



UNIVERSITEIT VAN PRETORIA  
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GORDON INSTITUTE  
OF BUSINESS SCIENCE

University of Pretoria

## **'Do Resource Constrained Entrepreneurs Differ?'**

GIBS MBA 2006/7

Research Project  
November 2007

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## **'Do Resource Constrained Entrepreneurs Differ?'**

**Heine Hoffman**

**A research report submitted to the Gordon Institute of Business Science,  
University of Pretoria, in partial fulfillment of the requirements for the degree of  
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## ABSTRACT

Within the socio-economic sphere, the development and nurturing of small medium micro enterprises will be a feature of any emerging economy into the fore-seeable future. In this context, the interventions by institutions in society have focused on the sector as a whole, with different measures of success. This study sets out to understand the differences, if any, between the characteristics of resource-constrained entrepreneurs. The study is exploratory in nature and it investigates the differences in characteristics using a grounded theory building methodology. It uses the themes developed from this method to formulate the categories of entrepreneurs, where upon recommendations are based for interventions that focus on supporting the entrepreneur in the context of his or her endeavor.

## DECLARATION

I declare that this research project is my own, unaided work. It is submitted in partial fulfillment of the requirements of the degree of Master of Business Administration for the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other university.

.....

Date: .....

**Heine Hoffman**

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## **1.0 INTRODUCTION TO THE RESEARCH PROBLEM**

### **1.1 The need for Entrepreneurship**

Entrepreneurship currently is a topical subject seen to have the potential to address a myriad of issues that are currently found in society. Hopes are pinned on this phenomenon to provide solutions to issues related to inequality, unemployment and stimulating economic growth in sectors that have lagged in an economy. Entrepreneurship has largely come to the fore as a subject due to the changing industry structures and changing trends in employment. Globalization has caused industries to be changed and become fragmented as it continues to gain momentum.

A trend that has been growing is the proportion of the labor force that has increasingly moved towards self-employment, especially in developed economies. Entrepreneurship is generally seen as one of the keys to economic development globally (Audretsch and Thurik, 2001). The European Union Green Paper on Entrepreneurship (2003) argues that entrepreneurship is vital for continued competitiveness of economic endeavor but is also an important contributor to societal interests by the creation of 'wealth, jobs and diversity of choice for consumers' through entrepreneurial activities. The promotion of entrepreneurship can thus be seen as an important force to promote both growth and societal cohesion. Sarasvathy (2004) asserts this desire to foster entrepreneurship as 'the market for entrepreneurs' and that existence of this market, 'is always in imminent danger of failure and dissolution' (Sarasvathy, 2004) The fostering of entrepreneurship is due to the phenomena

‘that it creates value in society that is disproportionate to its role within the economy’ (Sarasvathy, 2004).

## 1.2 The South African Strategy

In support of this, the Integrated Small Enterprise Development Strategy of South Africa (Department of Trade and Industry, 2005) envisages ‘South Africa as an entrepreneurial nation that rewards and recognizes those who recognize a business opportunity and pursue it, a South Africa with a vibrant and competitive small enterprise sector with enterprises that grow both in size and success’. This strategic approach is predicated on “promotion of entrepreneurship, strengthening the enabling environment and enhancing the competitiveness and capacity of entrepreneurial activity in the country” (Department of Trade and Industry, 2005). The South African Trade and Industry Minister, Mr Mandisi Mphahla expressed this in his address at the launch of the South African Micro-Finance Apex Fund in April 2006 as the need to ‘present our people with choices, enabling movement beyond survival towards building up assets and...opportunity for self-sufficiency. In many instances, people open businesses to put food on the table while it is okay to start there, we need to ensure that people don’t stay there forever.’ The characteristics of developing economies have been the increasing income disparity between rich and poor, and in the South African case the high unemployment rate despite the positive economic growth experienced in the last decade. To this end, both policy regimes and institutional arrangements, as evidenced by the promulgation of the National Small Business Act (Act 102 of 1996) and the establishment of institutions such as the National Small Business Council have been dove-

tailed to deliver on this Strategy. Interventions that government develops to support entrepreneurship, especially in the informal sector, aims to remove the constraints to business growth.

### **1.3 The challenges in fostering entrepreneurship**

The need has been for growth firms underpinned by successful entrepreneurs. In these national endeavors to promote entrepreneurship, the understanding of the characteristics and behavior of 'winning entrepreneurs' has largely been neglected (Westhead, Ucbasaran, Wright and Binks, 2003). This concept of effective resource allocation is an important issue in any national entrepreneurial development. In order to deploy resources effectively, issues surrounding the entrepreneurial process needs to be understood better by the government and developmental agencies (Ucbasaran et al, 2001). Thurick and Wennekers (2004) postulate this as 'without a clear organized view of where and how entrepreneurship manifests itself, policy makers are left in uncharted waters'.

Entrepreneurs are developed in a context and the opportunities presented and appropriated by the entrepreneur are undertaken in this context. Furthermore there are elements that are internal and external to the whole process of entrepreneurship that may be enhancers or barriers to entrepreneurship. In understanding this interplay and the pivotal role the entrepreneur plays, a richer understanding of the process of entrepreneurship and how to foster it may be reached. It could be argued that most research has aimed to understand the entrepreneur but always related this to the performance of the firm as an entity. Sarasvathy

(2004) recommends that in developing real content in entrepreneurship research, the research focus on understanding the process from the vantage point of the entrepreneur and the entity that is the company or firm as a tool in the hand of the entrepreneur. From the perspective of the entrepreneur, the design of the entrepreneur and the aspirations of the entrepreneur in relation to environmental possibilities are important considerations in the entrepreneurial process.

In developing countries, the informal economy is rich with entrepreneurial activity. These entrepreneurs tend to be poor, resource constrained and largely concentrate on survival versus entrepreneurs that operate in the formal economy where enterprise growth is the driving factor. Based on these differences, it is expected that peculiarities that pertains to these entrepreneurs only would exist in the characteristics of the entrepreneurs operating in this specific context.

#### **1.4 Understanding the characteristics of the resource constrained entrepreneur**

The research contained in this document is concerned with understanding the characteristics of resource-constrained entrepreneurs operating in the informal economy. From theory, the research postulates a typology that can be applied to entrepreneurs based on the characteristics of the entrepreneur. Based on this, the research questions have been formulated.

The research focus of this study translates into the following question:

*'Do resource-constrained entrepreneurs differ?'*

The prime objective of this study is to:

- Develop and test a typology that differentiates entrepreneurs based on the characteristics of the entrepreneur.

Secondary objectives of the research is to:

- Understand the differences amongst resource constrained entrepreneurs and understand the factors that cause growth in successful resource constrained entrepreneurs;
- Use the insights developed from the study to identify appropriate means to enhance and support of resource constrained entrepreneurs

## **1.5 This Research Project**

The study described in this document includes a literature survey, the aim of which was to understand the current conversations in the literature concerning entrepreneurship and to identify an appropriate space to position this research. The literature review on entrepreneurship and the business environment of the informal sector is contained in Chapter 2. The nature of the research is exploratory and involved the development of the typology of the resource- constrained entrepreneur. This formed the basis for the formulation of the research questions, which are described in Chapter 3.

The data gathering was undertaken using personal face-to-face unstructured interviews with a number of resource-constrained entrepreneurs. A framework for data analysis and data analysis was developed to structure these processes. This methodology is described in Chapter 4. The cases that were studied are described and analyzed, and the result of this

process is presented in Chapter 5. The learning from this is discussed in Chapter 6 with conclusions drawn and recommendations made in Chapter 7 describing support mechanisms for resource constrained entrepreneurs.

## **2.0 THEORY AND LITERATURE REVIEW**

### **2.1 Introduction**

This research project is aimed at understanding how the characteristics of resource-constrained entrepreneurs differ in the informal economy. A review of the relevant literature is undertaken in this chapter in order to position this research within the general discussion on entrepreneurship. Research on entrepreneurship, specifically that area focused on small and micro enterprise, is relevant to this research problem. In this chapter the subject is approached by defining entrepreneurship followed by an exploration of the main trends in the general research relevant to entrepreneurship. The development of this focus area is done in the following order:

- A brief overview of entrepreneurship is undertaken;
- Current models relevant to the entrepreneurial discussion on resource- constrained entrepreneurs are introduced and reviewed.

The section concludes with the development and description of a typology that categorizes entrepreneurs in the literature.

### **2.2 Defining Entrepreneurship**

Defining entrepreneurship is a challenge. Thompson (1999) states 'that championing and beginning any new enterprise, which requires someone with an idea to set out and obtain the resources required and then make things happen implies enterprising behavior.' However this activity in itself may not be termed entrepreneurship since initiatives that are not really

unique and at the same time not developing in terms of growth could be categorized in the definition above. Enterprising people who are agents of change may not be entrepreneurs according to Thompson (1999). Simplistically, he suggests the definition that 'an entrepreneur is someone with a vision who spots a new opportunity and is minded to act on it and start something (Thompson, 1999).'

A number of disciplines, using a variety of methodologies, have been applied to the concept of entrepreneurship in pursuit of developing a foundation for entrepreneurship theory. Based on the school of thought and the perspective you use, entrepreneurship maybe defined in a myriad of ways.

The act of choice distinguishes entrepreneurs. Hofer and Bygrave (1992) state that entrepreneurship is a distinct phenomenon in that it is started by an act of choice. Entrepreneurship is defined by Stevenson and Gumpert (1985) as the process of 'using innovation to create value by bringing together a unique bundle of resources to exploit an opportunity.' Thompson (quoting Kao 1989) states that entrepreneurs translate 'what is possible into reality' or according to McGrath (1999) entrepreneurs are comfortable with ambiguity and they are able to analyze and through unconventional means, but using logic, bring together unrelated strands of information to form a recognizable pattern to exploit an opportunity. Based on a disconnect in information and prior knowledge and work done by Von Hippel (1994) who states that 'people will tend to notice information that is related to information that they already know', Shane and Venkataraman (2000) indicate that entrepreneurs will recognize opportunities due to the prior knowledge that they have and this



enables them to assess new information as valuable and act on this. The intended 'value to be created may be financial, educational, spiritual, communal or some other value depending upon the goals and ambitions of the particular person or organization' (Sadler, 2001).

From the above discussion one can ascertain that no one definition can provide a definitive insight into this phenomenon. Due to the integrative nature of entrepreneurship, one has to be mindful to use a multi-faceted approach when delving into the subject matter. Fontela et al (2006) suggests that all entrepreneurial schools of thought consider the capitalist function as the most important element in entrepreneurship. There are various theories and frameworks such as the resource based (Alvarez and Busenitz 2001), psychosocial (Schumpeter, 1934; McClelland, 1961; Kirzner, 1997) and other's such as Dubin's Theory Building (Ardichivili et al, 2003) been used to describe either the concept of entrepreneurship or elements thereof. These are valuable in themselves but have not been developed with due regard to each other.

