knowledge	Professional knowledge	For office use only
1.3	<b>Business Skills:</b>						
	Facilitate in the formulation, drafting and development of the business plan.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	42
	Facilitate in presentation, negotiation, document presentations and effective communication with stakeholders (e.g. customers, labour, suppliers and shareholders).	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	43
	Facilitate the entrepreneur with general/strategic decision-making process, problem solving, planning, controlling, coordination and leadership.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	44
	Facilitate in the understanding and management of financial statements and day-to-day financial management.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	45
	Facilitate the product design, pricing, promotion, distribution, setting of marketing objectives, sales technique and marketing strategy formulation.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	46
	Facilitating with manufacturing, inventory, cost control, quality controls and production scheduling.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	47

Facilitate in the effective provision and maintenance of personnel e.g. recruiting, selecting, placing, motivating, training and general HR management.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	48
Facilitate with basic entrepreneurial law, contractual law, intellectual property laws, tax law, labour law and local and state authorities regulations.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	49

2 **In your opinion, indicate the level of importance** of the under mentioned skills have in relation to mentoring the entrepreneur. Use the following five-point scale:

- 1 : Not at all important
- 2 : Of little importance
- 3 : Important
- 4 : Very important
- 5 : Vital

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Skills		Not at all important	Of little importance	Important	Very important	Vital	
2.1	<b>Personal Motivation Skills:</b>						
	Providing constructive criticism	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	50
	Providing guidance	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	51
	Providing encouragement	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	52
	Being a sounding board	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	53
	Helping manage change	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	54
2.2	<b>Entrepreneurial Skills:</b>						
	Facilitate the creation and refinement of new products, services and processes, based on innovative and creative thinking	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	55
	Facilitate in the identification of potential risk, assessment of the risk and assist in developing a strategy to prevent, minimize and respond to the aforementioned risk.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	56
	Facilitate the identification, evaluation and feasibility of the opportunities.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	57

Facilitate in developing relationships with financial institutions, suppliers, potential customers and associations as well as introduction to other successful entrepreneurs	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	58
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	Not at all important	Of little importance	Important	Very important	Vital	For office use only
<b>2.3 Business Skills:</b>						
Facilitate in the formulation, drafting and development of the business plan.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	59
Facilitate in presentation, negotiation, document presentations and effective communication with stakeholders (e.g. customers, labour, suppliers and shareholders).	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	60
Facilitate the entrepreneur with general/strategic decision-making process, problem solving, planning, controlling, coordination and leadership.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	61
Facilitate in the understanding and management of financial statements and day-to-day financial management.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	62
Facilitate the product design, pricing, promotion, distribution, setting of marketing objectives, sales technique and marketing strategy formulation.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	63
Facilitating with manufacturing, inventory, cost control, quality controls and production scheduling.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	64
Facilitate in the effective provision and maintenance of personnel e.g. recruiting, selecting, placing, motivating, training and general HR management.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	65
Facilitate with basic entrepreneurial law, contractual law, intellectual property laws, tax law, labour law and local and state authorities regulations.	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	66

## Section D: Mentoring Function

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- 1 How many **entrepreneurs have been, or are currently being supported**, under your mentorship to date?

Number of current entrepreneurs	
Number of previous entrepreneurs	

- 2 On average, **how many months** do you mentor an entrepreneur?

Average number of months	
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- 3 Do you see yourself as **an important part** of the entrepreneurial team?

Yes	1 <input type="checkbox"/>
No	2 <input type="checkbox"/>

Please state why?

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- 4 Please provide the following information:

What percentage of entrepreneurs have left you because of a relationship failure between you and the entrepreneur?	%
What percentage of entrepreneurs have left due to business failure?	%
What percentages of entrepreneurs are you still mentoring?	%
What percentages of entrepreneurs have left your support as a result of successful mentoring?	%
<b>TOTAL</b>	<b>100 %</b>

14 - 15

16 - 17

18 - 19

20 - 21



- 5 Indicate in which of the following **industries you operate** and the **number of entrepreneurs you mentor** in those industries? **Mark all that may apply.**

<b>Industries (ISIC Category)</b>	<b>X if applicable</b>	<b>Number of Entrepreneurs</b>
Agriculture, Forestry, Hunting and Fishing	<input type="checkbox"/>	
Mining and Construction	<input type="checkbox"/>	
Manufacturing	<input type="checkbox"/>	
Transport and Communication utilities	<input type="checkbox"/>	
Wholesale, Motor vehicle sales and repair	<input type="checkbox"/>	
Retail, Hotels and Restaurants	<input type="checkbox"/>	
Business services	<input type="checkbox"/>	
Health Care, Education and Social Services	<input type="checkbox"/>	
Customer Services	<input type="checkbox"/>	
Other, please specify:	<input type="checkbox"/>	

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46 – 48

49 – 51

- 6 In which **provinces** do you operate? **Indicate all that may apply.**

Eastern Cape	1 <input type="checkbox"/>
Free State	2 <input type="checkbox"/>
Gauteng	3 <input type="checkbox"/>
Kwa-Zulu Natal	4 <input type="checkbox"/>
Limpopo	5 <input type="checkbox"/>
Mpumalanga	6 <input type="checkbox"/>
North West	7 <input type="checkbox"/>
Northern Cape	8 <input type="checkbox"/>
Western Cape	9 <input type="checkbox"/>

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7 Do you agree or disagree with the following statement?

*Mentors are excellent avenues for obtaining professional and moral support.*

Agree	1 <input type="checkbox"/>
Disagree	2 <input type="checkbox"/>

7.1 If you select “Disagree” in Question 7, please state why?

7.2 If you select “Agree” in Question 7 above, indicate **which type of** support do entrepreneurs need the most? **Indicate all that may apply.**

Performance Motivation Skills	1 <input type="checkbox"/>
Entrepreneurial Skills	2 <input type="checkbox"/>
Business Skills	3 <input type="checkbox"/>

8 Is the support you mostly supply **proactive** or **reactive**? (Proactive: taking the initiative to avoid a situation; or Reactive: react to a situation.)

Proactive support	1 <input type="checkbox"/>
Reactive support	2 <input type="checkbox"/>

9 What type of support is **best suited to mentoring**?

Proactive support	1 <input type="checkbox"/>
Reactive support	2 <input type="checkbox"/>

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10 Do you believe mentors **need training** in mentoring entrepreneurs?

Yes	1 <input type="checkbox"/>
No	2 <input type="checkbox"/>

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11 If you select “**Yes**” in Question 10 above, please indicate in which **field** the need for training exists? **Indicate all that may apply.**

Motivation skills training	1 <input type="checkbox"/>
Entrepreneurial skills training	2 <input type="checkbox"/>
Business skills training	3 <input type="checkbox"/>
Other skills, please specify:	4 <input type="checkbox"/>

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12 In your view, do you feel that mentors need to be accredited?

Yes	1 <input type="checkbox"/>
No	2 <input type="checkbox"/>

72

13 Do you believe South Africa needs **more** entrepreneurship mentors?

Yes	1 <input type="checkbox"/>
No	2 <input type="checkbox"/>

73

14 Any other **comments** and/or **remarks** you wish to add?

**Thank you for your cooperation.**

*Please return the questionnaire via Email to [cammin@icon.co.za](mailto:cammin@icon.co.za)  
or post to PO Box 786409 Sandton 2146.*