Although entrepreneurship is not solely confined to the creation of new business (Ucbasaran et al 2001), in this research it is defined as the act of establishing a new venture by an individual and not as a corporate entrepreneurial act.

## **2.3 Models of the Entrepreneurship Process**

### **2.3.1 The Thompson Model of Entrepreneurship**

Thompson (1999) postulates that entrepreneurship could be divided into four dimensions: hard pragmatic entrepreneurship, more ambitious sea change paradigm, the softer, people focused style of entrepreneurship and a paradigm of innovation.

**Figure 1: Dimensions of Entrepreneurship (Thompson, 1999)**

	Hard Pragmatic Entrepreneurship	
Paradigm Of Innovation	Design Inventor 'Well of Talent'	Ambitious Sea Change Entrepreneurship
	Softer People-focused Entrepreneurship	

**Figure 1: Dimensions of Entrepreneurship (Thompson, 1999)**

Thompson (1999) states that hard entrepreneurship is the general perception of entrepreneurship that has been formulated: 'independent, pragmatic, opportunistic and competitive entrepreneur.' On the other hand some entrepreneurs present a people focused style of entrepreneurship in which the entrepreneur is a strong communicator selling his or her vision to engage others and motivate others. These tend to have more informal methods of operation. In another dimension Thompson (1999) asserts that there are the sea change adventurous entrepreneurs which have a high need to change the world. These types of entrepreneurs have a high energy drive and tend to be very pioneering in their approaches to challenges and opportunities presented in their daily activities. In opposition to this is the element of innovation which requires 'imagination, creativity, passion and commitment to

bring about change'. Schumpeter (1934) described the entrepreneur as the innovator bringing about change through the introduction of new technological processes or products and thus through innovation the entrepreneur is the 'deliberate wrecker of equilibrium'. Juxtaposed to this is the view of Kirzner (1997) that entrepreneurs rather are driven to create equilibrium by developing a position of stability in an environment of chaos and turbulence. In a rapidly changing world impacted by the forces of globalization and with the ever-increasing need to act both globally- that is to act locally and globally simultaneously, Kirzner's perspective is better appreciated when related to this context.

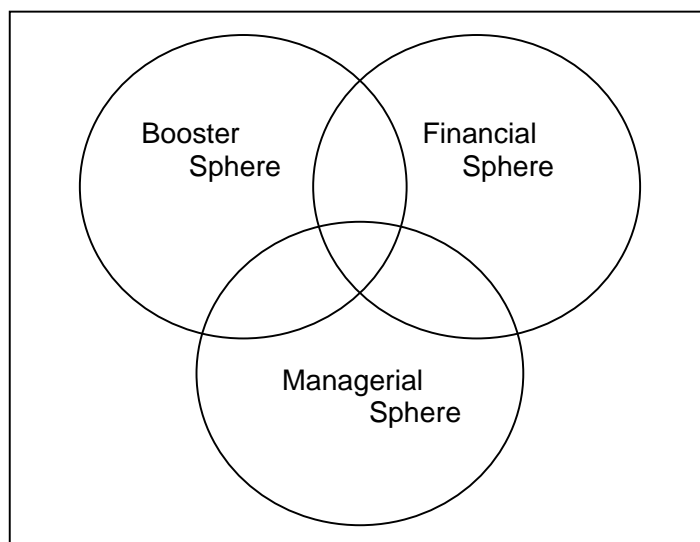
The traditional perspective of an entrepreneur showing certain behavioral traits of initiative, imagination, creativity and flexibility is encompassed in the model postulated by Thompson. Other dimensions such as the view that entrepreneurs are energetic, determined and self confident as postulated by Timmons (1991) are also encapsulated in this model of entrepreneurship. The model however in attempting to categorize entrepreneurs needs to take cognizance that entrepreneurs would change over time.

Another dimension is that entrepreneurs, depending on context, may display various behaviors or traits to a particular level of intensity, to one degree or another. The Thompson model of entrepreneurship is embedded in the perspective that entrepreneurial behavior is characterized by rationality.

### 2.3.2 The Fontela et al Model of Entrepreneurship

Context is important to the study of entrepreneurship. Fontela et al (2006) suggests, based on a review of entrepreneurial economic thought, that the functional spheres of finance, management and 'booster' would comprise the activities of the 'quintessential entrepreneurial agent.' This is depicted in Figure 2. **Fontela et al (2006)** describes this model of entrepreneurship as having the following dimensions:

**Financial Sphere:** relates to the traditional economic activities of the function of the entrepreneur such as capital allocation, formal financial ownership of the firm and the relations to other stakeholders who have a financial interest in the firm.



**Figure 2: Fontela View of Entrepreneurship (Fontela et al, 2006)**

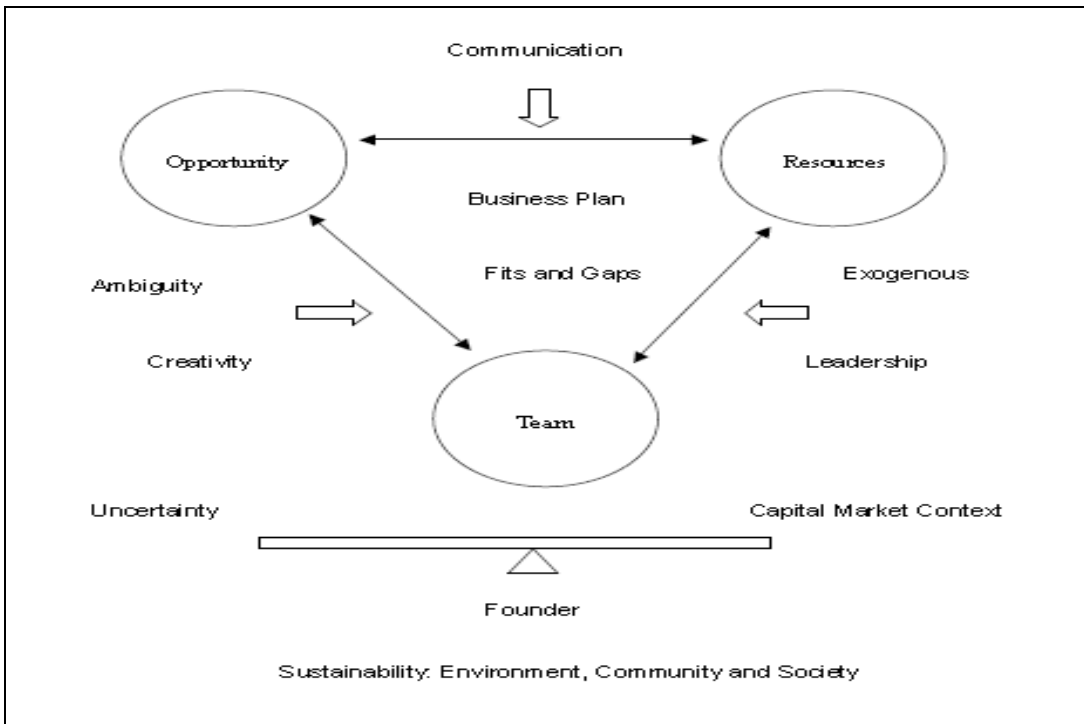
**Managerial Sphere:** relates to the leadership aspects of the entrepreneurial process such as corporate direction and management.

**Booster Sphere:** relates to the psychosocial nature of the entrepreneur in the business. These are less tangible functions such as innovation, perception, motivation, co-operation and ambition which depend less on the application of objective technical knowledge about business activities. Within the booster sphere the motivation aspect could be linked to the

McClelland's (1961) 'need for achievement' whilst ambition to Fontela et al (2006) is 'the driving force for the entrepreneur to develop his or her business through competitive risk taking.' In the Fontela et al (2006) model of entrepreneurship the various functional roles and attributes are within each entrepreneur but the intensity of each varies from person to person. It is a more integrative model of the entrepreneur and the entrepreneurial process but lacks the ability to provide distinction between various types of entrepreneurial categories.

### **2.3.3 The Timmons Model of Entrepreneurship**

Timmons (2007) states that the process of entrepreneurship starts with the opportunity which tends to be much larger than the talent or capacity of any one individual or team or the resources available to the team. It is the role of the leader or lead entrepreneur to balance opportunity, resources and team in the context of uncertainty. The size, shape and depth of the opportunity is the overall determinant of the size, shape and depth of the resources and team. Within this dynamic context, it is the influence the founder plays through communication, leadership and providing creative insights to challenges to ensure appropriate fits are achieved and the gaps are identified. The business plan is a codification or language for the three driving forces of within the entrepreneurship process. This whole activity or process is encapsulated in the underlying foundation of sustainability which requires positive impacts to the environment, community and society. Timmons (2007) ascribes the role of the entrepreneur to be one where he or she is 'responsible to manage and redefine the risk-reward equation with a view on sustainability.'



**Figure 3: The Timmons Model of Entrepreneurship**

The Timmons model is well suited to interdependence of the various dimensions of entrepreneurship. It incorporates the issue of context and attempts to provide a means to categorize the scale of a particular entrepreneurial process through bring in three dimensional attributes to the key issues of opportunity, team and resources. Timmons (2007) incorporates the various dimensions of the 'booster function' as advocated by Fontela et al (2006) and links the whole concept of the entrepreneurship process to one of sustainability with environment, community and society. Implicit in this is the sustainability of the enterprise itself.

However, the three models when used together, provide a well rounded perspective of both the entrepreneur and the entrepreneurial process from which one can make inferences on the level of entrepreneurial activity of any one organization or individual, the context he or she operates in and the dimension of sustainability. All three models see the entrepreneur as core to the entrepreneurial process.

## **2.4 The Entrepreneur as Core to Entrepreneurship**

The preceding literature clearly confirms Carland et al's, (1988) assertion that the individual or personality of the entrepreneur is central to understanding this process. The entrepreneur has been traditionally thought of as one that has the personality for the propensity for risk (Poutziouris, 2003). Thompson (1999) indicates that people tend to view entrepreneurs as 'buccaneering, egotistical businessmen driven by the profit motive'. Despite this simplistic caricature of the entrepreneur, the entrepreneur is undoubtedly understood to be central to the entrepreneurial process. It is generally inferred that the performance of the enterprise is largely related to the performance of the entrepreneur. Carland et al (1996) asserts that the manner in which the entrepreneur affects the performance of the new venture is through strategic choice. The argument presented by Carland et al (1996) is that the entrepreneur chooses a particular strategy when choice has the most significant impact on the venture, that is when it is new. However it can be argued that ideas tend to last longer than people or things (Thompson, 1999) and that only initial success or failure is due to the person championing that idea when the organization is new.

Carland (1996) suggests that entrepreneurship is a continuum: it extends from the micro-entrepreneur (small business owner) to the macro- entrepreneur. He further postulates that the intensity of entrepreneurial drive is different for each individual. (Westhead et al, 2005) reinforces this notion that entrepreneurs are not a homogenous group and differ in their characteristics, motivations and behavior and performance. Westhead (1995) asserts that some types of entrepreneurs are associated with superior performance. Carland et al (1996) describes the entrepreneurial psyche as a combination of multiple personality factors which are: 'the need for achievement, the propensity for risk taking, the preference for innovation and cognitive style. It is the differences in these that create differences in entrepreneurial behavior and entrepreneurial drive (Carland 1996).

Thurik and Wennekers (2004) state that 'entrepreneurship and small business are related but certainly are not synonymous concepts. They conceptualise entrepreneurship as a type of behavior that concentrates on opportunities rather than resources (Stevenson and Gumpert, 1985) whilst small business owners as 'entrepreneurs' that simply run and own a business for a living (Wennekers and Thurik, 1999). They further assert that the area of new fast growing small businesses is an overlap and this in itself is important.

## **2.5 The Dimension of Vision in Entrepreneurship**

The primary role of an entrepreneur is to have a vision and implement it. Thompson (1999) states that organizations and various initiatives are born out of an opportunity that is discovered or one that is developed, and resources are obtained to exploit it. These ideas



give rise to a vision- a symbol of a reality that current is not yet fully acquired or made present. Vision is borne in the current reality and can be seen as the propeller that pushes people into one that can be which has not yet been seen. A vision can be considered as the driving force or sustaining power behind an endeavor. It is an all encompassing, all fulfilling reason for existence and it gives meaning and substance to fulfilling particular set goals. Vision is future focused but action driven in the present. This is affirmed by Fontela et al (2006) who describes the context of the entrepreneur and 'the enterprise as existing in the present but always with a view to the context of the future.'

The embodiment of vision can take various forms but it is in the final analysis exhibited by the actions taken or omitted by an individual or organization. In the entrepreneurial perspective, the entrepreneur shapes this vision and he or she generally attempts to mould the circumstances and the environment around his or her endeavor to meet his or her vision (Sarasvathy, 2004). Keasy and Watson (1993) state that the firm is an extension of the owner-managers personality and ethos, thus this will influence the human resource developments, capital structure and investment decisions and strategic posture according to Potziouris (2003). The intensity of the driving force within the individual and the prevailing circumstances will determine the fruition of the vision or maintaining a path in the direction of attaining the vision. The expectation is that different types of entrepreneurs would have different levels of envisioning the impact of what the companies that they drive would attain. Also the vision of the leader will mould the 'personality' of the firm and the impact it has in both an economic and social perspective. Clelland et al (1996) states that based on entrepreneurial drive, small business owners are expected have lower levels of

entrepreneurial drive and create entities that provide a great deal of psychic rewards but low economic returns. On the other hand, entrepreneurs would develop entities that have high economic value but would require great deal of personal sacrifice in terms of personal life and family life. It is also inferred that entrepreneurs will thus have a compelling vision that will drive the entrepreneur and the enterprise to seek the opportunities in any challenge.

## **2.6 The Dimension of Growth in Entrepreneurship**

Carland et al (1984) ascribes the difference between small business owners and owner managed ventures to factors of profit maximization and growth orientation. According to Carland et al (1984) 'the small business owner manages and owns a business for the principal purpose of furthering his or her personal goals and the business is his or her primary source of income and the business consumes the majority of the person's time and resources. The owner sees the business as an extension of his or her personality, intricately bound with family needs and desires.' In contrast Carland et al (1984) perceives an 'entrepreneur as an individual who establishes and manages a business for the principal purpose of profit and growth.' The entrepreneur will exhibit behavior that is innovative and will use management principles to undertake business.

The general assumption is that growth is a desirable aspect of small business owners, since growth is perceived to be associated with increased profits and financial rewards. There are other factors both internal and external to the business such as the organizations resource base and the market conditions of the sector which influence business, other than just

financial reward. Storey (1994) suggests that growth in small firms is predicated on three variables:

- Calibre of the owner-manager(s)

This encompasses the entrepreneurial resources at the disposal of the owner-manager, his or her educational background, expertise, skills and motivation.

- Business profile

This would encompass factors such as age of the business, sector in which the business operates, ownership regime and legal form of trading.

- Strategic planning

This aspect encompasses attributes and issues such as market positioning, research and development, financing and personnel development and succession planning.

It is understood that the structural, management, behavioral and strategic development of small firms from formation to survival and to growth is diverse and that the nature of the business changes in scope and scale as it evolves. Routamaa and Vesalainen (1987) suggest that the managerial type of entrepreneur is 'growth oriented but distinctly risk averse' in comparison with the classical entrepreneur. It can thus be inferred that the aspirations and potential to grow vary according to phase of development of the enterprise. Poutziouris (2003) indicates that there is a reluctance on small business owners to grow due to fear of a loss of control and employee welfare. Furthermore, small business operates as an extension of the ethos of the owner manager in contrast to larger businesses which have a distinct split between owners and managers (Poutziouris 2003).

## 2.7 The Vision-Growth Model of Entrepreneurship

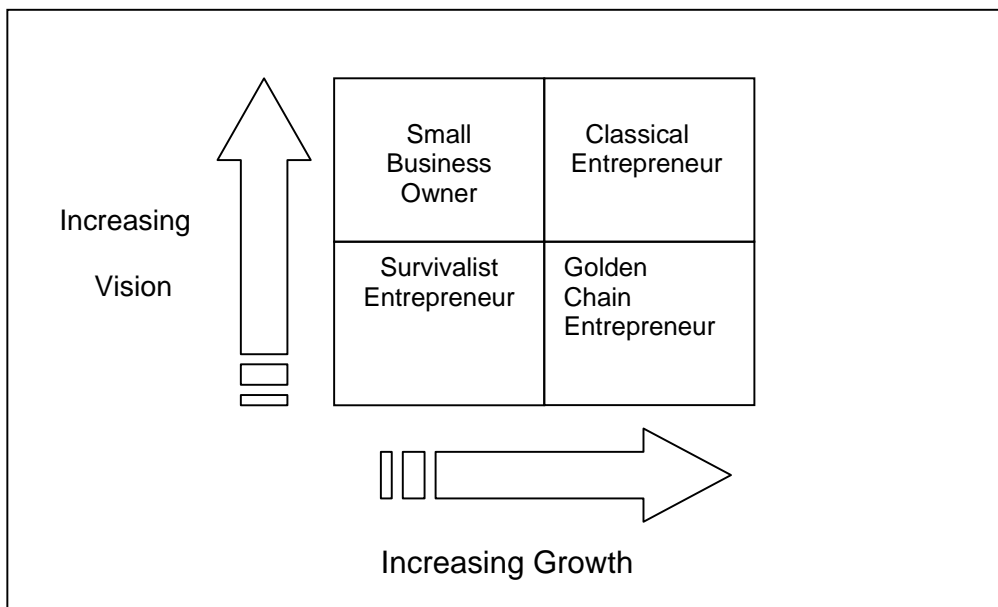
Sarasvathy (2004) states that ‘ entrepreneurship should be studied in the form of a science of the artificial in which the entrepreneur and the enterprise design adaptive and negotiated strategies that shape themselves and their environments over time’. It is further contended that entrepreneurs not only design firms as instruments that resemble their personal aspirations but also attempt to shape their environments to more closely resemble both their personal aspirations and the firm’s resource endowments.’ This is congruent to the assertions made by both Timmons (2007) and Keasy and Watson (1993). This ‘design’ is carried in the vision of the entrepreneur, as the entrepreneur is core to the entrepreneurial process. It can be inferred that success as measured from the perspective of the entrepreneur will be the level to which he or she has been able to fulfill this ‘design’ or vision. The opportunity recognized by the entrepreneur has a bearing on the size of the vision the entrepreneur has for the enterprise.

Using Timmons’ model (2007) that states there is linkage between the size of the opportunity and the size, shape and depth of the resources and team required and the impact on the environment of the appropriation of this opportunity. These linkages of scale related to resources and team can be translated to mean economic impact. One is thus able to infer that there is an expectation that highly successful entrepreneurs would have big, focused compelling visions which are in the process of being implemented that drive their endeavors.

In another dimension success could be defined in the classical definition as advocated by Thompson (1999) as entrepreneurs who have designed, according to their personal and corporate aspirations, enterprises that have large economic footprints. Based on these concepts, a typology of entrepreneurs is advocated as:

- ones who could have a high compelling vision that is being implemented but who vary on the economic impact they have and;
- entrepreneurs that have a smaller scale vision that is being implemented but who vary on the economic impact they have.

This provides for categories of entrepreneurs based on vision scale and exploitation on one dimension and impact of economic footprint in the other dimension. Figure 4 illustrates these categories.



**Figure 4: Vision-Growth Model of Entrepreneurship**

**Classical Entrepreneurs:** These entrepreneurs, within the entrepreneurial process exhibit increasing scale of vision which is large and focused whilst they also having an increasing economic impact on a large scale. They have either grown an opportunity over time or have rapidly developed the opportunity in such a manner that it exhibits these characteristics.

**Small Business Owners:** Small business owners are entrepreneurs who have increasing scale of vision, however wish to control the growth of their business as stated by Poutziouris (1998), thus not having a large scale economic impact as for example the classical entrepreneur does.

**Golden Chain Entrepreneur:** These types of entrepreneurs are ones that do have a large scale economic impact but have a very focused small scale vision. They are termed 'golden chain entrepreneurs' since they have focus on growth and the economic expectations of the entrepreneurial journey they have embarked on. These are typically inventor/ innovator entrepreneurs who have developed products or services which provide large financial rewards in areas which once they were passionate about in the past.

**Survivalist Entrepreneurs:** These entrepreneurs are ones that have both small-scale visions and small scale economic impacts. They have either recently developed an enterprises or have been running these for a period of time but have limited growth and unfocused vision. Their primary focus is according to Simpson, Tuck and Bellamy (2004) 'existing for survival'.

**Table 1: Literature References for Vision-Growth Model**

Type of Entrepreneur	References	Characteristics
Classical	Thompson (1999)	'independent, competitive,



		pragmatic, opportunistic'
Small Business Owner	Keasy and Watson (1993)	'control, growth in dimension of personal business,
Survivalist	Simpson et al (2004)	'opportunistic'
Golden Chain	Routamaa and Vesalainen (1987)	'risk averse focus on growth, inventor type'

### **3.0 RESEARCH QUESTIONS**

The aim of this study is to gain an understanding of the differences and similarities of the characteristics of resource-constrained entrepreneurs. The primary question of the research is to establish if resource constrained entrepreneurs differ. Based on the literature review, a typology of the characteristics of the entrepreneurs was developed.

#### **3.1 Research question 1:**

Derived from the theory, it must be empirically tested if the different categories of entrepreneurs exhibit the traits related to each category as defined?

Ardichvili et al (2003) identified that the development process, and by implication the entrepreneurial process, is likely to be heightened when several factors coincide namely: personality traits (creativity and optimism), relevant prior knowledge and experience and social networks for the entrepreneur. These factors can be classified as human capital, social capital and financial capital (Christensen et al, 2001). Mitchell et al (2002) states that 'the knowledge structures that people use to make assessments, judgments, or decisions involving opportunity evaluation, venture creation and growth' are important aspects in understanding cognitive behaviour. Since people differ in their motivations and abilities to act, the entrepreneurial process is expected to be impacted. Thus there is an expectation that there would be a difference in the manner in which the various categories of entrepreneurs, that is, survivalists, small business owners, classical and golden chain entrepreneurs, would deal with the entrepreneurial process. Dimensions that could be related



to this are age, gender, socio-economic background, educational level and experiences and the relatedness of the entrepreneurial activity to the business sector in which experience has been gained. Other aspects that Westhead et al (2005) allude to as possible differentiators are attitudes to risk and innovation amongst the four categories of entrepreneurs identified. This leads to the formulation of the question:

### **3.2 Research question 2:**

How do the decision-making heuristics and biases of each defined category of entrepreneur differ?

## 4.0 RESEARCH METHODOLOGY

### 4.1 The need for a research methodology

The survey of the literature on entrepreneurship provided various models that defined the entrepreneurial process. The culmination of this survey resulted in the development of a typology of the entrepreneur. The categories postulated in the typology based on the dimensions of increasing vision and increasing economic impact are: classical entrepreneur, small business owner, golden chain entrepreneur and survivalist entrepreneur. Interventions in the SMME sector have largely been broad brushed in their approach. The need is for a more streamlined approach to focus on categories of entrepreneurs more effectively. In the light of the above, the research question has been defined for this project to answer as:

The research focus of this study thus translated into the following question:

*‘Do resource-constrained entrepreneurs differ?’*

The primary objective of this study was to develop and test a typology that differentiates entrepreneurs based on the characteristics of the entrepreneur.

The secondary objectives of the research was to:

- Understand the differences amongst resource constrained entrepreneurs and understand the factors that cause growth in successful resource constrained entrepreneurs;
- Use the insights developed from the study to identify appropriate means to enhance and support of resource constrained entrepreneurs

This chapter develops the methodology that was used to explore the research questions.

## 4.2 Research Method and Design

The research desired to develop a preliminary understanding of the characteristics of entrepreneurs that have their origins in the informal sector, a sector that is resource-constrained. The field of entrepreneurship can be considered to be very broad, multi-dimensional in its development and execution and encompasses many aspects requiring multiple perspectives when analyzing the phenomenon. The research endeavor was aimed to understand a complex social phenomenon, thus it was exploratory in nature. Zikmund (2002) states there are three interrelated purposes for exploratory research:

- Diagnosing a situation
- Screening alternatives
- Discovering new ideas.

As this research diagnosed a situation and its aim was to discover new ideas it was well suited to exploratory research. This type of research was the first step in understanding the characteristics of the entrepreneur in a particular context and it would provide qualitative data. Generally qualitative methods consists broadly of three kinds of data collection:

- Interviews;
- Observation;
- Written document or archival studies which would include, amongst others, sources such as open-ended written items on questionnaires and personal diaries, archival records. (Holliday, 2002).

These methods could either be used on their own or conjunctively. The nature of qualitative research is concerned with the properties, the state and the character of the phenomenon.

Qualitative methods typically produce a wealth of detailed data about a much smaller number of people or cases. Zikmund (2002) states there are four categories of exploratory research methods:

- Experience Surveys
- Secondary data analysis
- Case Studies
- Pilot Studies.

Two methods that were pertinent to an integrative approach in this instance were the case study and grounded approach methodology. These two are expounded on below and the chosen methodology motivated thereafter.

#### **4.2.1 Case Study Methodology**

Case study is an ideal methodology when a holistic, in depth investigation is needed (Feagin, Orum and Sjoberg, 1991). Case analysis is aimed at providing detailed information from the perspectives of participants in using multiple data sources. Over time well developed robust procedures have been developed by various role players such as Yin, Stake and others to provide a methodology congruent to scientific enquiry. Case study analysis is understood to satisfy the three tenets of qualitative methodology: describing, understanding and explaining according to Yin (1994). In case study analysis the generalization of results is made to theory rather than a set population (Yin 1994). Case studies strive towards a holistic understanding of cultural systems of action (Feagin, Orum and Sjoberg 1990) and case studies are multi-perspectival in their nature- according to Tellis (1997) the research thus not only takes cognizance of the actors and their perspectives but also the interaction between the relevant

group of actors and the interactions between them. Furthermore case study analysis provides for an opportunity for a triangulated research strategy.

#### **4.2.2 Grounded Theory**

Grounded theory is described by Dougherty (2002) as 'the discovery of theory from data.' It is not merely inductive in nature as it moves from the specific to the general, but also uses deduction and hypotheses testing in develop of the theory from the data. Dougherty (2002), states that 'grounded theory building builds theory' and it does not attempt to 'test or verify theory.' Dougherty (2002) further asserts that the 'intent of qualitative research is to describe complex phenomena by identifying a few central themes that explain why and how the particular phenomena operates as it does in a particular context.' Simpson et al (2004) states that the major strategy used to tease out the various themes is comparative analysis. Grounded theory is very data rich and all data is of relevance to the data collection process. It is a method that is well suited to understanding organizational behavior and management issues as it attempts to assimilate the understand the 'nuances, interplays and connections' in the complexity of social life according to Dougherty (2002). Grounded theory also allows investigation into new areas of importance as they emerge from data according to Simpson et al (2004). Grounded theory, similar to case study, describes, understands and explains how the issue is grounded in a particular context, explores what people are doing and gives an explanation why and how the process is unfolding.

In attempting to understand the characteristics of the entrepreneurs in the context of their environment both case study analysis and grounded theory are well suited to undertaking the research. In order to provide structure to the data collection process, the case study approach was used whilst the grounded theory building methodology was used to analyze the data.

### **4.3 Research Process**

#### **4.3.1 Population**

The research was conducted centered on historically disadvantaged individuals who had embarked on the process of entrepreneurship in the last 10 years. The focus was on entrepreneurs who operated in the informal or semi-formal economy, commonly called the second economy, in the area in and around Johannesburg or Pretoria, South Africa. The population of relevance could be considered all entrepreneurs in South Africa working in the informal sector who could be considered to be resource-constrained. It is estimated by Ntsika (2000) that there are approximately 1,6 million entrepreneurs in the SMME sector.

#### **4.3.2 Unit of Analysis**

The unit of analysis of this research is the resource-constrained entrepreneur.

#### **4.3.3 Data Collection**

The data collection methodologies that were considered relevant to the case studies were: documentary evidence, archival records, interviews and direct observation. Unstructured

face-to-face personal interviews were conducted with ten entrepreneurs. Access to these entrepreneurs was gained through The Business Place, a business and advisory centre to upstart entrepreneurs jointly funded by the local government and a private banking institution, Investec. The Business Place initially screened their database of entrepreneurs for ones whom they had provided a service to over the last three years. Using a non-probability sampling technique (judgmental sampling), The Business Place chose fifteen entrepreneurs that would represent the range of entrepreneurs that they have assisted in the last three years within the Gauteng region.

Based on a list of fifteen entrepreneurs provided by The Business Place, each entrepreneur on the list was telephoned with a view to set up an in-depth, unstructured interview for approximately forty five minutes to sixty minutes, depending on the availability of the entrepreneur, at their place of work or at a convenient place chosen by the interviewee. The choice of setting was done to minimize disruptions to the entrepreneur but also to see the entrepreneur in his environments.

Ten of the entrepreneurs agreed to the interview process. The interviews were conducted during the period 16 October 2007 to 3 November 2007. Most of the interviews were undertaken at The Business Place in Alexandria, which represented a convenient place for most of the interviewees. Interaction was also maintained with the interviewees telephonically thereafter if additional information was required or data needed to be verified. The data collection process yielded the interview data and large amounts of unstructured information through direct observation and records.

#### **4.3.4 Data Analysis and Management**

The grounded theory building methodology was used to analyze the data. The use of a grounded theory approach was time consuming and intensive. The author transcribed interviews using the notes and voice recordings made of each interview. Observations made during the interview and other data relevant to the research was also recorded in field notes. The data collected was stored in both a hard copy in a file and in electronic format.

The author undertook the analysis of the interview transcripts and field notes. This was based on an inductive approach aimed to identify patterns in the data by means of thematic codes. Inductive analysis means that the patterns, themes, and categories of analysis emerge out of data rather than being imposed on them prior to data collection and analysis.

The researcher's involvement in the analysis is important in that multiple dimensions of the qualitative research was undertaken simultaneously. The grounded theory approach focused on the issues critical to the entrepreneurs from their own perspectives. These were used to identify the characteristics of the entrepreneur, and comparing these perspectives across cases, themes were teased out of the data. Using constant review of the research question, the literature survey, data collected and themes, summaries of these themes and categorization of the entrepreneurs were made.



#### **4.3.5 Data Reliability and Validity**

Grounded theory building validity and reliability depends on the knowledge judgments on the reason for study, not on the particular sampling technique used (Dougherty, 2002). It is through extensive engagement with the data that a hypotheses is measurable emerges. The test of validity and reliability in the grounded theory building is based on the resultant theory that is developed whether it is usable, and has coherency and consistency with other theory.

## 5.0 RESULTS

This chapter deals with the results of the primary data collected during the interview process. This data will be used to discuss the research questions raised in Chapter Three.

### 5.1 Profiles of the Entrepreneurs

Ten entrepreneurs perspectives on business were analyzed by means of primary data collected from each through an unstructured interview which lasted between forty five minutes to an hour.

**Table 2: Entrepreneurs Interviewed**

Name	Enterprise	Industry	Location
Morris Siwela	Cooler Events	Media	Alexandria
Thabo Matjane	Alex Burial Services	Funeral Services	Alexandria
Aubrey Masuku	Mphilisi Development Consultants	Media	Alexandria
Timothy Mashego	MEA Appliances	Manufacturing	Springs
Jakes Lesiba	Free Falls Trading	Media	Parktown
Thabo Mopasi	Ditswapoleng Enterprises CC	Tourism	Alexandria
Magdeline Magatiekele	Bose Ba Afrika	Food	Alexandria
Prince Zulu	Thuta Media Advertising	Media	Alexandria
Pumla Marxana	Hillcrest Construction	Construction	Pretoria
Hendrika Mamabolo	Unregistered	Retail	Alexandria

All the entrepreneurs reside in or have resided in a historically disadvantaged community in the urban environs of Johannesburg or Pretoria in Gauteng Province, South Africa. They represent enterprises that are operating in different industries in the informal or semi-formal sectors of the economy. The profile of the entrepreneurs and the enterprises that they operate conform to a category of entrepreneurs that could be classified as resource constrained.

## **5.2 Business Profiles of the Entrepreneurs**

A brief profile of each entrepreneur and the business related to the entrepreneur is given below:

### **Cooler Events**

Morris Siwela started Cooler Events in 2005 from the opportunity he recognized in the need to provide services to people who would want to attend various heritage sites. He has since expanded the business to providing a waiters-on-call service to companies based in the greater Sandton and Midrand areas outside of Alexandria and organizing special events in the Alexandria area. He was previously employed in the hospitality industry in which he had obtained training. His company employs 2 people fulltime and on average approximately 12 people on a part-time basis. He bootstrapped his business by using money he earned working in formal employment and money he had saved.

### **Alex Burial Services**

Thabo Matjane, started Alex Burial Services with his cousin in 2004. At that time he was running a plumbing business that he had built up based on contracts he had with Rand Water and other private companies. He however bought out his cousin soon after the start-up and took over running the Burial Service. The business was borne out his desire to diversify his business interests and to generate a more sustainable source of income. He views his business as a service to the community and he employs 10 people on a full time basis in his business. He provides an integrated funeral parlor service and is constantly looking at innovative ways to provide an improved yet affordable service to his community.

### **Thuta Media Advertisers**

Prince Zulu was born in Kwa-Zulu Natal and started work as a free lance journalist based in Alexandria. He started Thuta Media Advertisers with a partner as a briefcase company in 2005. The pair saw that there was an opportunity to develop media buying on the backbone of a proliferation of community radio media stations. The company also looks at outdoor advertising at localities in and around townships. In 2006 Prince Zulu took sole control of the company. He is currently the only employee of the company and it has linkages to radio stations such as Jozi FM and Alex Radio. These extend afar afield to areas such as Rustenburg. He leverages these relationships to undertake work with prominent companies like Primedia.

### **Mphilisi Development Consultants**

Aubrey Masuku started Mphilisi Development Consultants, which is a signage company, in 2003 but only began actively to trade in 2006. He was previously employed at Toyota South

Africa as senior training co-ordinator and worked for Umsomvombu as a branding co-ordinator. He bootstrapped his business by selling his house to raise the money for the equipment needed. He has been able to supply signage to the Alexandria Renewal Project and companies related to these projects. He has also provided signage to companies such as Element and Multichoice. The company has four full time employers and he draws a salary from the operations of the company.

### **MEA Appliances**

Timothy Mashego lives in Springs, on the East Rand and he started MEA Appliances in 2005. He had previously been employed by Thyssen Krupp as a stock clerk whilst studying and he started a cleaning company, Mash-Tim Projects in 2003. This company mainly operated in the East Rand area focusing on once of cleaning to both corporates and residential clients of Edenvale and Springs. In 2005 Timothy saw an opportunity to manufacture urns to service the need of people in the township who did not have geysers but had electricity. He has had a team of approximately 6 people who he employed fulltime to manufacture the urns by hand. He is currently working on an improved prototype of the urn which he hopes to introduce to his target market soon.

### **Ditwapotleng Enterprises CC**

Thabo Mopasi, who is actively involved in various community initiatives in Alexandria, started Ditwapotleng Enterprises CC in 2003 aimed at selling endorsement products and brands. The company is active in various initiatives related to tourism and hospitality in Alex focusing on the heritage, arts and culture aspects. It has strong bias to form co-operatives amongst

talented youths to assist them to exploit business opportunities in Alexandria and its environs. It has successfully undertaken projects with young adults in developing training amongst them to be computer assemblers and is currently working on projects such as mobilizing artists to mentor children in the fine arts. The company currently employs 2 people.

### **Free Falls Trading**

Jakes Lesiba is the managing member of Free Falls Trading CC. The company was started in 2000 and it has a stake in a printing business that Jakes had bought in 1999 with a partner from Sun International. Free Falls Trading CC main interest is in the printing and media space and Jakes runs the daily operations of the printing company. The company has contracts with Sun International do undertake some of their in-house printing requirements. The company currently employs 2 fulltime employees and on average 4 part-time employees based on the projects undertaken. The printing company has a turnover of approximately R500 000 per annum and Jakes draws a salary from the company as the operating partner in the business. He is currently working on a point of sale product which he expects shortly to roll out with a large retailer.

### **Bose Ba Afrika**

Magdeline Magatikele started BOSE BA AFRIKA in 2003. Her objective through the company is to provide a catering and training service. She has developed a recipe for a sauce which she bottles and sells to various clients within Alexandria. She had been working in a bank as a liaison officer until 2001. She realized the opportunity when she won a prize

as best chef for a competition. She currently makes about R700 per month on this activity and is the sole employer in her business.

### **Hillcrest Construction Company**

Hillcrest Construction company was established by Pumla Marxana in 2001 with her husband. The company has been active in the construction industry focusing on work to the public service. Pumla started the company after being retrenched at the company she was employed at. Neither her nor her husband has had any prior experience in the building industry. The company has developed a well known profile in the Tshwane Metro and it employs 11 people fulltime. Based on the projects that are in the pipeline this number can increase to an additional 20 people per project. Turnover at the company has increased to above R700 000 per annum and current indications are the company will shortly be increasing its fulltime staff complement to accommodate a growing order book.

### **Hendrika Mamabolo**

Hendrika Mamabolo started her business in June 2006. Due to the dire need of her family she had to leave school and start work. The business was bootstrapped by her investing R250. She currently sells handbags and wallets via door-to-door and word of mouth marketing. Her turnover is about R600 per week from which she supports her family and re-invests in her business. Her short term aim is to formalize her business and implement unique designs to her collection of products.

The business that each operates is on average about 5 years in existence and these businesses have largely developed based on the endeavors of the entrepreneur. The business have varying impacts in terms of job creation with it varying between a single owner run business (Bose Ba Afrika) to one that employs 11 people full-time and on average about 20 people on a part-time basis (Hillcrest Construction Company). The entrepreneurs are all involved in an economic activity related to the area in which they reside but some of the businesses have operations further a field than just the locality of the home township. Limited information in terms of assets and business turnover was available but the reported turnover ranged from R700 per month to R60 000 per month.

The entrepreneurs interviewed were all over the age of 30 years except for one and they differed in terms of educational background. They all had some type of schooling although at least two did not complete their schooling due to financial difficulty. Amongst the entrepreneurs the highest qualification obtained was a university degree. All of the entrepreneurs had in the last two years done a training course on an aspect on business management through The Business Place.

Five of the entrepreneurs interviewed did not have prior experience in the business sectors in which they started their enterprises. Three of the entrepreneurs had prior business experience- had a business venture and either failed or closed it down to start a new one. The other entrepreneurs previously held normal employment jobs in the formal economy.

One of the entrepreneurs could be termed to be a 'portfolio' entrepreneur as he has interests in more than two companies at present and he was had a business before. All the entrepreneurs bootstrapped their business in one form or the other- either by having had a



prior business or by working in formal employment before starting the businesses or still working in formal employment. Of the entrepreneurs interviewed, the tendency to network and learn was also assessed by inferring from the interviews their social networks and the periodicity that they frequent The Business Place for interaction with business partners, information or training. The entrepreneurs that showed

**Table 3: Profile of Entrepreneurs**

Entrepreneur (Interviewee)	Prior Experience in Sector	Level of Networking S-Strong M-Medium W-Weak	Bootstrapped Business	Business from developmental projects
1	Y	M	Y	N
2	Y	M	Y	Y
3	N	W	Y	N
4	Y	S	Y	N
5	N	S	Y	N
6	N	S	Y	N
7	N	S	Y	N
8	Y	M	Y	N
9	N	S	Y	Y
10	N	M	Y	N

Key: Y=Yes N=No

the highest propensity to network were the ones that had had businesses in the past. Eight of the ten entrepreneurs based their businesses on opportunistic ideas versus development

opportunities. Furthermore, the entrepreneurs that had prior businesses had not based their businesses on development opportunities.

## **5.3 Emerging Themes**

### **5.3.1 Personal Attributes of the Entrepreneurs**

The entrepreneur is central to the entrepreneurial process. In entrepreneurial endeavors, the success or failure of a business is dependent on the ability of the entrepreneur to integrate various factors and resources available to him or her in a particular context. The entrepreneurs interviewed showed varying degrees of the entrepreneurial characteristics such as motivation, vision, managerial and leadership skills. Each entrepreneur had his or her own perception of what motivated them and the vision they have for the enterprise that they led.

### **5.3.2 Motivation and Drive**

The motivational factors for the entrepreneurs were mainly concerned with the entrepreneur personal aspirations of fulfilling or living their dreams and building an enterprise that has prominence or has a large geographic spread. The following two quotes epitomizes this:

- 'I want to build an advertising empire' (Interviewee 8)

- ‘To proof to myself that I can live my dream!’ (Interviewee 9)

The terminology in ‘empire’ evokes the imagery of opulence, geographic spread and being famous. Linked to this is the ‘escapism’ from the context of the reality that each ones dream provides in their pursuits of a better life. Strong visual imagery is used to inculcate this self-conviction- ‘To proof to myself’ and one interviewee used role play ‘ I lived in a shack... but every morning I dressed as I if was going to work and sat at the little table within the shack and wrote out tender quotes’ (Interviewee 9) visualizing her future office and role in her company. Table A1: Personal Attributes of Entrepreneurs in Appendix A provides similar quotes on the perspective of motivation and drive by the entrepreneurs.

### **5.3.3 Passion (Vision)**

Central to the entrepreneurs sustaining this motivation and drive is the vision of the enterprise or entrepreneurial venture he or she is undertaking. Andrews (1987) describes this as the ‘nature of the economic and non-economic contribution it intends to make to its shareholders, employees and communities’. Whereas all desired economic benefit – described by one interviewee as ‘wanting to be filthy rich’- all juxtaposed this with a very strong link to the community, as described in the quotes below:

- ‘I felt that starting a company which would help solve the problems that people face on a daily basis would be a good thing.’ (Interviewee 7)
- ‘I want to change the lives of people.’ (Interviewee 6)
- ‘Seeing the looks in the workers faces on pay day, knowing that you are not paying them, you are paying the families,’ (Interviewee 9)

This strong desire of wanting to be an agent of change to the community by either creating economic welfare or assisting in social benefits to the greater community through their enterprise was evident in all the entrepreneurs. The contextual linkage was a particular striking feature of the endeavor of the entrepreneurs. This expression could be due to a deep psychological link to making a difference in the community, as shown by the quotes-

- ‘the hardships in life has made me ready for anything in life- having seen people suffer, I did not want to be like that and help where I can (Interviewee 4)
- ‘I do not want children to go hungry to school, I have experienced that and do not want them to experience that. (Interviewee 10),

with the tools and resources that they have at the disposal- as Sarasvathy (2004) states ‘using the business or enterprise as a tool’ to sculpture this vision. Table A1 in Appendix A further provides quotes on the entrepreneurs perspectives on passion.

#### **5.3.4 Goal of the enterprise**

Based on the drive and motivation and their set purpose, all the entrepreneurs expressed a desire to grow their businesses. Some were able to express these goals in more definitive measure however the majority had a goal to grow their businesses to be competitive with the best in the industry and have a national footprint. The following quotes provide evidence of this:

- ‘The goal I have for my company is for it to grow nationally.’ (Interviewee 7)
- ‘Turning this business into a franchise opportunity’ (Interviewee 6)

- 'We are going to be on par with the big players in South Africa in the industry'  
(Interviewee 10)

Linked to the goal of the business, the concept of *how*, the entrepreneur hopes undertake the business was expressed as building a sustainable business that is tapping into unique opportunities or that would provide a unique value proposition to the market place. Typically the use of words such as 'best', 'a brand that is so good that people want to use my service' and 'new ways to have killer products' provide evidence of these characteristics of the businesses that the entrepreneurs envisage developing. Table A1 in Appendix A further provides quotes on the entrepreneurs perspectives on the goals of the enterprise.

### 5.3.5 Self Image of the Entrepreneurs

In establishing his or her business, the entrepreneur has a perception of him or herself. This is important for him or her on how they would tackle and see new opportunities and overcome any challenges or obstacles in the entrepreneurial process. The selected quotes below provide an interesting description of this self- image of the entrepreneurs.

- 'I am like a chameleon- I change to suit the situation in order to get business.'  
(Interviewee 8)
- 'When I think of my business I think of it as a gym' (Interviewee 5)

The metaphoric language used provides insightful descriptors for their self believe in being creative, always learning and training. The concept of a gym brings to mind imagery of a

place where focus is given to a specific activity, dedication and perseverance is required and it is a safe and secure place to improve oneself. It also conjures up issues such as willpower and stamina- elements crucial in the being physically fit- similar to the entrepreneurial process which requires these attributes to succeed. This descriptor also provokes the thought of like-mindedness in the entrepreneurial endeavor. The description of having attributes of a chameleon shows the opportunistic and pragmatism in the approach to business- flexible, nimble and agile- having the ability to shift quickly and exhibit different characteristics to exploit an opportunity and the willingness to change. Table A1 in Appendix A further provides quotes on the entrepreneurs perspectives on the goals of the enterprise.

### **5.3.6 Context of the Entrepreneur**

Themes that relate to the context of the entrepreneur is how is the entrepreneur perceived by the environment and how the environment is perceived by the entrepreneur. Furthermore how does the entrepreneur use his or her environment in achieving the goals and aspirations he or she wishes to attain. Meyer (2002) states the conditions under which the entrepreneur in the informal economy operates is characterized by:

- 'Low barriers to entry'
- 'Low skill requirements'
- 'Low earnings potential'
- 'Supply push rather than a demand-pull market'.

In general the context could be interpreted to be highly competitive, unsophisticated and resource constrained. Despite the numerous impediments perceived ranging from political-

expressed by one entrepreneur as ‘things impact on your business and here in this environment the political aspect is important’, to economical, with emphasis on the financial issue as highlighted in the experience ‘the banks looked at us and thought: who are you, we don’t even know you!’, the context is perceived to be opportunity rich. One of the interviewee articulated this as ‘the country is full of opportunities at this time (Interviewee 6)’

Bootstrapping of their endeavors is an accepted norm as many of these resource constrained entrepreneurs generally did not have full access to the formalized banking system. Even the interventions through special support programs to aid financing such as Khula and other government backed schemes were seen to be similar to services offered by the commercial banks- onerous to access funding and predicated on some type of collateral which most of these entrepreneurs did not have- ‘I had to provide security, however I did not have any, as I do not own the house I live in’ (Interviewee 1). To some of the entrepreneurs, even the normal day to day activities that is taken for granted by most becomes a challenge- for example access to a viable communications network. Notably all used cell-phone telephony based on a pay-as-go system, but other basics such as access to internet in order to access to e-mails and information was a challenge-‘one has to wait for about two hours at times at an internet café’ (Interviewee 1) to undertake business functions. The initiative undertaken through places like The Business Place has lessened this burden, however access to these facilities was not widespread as these entrepreneurs had to commute by public transport to use these of facilities.

The perception that the community has of entrepreneurs is important in their motivation and access resources on a daily basis. The general perception of the community is one of reserved support for the entrepreneurial endeavors undertaking. They are viewed with reservation especially if the entrepreneur has previously been employed in the formal sector. The community views having a normal job as a security- this was succinctly expressed by an interviewee as 'when I resigned some of the people said- you cannot hit a bird without no stones' (Interviewee 6) whilst another experienced amazement when 'they see me in different situations: sometimes with overalls, sometimes with a tie and using a mini-bus taxi - as I left a job where I had a car and a fixed income' (Interviewee 6). These factors for the entrepreneurs are important emotional cues in their motivation especially when they have invested all their resources in the venture they have undertaken particularly in the challenging periods. This is pertinent to the entrepreneurs as most of their networks are formed and based within their context.

Meyer (2002) posits that successful resource-constrained entrepreneurs would use their networks to resource rich networks to access critical growth in the resource rich areas. This is done through involvement in developmental program or organizations which provide access to these markets (Meyer, 2002). The entrepreneurs perspective gave credence to this- 'I have learnt that I have to use the larger companies to attain my goals by me selling them my creative ideas' (Interviewee 8) and 'I can make my business grow by learning from others' (Interviewee 4). Furthermore a strong emphasis is placed on ethical behavior in these networks by the entrepreneurs as expressed by 'we want relationships where we do not rob anybody and they do not rob us' (Interviewee 9) and 'in the SMME world we need more



‘broerskap’ (brotherhood) to grow our businesses’ (Interviewee 5). Network development is seen as an investment and pursued by most of the entrepreneurs. Table A1 in Appendix A further provides quotes on the entrepreneurs perspectives on their context.

In summary, the context of the entrepreneurs is perceived to be dynamic, resource constrained but very rich in opportunities with varied obstacles that provide challenges for the entrepreneur on various levels. The entrepreneurs use both their available resources and innovative mechanisms to bootstrap their businesses both for start-up and to exploit further growth. Networks are seen to be fundamental to the entrepreneur for information and potential business growth and network development is embraced as an investment by most.

## **5.4 Emerging Categories of Entrepreneurs**

Using the grounded theory building approach, an attempt was made to categorize the characteristics of the various entrepreneurs. The entrepreneurs showed to have unique characteristics individually. Three categories emerged from the data when undertaking the analysis of the data. These have been classified to be ‘visionaries’, ‘planners’ and ‘plodders’. Each category is discussed using quotations from the entrepreneurs in support of the classification.

### ‘Visionaries’

The ‘visionaries’ tend to be competitive, keen networkers and use very broad or loaded images to describe their enterprises and their visions. These visions were other-centred.

They tend to have a 'plan by doing' or emergent manner and have a 'find things that work' philosophy in implementing their personal strategies or visions in their businesses. The 'visionaries' tend to frame issues through multiple lenses and provided multiple perspectives on issues. They desired to be distinctive in their business positioning. They had 'I can do anything approach', a propensity for learning and viewed hard work and perseverance as key drivers to success.

Of the ten entrepreneurs interviewed, four entrepreneurs showed characteristics of a 'visionary'. Quotations from interviewee five provides evidence of a 'visionary' as defined above:

competitive/distinctiveness: 'I think in business you need to leverage the opportunities granted to you. You need to look for new ways to have killer products'

find things that work: 'I think I have been good at seeing gaps and opportunities but have come to realize that not every opportunity needs to be taken.'

plan by doing: 'I wanted to have a more sustainable business, I decided to buy a butchery. It did not work out- I closed it down.'

description of business: 'I think of my business as a gym, a good place for me to train to develop future businesses and to train people that are working in this business'

other-centredness: 'I think of this business as a service to the community, which can grow with the community and I can make the people in the business grow as well'

'Planners'

The 'planners' tended to have a more 'do by planning' manner. Business goals were framed in a more focused manner. Planners tended to want to 'know they are doing the right thing' and focused on 'doing it better than the rest' perspective. Their focus was on 'making things work' whilst they networked as opportunity provided. They are enthusiastic, enjoyed what they are doing and desired to have a high service level to their customers.

Of the ten entrepreneurs interviewed three entrepreneurs showed the attributes of a 'planner' whilst one showed attributes of being between a 'planner' and a 'plodder'. Quotations from interviewee six:

do by planning: 'I have weekly plans and stick to these....daily review what I suppose to do and what I have actually done'; 'turning this into a franchise opportunity'

enjoyment of work: 'the other thing is the financial reward of being able to make more than being in formal employment and doing something one enjoys'

better than the rest: 'generating more sales, having a proper administration and creating a work environment for our customers- we need to deliver on customer expectations.'

#### 'Plodders'

The 'plodders' described their dreams in a concrete attributes they have seen for example, I want to own a restaurant. They tended to be less action orientated and saw host of challenges- even in things they could possible change. They aspired to want to provide a good service and tended to be 'hopeful' for a change of circumstance. Tended to focus on the security of what they had.

Of the ten entrepreneurs interviewed, two showed characteristics of a 'plodder'. Quotations from the two provide evidence of this:

'my business is currently running at a deficit...I know that if I maybe got some training in marketing I maybe be able to look at new things for my business'

'I working for my family, I am doing this as the breadwinner'

In summary there are three categories of entrepreneurs that could be identified based on the difference of their characteristics.

## **6.0 DISCUSSION OF THE RESULTS**

### **6.1 Introduction**

The research focus of this study was to gain an understanding of the differences and similarities in characteristics of the resource-constrained entrepreneur. This chapter aims to discuss the findings in Chapter 5 in light of the research questions posed in Chapters 1 and 3 with reference to the literature in Chapter 2. This chapter will discuss each research question and provide a summary of the findings in the conclusion. Other findings of relevance will also be discussed in this chapter.

### **6.2 Question 1: Derivation of a typology for the characteristics of resource-constrained entrepreneurs**

In chapter 5, a typology of the entrepreneurs in the sample was derived using the grounded theory. This typology showed three broad categories of entrepreneurs termed 'visionaries', 'planners' and 'plodders' emerging from the analysis. These categories of entrepreneurs had certain distinctive traits that differentiated the broad categories. There is however overlap in the categories, and more data would be required to refine these. The weakest category identified was the 'plodder' category into which two entrepreneurs fitted.

Four entrepreneurs fitted into the 'visionary' category. Three of the entrepreneurs that formed part of this category had previously been self-employed or had businesses. The descriptors

that applied to this category were: 'large vision', 'find things that work' and 'plan by doing' and 'being distinctive' in their business value propositions. They are action-orientated and showed a high need to network. Of the various categories, they tended to be the group that would hold multiple perspectives on issues. From the literature, Thompson (1999) describes the hard entrepreneurs as being pre-disposed to be being 'competitive, opportunistic, pragmatic and independent'. Simpson et al (2004) describes success to the 'vision-builder' as the collective sense of achievement within the firm, and recognition from others in the marketplace. Relating this category to the literature, the category would generally describe the classical entrepreneur- there is a general match in the behavioral traits as in being competitive and pragmatic if one accepts that entrepreneurs to one degree or the other all are opportunistic and desire to be independent. Carland et al (1984) characterizes the entrepreneur to be an individual who establishes and manages a business for the principal purpose of profit and growth. From the data that was provided, these entrepreneurs were the ones that one would perceive to have businesses that were growing. The traits exhibited by the 'visionaries' could categorize them be 'classical entrepreneurs'.

Three entrepreneurs fitted into the 'planners' category. One of the entrepreneurs showed to be between the 'planners' and 'plodders.' The descriptors that best described the 'planners' are 'to do by planning', 'better than the rest', 'making things work' and 'enjoying of work'. The planners showed a need to systematically do things and had the desire to excel. Reviewing this category in the light of literature, the description of the small business owner has the objective of developing the business to his or her personal vision and wishes to have control over the business according to Carland et al (1984). The small business owner places

emphasis on enjoying the business, not extracting too much value out of the business and placing a high degree of being honest with themselves and others (Simpson et al, 2004). Growth is not seen as a key objective and the primary ambition is to ensure the ability to support those in the business and to enjoy their work. Based on the literature there is a very loose link between the 'planners' and the description of 'the small business owner' as derived in the literature review. It could be inferred that the planning function is a measure of control, however all business enterprises would require a measure of planning.

The third category of entrepreneur found in the results is the 'plodder'. Two entrepreneurs fitted into this category. The 'plodder' is less action orientated and more opportunistic in nature. From the literature, this category would fit the survivalist entrepreneur. Survivalist entrepreneurs, although they have vision for their business and desire to have elements of growth in it, 'their work is associated with survival' (Simpson et al, 2004). Their focus is focused on exploiting a market opportunity. The survivalist category relates well to the 'plodders' section.

From the literature there is an expectation for a fourth category, the golden chain entrepreneur- this however did not emerge from the empirical data. This could be due to the resource-constrained nature of these entrepreneurs- with them having limited resources to provide for the process of asset formation or the construct of a golden chain entrepreneur is in itself weak. The typology that was initially stated for entrepreneurs should be re-stated for resource-constrained entrepreneurs to include only the following categories: classical entrepreneur, small business owner entrepreneur, and survivalist entrepreneur.

## **6.3 Question 2: How do the decision-making heuristics and biases of each defined category of entrepreneur differ?**

From the typology and themes developed in Chapter 5 the three categories of entrepreneurs provide a fabric of contrasts and similarities. Using the themes that has emerged from the analysis these are further developed.

### **6.3.1 Motivation and Drive**

Westhead et al (2005) stated that decision-making by the entrepreneurs would be impacted upon by their attitudes to risk and innovation. Of the three needs that McClelland's (1961) theory of needs posits:

- the need to achieve;
- the need for power;
- the need for affiliation;

the need to achieve and the need for affiliation are expressed, in the empirical data, as important drivers in all the categories of entrepreneurs. The need to achieve is however the overarching one. This need is expressed in the goals set both on a personal and business level. Robbins (2005) suggests that the need for affiliation would drive the entrepreneur to be in a more co-operative situation than a competitive one whilst the need to achieve would make the entrepreneur to be seeking new challenges with measured risk. The latter was indicative of the entrepreneurs that could be termed classical entrepreneurs- they all showed the appetite for measured risk taking.

### **6.3.2 Passion / Vision**



When one assess the vision that each entrepreneur has relates this to the decision-making heuristics the entrepreneur uses, the strong linkage back to the community is evident. Each entrepreneur either explicitly or implicitly links his or her vision to have a positive impact on the community. This need was pervasive amongst all the entrepreneurs. Although some would argue that it is based on the opportunity for the business to have started having been based on some type of developmental funding- this was also true for those businesses that had been started based on sourcing from the entrepreneur. A possible explanation for this is the strong social networks that the entrepreneur has in the community that evokes this response. Velamuri (2001) states that 'altruism and entrepreneurship are simply different milestones in the evolution of an individual since there is a self creation component in altruism and high component of societal justice in entrepreneurship'. It is potentially the manifestation of the two phenomena within the close proximity of each other in the resource-constrained entrepreneurs context that results in this strong bond. Another dimension that could be playing a role in this is the element of culture. This is a potential area for further study.

### **6.3.3 Self Image**

The manner in which one perceives oneself is important factor in the manner in which makes decisions. The sample of entrepreneurs showed self- confidence and positive self-image. Generally they perceived themselves to be innovative and creative, brave and independent thinkers- different from the norm of their context. This could be related to the training received at institutions like The Business Centre, which has courses related to general management applicable to their context.

From the observational data, the entrepreneurs that had previously been in business and had exited a business, portrayed a greater confidence and understanding of business principles.

In summary there is limited differences that could be inferred further about the entrepreneurs in the different categories save that which is already addressed in question one.

## **6.4 Enablers in the context of the entrepreneurs**

### **6.4.1 Government led enablers**

The South African government has recognized the role that the SMME sector can play in the role of poverty alleviation and providing employment for a large section of the population that historically has been disadvantaged. A policy framework has been developed and it has developed various institutions to provide support to the SMME sector such as Ntsika Enterprise Promotion Agency, Khula Enterprise Finance Ltd and help desks in the provinces. In the study, the roles of these organizations were not specifically explored however the interviewees generally knew of the roles of these organizations and accessed them either directly or through contact with a community based organization.

From the conversations, the interviewees generally showed preference to use The Business Place, a joint initiative between local government and a private institution, Investec. This

probably related to but not limited to the types of facilities provided: boardrooms, computer access and networking facilities where business could be conducted and to most of them it related to proximity to where they lived. Also the training provided at The Business Place was viewed to be needs focused and provided adequate scope to provide them a foundation to develop managerial skill sets required to improve the ability to run their businesses.

#### **6.4.2 Community based organizations / Support programs of tertiary institutions**

A plethora of non-governmental agencies, community based organizations and support programs of tertiary institutions are active in providing a range of services to the SMME sector. The interviewees alluded to some of these programs in their conversations however the author perceives that their primary networks are in the community based organizations for flow of information and support.

### **6.5 Inhibitors in the context of the entrepreneurs**

#### **6.5.1 Finance**

Finance is one of the key inhibitors in the resource constrained entrepreneurs world. Each interviewee offered this as an important challenge both in the start up and the growth of the phase of the business. From the conversations the commercial banks are perceived to be too conservative and very risk averse in their lending. The issue around risk relates to the fact that banks take on credit risk and use instruments to minimize this risk by screening

potential debtors and insisting on collateral to offset the risk. Since there is limited accurate information on the sector, there exists a disconnect between the world of the poor borrowers from the informal sector and the commercial banks. This information gap creates a situation where commercial banks would have to attempt to recoup on a defaulter at significant cost and difficulty.

Another issue that did surface was the similarity in the criteria between the institutions that have been specially developed to facilitate finance to this sector. Of the interviewees, only one had accessed funding through Umsombovu Fund. This experience by most of the entrepreneurs could be related to the fact that these institutions require skills sets similar to the commercial banks and where these institutions are under capacitated the banks would have greater sway in funding decisions. An important consideration is thus for the strengthening of these institutions with skill sets that are able to deliver on their mandates.

### **6.5.2 Procurement**

A subject that surfaced in the conversations with the entrepreneurs was the issue of access to tendering systems. With the aid of The Business Place, most of the entrepreneurs had been able to gain experience in tendering and be able to register on these systems. However, these are a select few. The lack of adequate infrastructure in communications makes it either difficult, and at times, costly to gain access to these. The current announcement by the South African government to facilitate greater expenditure in the SMME sector is a welcome boost to the sector however the consideration should be given to improved service levels from the government institutions that would handle these

transactions. Considerations should be to move to a more efficient delivery services such as electronic delivery and electronic business coupled with providing convenient, reliable cost effective points of service in the communities to access this system. The improvement of the skills of potential recipients of this deemed intervention should also be made in the deployment of the technology.

## **6.6 Summary**

In summary, the derived typology was assessed empirically using a grounded theory building methodology. The categories that were relevant to the resource constrained entrepreneur were: classical entrepreneur, small business owner and survivalist. Beyond the typical traits exhibited by these categories of entrepreneurs, they general showed similar biases to decision making based on the themes teased out of the empirical data. Of particular interest was the strong community based focus of all the entrepreneurs. Another aspect that was of relevance was the greater confidence portrayed by the entrepreneurs that had prior business experience. Based on the context of the entrepreneurs, other themes emerged from the study. Inhibitors found in the context were issues related to finance and procurement processes related to the provision of services. Enablers in the context were the support from various institutions ranging from government ones to community based ones.

## 7.0 CONCLUSIONS

### 7.1 Fostering Entrepreneurship

Entrepreneurship has the promise to provide a solution to the varied challenges facing any emerging economy. The development of entrepreneurship in the SMME sector in South Africa has the potential to alleviate poverty, and assist in social cohesion by assisting in addresses economic concerns such as unemployment. This has been predicated on the notion that 'it creates value in society that is disproportionate to its role within the economy' (Sarasvathy, 2004). However entrepreneurship is not the panacea for all problems. It has its own challenges. The challenge of fostering entrepreneurship is a challenge in itself, aptly described by Sarasvathy (2004) 'as the market for entrepreneurs...is always imminent danger of failure.' If the desired outcome is to create this market for entrepreneurship, then it is prudent that mechanisms for fostering entrepreneurship are effective, and deliver on the promise.

This study is exploratory in nature and the following was assumed at the onset of the study:

- Entrepreneurship is key to economic development;
- South Africa desires to promote entrepreneurship especially in the informal sector;
- There is a need to develop winning entrepreneurs to promote this national endeavor through growth firms
- Limited understanding was available on the characteristics of winning entrepreneurs in this sector.

## 7.2 The Research Study and Outcomes

This study set out to understand the differences amongst resource- constrained entrepreneurs and the factors that cause growth in successful resource constrained entrepreneurs. Due the limited research undertaken in this field, particularly in the informal sector of the economy, the study was exploratory in nature and set out to differentiate these entrepreneurs on their characteristics. Based on case study methodology and grounded theory building methodology, a study protocol was developed to gain a preliminary understanding of the characteristics of the resource-constrained entrepreneur.

The results of the research provided a rich data set from which emerged a typology of the resource constrained entrepreneur. The typology indicated that resource-constrained entrepreneurs did differ in characteristics and these characteristics would best be described in the literature as ‘classical entrepreneur’, ‘small business owner’ and ‘survivalist.’ The typology is tabulated in Table 4 below.

**Table 4: Findings related to the literature**

Type of Entrepreneur	Typical Characteristics	Findings Characterisation
Classical	‘independent, competitive, pragmatic, opportunistic’	‘plan by doing’ ‘competitive’ ‘find things that work’
Small Business Owner	‘control, growth in dimension of personal business,	‘do by planning’ ‘make things work’ ‘enjoy work’
Survivalist	‘opportunistic’	‘security focused’ ‘less action’

Further enquiry desired to ascertain how the decision-making heuristics and biases of the entrepreneurs differed. Besides the characteristics described by the typology, the study found that in general the decision making heuristics did not differ. Of particular interest was the strong community based focus of all the entrepreneurs. Another aspect that was of relevance was the greater confidence portrayed by the entrepreneurs that had prior business experience. Based on the context of the entrepreneurs, other themes emerged from the study. Inhibitors found in the context were issues related to finance and procurement processes related to the provision of services. Enablers in the context were the support from various institutions ranging from government ones to community based ones.

### **7.3 Recommendations**

The recommendations that follow are made based on the conclusions drawn from the research study. The recommendations are grouped into two focus areas, the first area namely addressing the key research outcomes and the second area on the secondary outcomes elicited from the study.

#### **7.3.1 First research outcome**

The first research outcome posits that the resource-constrained entrepreneur can be categorized into three categories namely 'classical entrepreneur', 'small business owner' and 'survivalist entrepreneur.' Based on this the following recommendations are drawn:



➤ **Targeted support should be provided to resource-constrained entrepreneurs using a characteristics based segmentation model.**

The concept behind targeted support is to provide ‘tailor made’ support packages provided to the entrepreneurs based on the specific needs of the entrepreneur. This support should be crosscutting in the various dimensions of finance, managerial training and procurement. The aim of this is to provide for more effective resource allocation in the value chains where these entrepreneurs are active. Implications of adoption of this recommendation are:

- Development and implementation of standardized policies amongst institutions and organizations providing this support;
- The development of a robust model based on a refinement of the typology already developed by this research that will underpin the basis for the framework for such a policy intervention;
- Instruments need to be developed to support the models’ application;
- Training and managerial support to institutions to implement the policy.

➤ **Foster entrepreneurial co-operatives within the community.**

Foster entrepreneurial co-operatives within the communities where resource-constrained entrepreneurs reside and perform their daily activities. This is based on developing entrepreneurship as an ethos in the community and leverage the close ties between the community and the entrepreneurial fraternity. Implications of the adoption of such a recommendation are:

- Development of community based forums specifically targeting entrepreneurial development;

- Development of policy to carry out mandates;
- Providing for networks within the community to link survivalist entrepreneurs with classical entrepreneurs and for cross-pollination of skills and development training;
- Financial support from public and private institutions.

➤ **Foster ‘entrepreneurial based training’.**

Cognizance is taken of the changes already effected in the development of the Outcomes Based Education curricula for schools however this is concerned with the development of curricula programs to identify and train talent in youth and others who show potential in an aptitude for being an entrepreneur. Implications for this decision are:

- Policy development and implementation to support this decision
- Funding
- Institutional development- change to current institutions and development of others to improve the spatial distribution of these geographically.

### **7.3.2 Second research outcome**

The second research income posits that there are inhibitors in the development of resource-constrained entrepreneurs business enterprises. These recommendations are aimed at the issues raised with regards to finance, as significant strides are being made in respect of procurement from the SMME sector. The recommendations related to these are:

## **Finance**

As finance is a key component of the entrepreneurial process, revised financial models need to be developed to be used for assessment of resource-constrained entrepreneurs. One of the recommendations is the implementation of the characteristics based model. The implications of the recommendations are:

- Banks to develop policies for incorporation into operational policies;
- Banking institutions to incorporate 'social collateral' into the financial models;
- Community based 'co-operatives' incorporating collateral models in framework of development;
- Funding to implement

## **7.4 Limitations of the research**

The research undertaken was exploratory in nature and the sample chosen was done using judgmental sampling. There were ten respondents from an urban area in a specific geographic region in the country and the interviewees were respondents that frequented one support institution, The Business Place. Interviews ranged from forty-five minutes to about sixty minutes and information was gathered based on what was available or offered by the entrepreneurs. Specific improvements that could be used to improve the research are:

- Longitudinal studies;
- Wider sample to include rural resource-constrained sample and other geographic regions;
- Use of questionnaires in additional to the current research instruments to improve the data gathering process.

## 7.5 Future research

The research presented in this study is exploratory in nature. This research comprised the analysis of limited number of resource-constrained entrepreneurs. Broad recommendations are made in supporting resource-constrained entrepreneurs, however the exact nature of the interventions need to be refined in future research.

Specific issues to explore in future research includes:

- Implementation of recommendations- there needs to be research undertaken to implement the specifics of the recommendations made.
- Extension of studies to rural enterprises- the inclusion of the rural sector will improve the quality of the studies.
- Specific study looking at altruism, entrepreneurship and the community.

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## APPENDICES

**Table 5: Consistency Matrix**

<b>PROPOSITIONS/QUESTIONS/ HYPOTHESES</b>	<b>LITERATURE REVIEW</b>	<b>DATA COLLECTION TOOL (RESEARCH METHODOLOGY)</b>	<b>PROPOSED METHOD OF ANALYSIS</b>
<b>Research Question One:</b> Derivation of a typology of characteristics of entrepreneurs-entrepreneurs do differ.	Thompson (1999), Simpson et al (2004)	1.Unstructured interviews with entrepreneurs 2. Documentary and archival information	Grounded theory building methodology; Narrative Analysis; Content Analysis
<b>Research Question Two:</b> How do the decision making heuristics and biases of each defined category of entrepreneur differ?	Westhead et al (2005) Mitchell et al (2002)	1.Unstructured interviews with entrepreneurs 2 .Documentary and archival information	Grounder Theory Building methodology, Content analysis Narrative analysis Pattern matching procedure

## QUESTIONNAIRE

1. Describe your life journey to date.
2. Describe your experience in developing your business
3. What are you passionate about?
4. What is your purpose in life?
5. How do people view you?
6. What are the challenges you have faced?
7. Is there anything else that you wish to tell me?

## QUOTATIONS FROM ENTREPRENEURS

**Table 6: Quotations From Entrepreneurs**

<b>Personal Attributes of Entrepreneurs</b>
<p><b>Motivation and drive</b></p> <ul style="list-style-type: none"> <li>• 'I hoping to build the company up so that one day I can list it'</li> <li>• 'Knowing that I can make it. I can see me develop this company into something bigger than I could dream about.'</li> <li>• 'I just want to make it the best, I want to be the best at what I do and be able to deliver an affordable service.'</li> <li>• 'My journey is a dream that I live. I know I can make it!'</li> <li>• 'I want to build an advertising empire.'</li> <li>• 'Turning this business into a franchise opportunity for other entrepreneurs.'</li> <li>• 'I want to grow my business so that others can also have a job from my business'</li> </ul>
<p><b>Passion and purpose linked to vision</b></p> <ul style="list-style-type: none"> <li>• 'I am passionate about making a difference in my community and learning through this process as I develop my business.'</li> <li>• 'I think of my business as a service to the community- which can grow with the community and I can make the people in the business grow as well.'</li> <li>• 'I want my company to identify talents in this community and work with them. I want to nurture and invest in true talents and be able to create jobs on a large scale.'</li> <li>• 'I felt that starting a company which would help solve the problems that people face on a daily basis would be a good thing.'</li> <li>• 'I want to change the lives of people.'</li> <li>• 'To find self-actualization and to find out the reason why I am here. I think each person has got a role to play and I need to find out this purpose. This is something bigger than me'</li> </ul>
<p><b>Goal of my organization</b></p> <ul style="list-style-type: none"> <li>• 'My goal is for my company to be able to compete with big event management companies in three years time. I think that after that I will be able to branch out nationally and expand my market. I want to have my company to be well known and its brand to be so good that people would want to use my services.'</li> <li>• 'I am passionate about food manufacturing. I want to grow my business so that others can also have a job from my business. Lots of people here in Alex need to have a living salary.'</li> <li>• 'The goal I have for my company is for it to grow nationally. I have come to learn that the cake is big enough for everybody to have part of it. I believe with some knowledge and wisdom that this business can become bigger.'</li> <li>• 'I want to grow my company to be a very large company which has branches in different parts of the country. I think some of these branches will be outsourced.'</li> <li>• 'Turning this business into a franchise opportunity'</li> </ul>



### Self-introspection (How I see my:

- 'Being independent is important for me. I am a very creative person'
- 'I think I have been good at seeing gaps and opportunities but have come to realize that not every opportunity needs to be taken.'
- 'I wanted to be become more innovative and creative.'
- 'I like interacting with people and I think people have talents that they can grow.'
- 'I am like a chameleon I change to suit the situation in order to get business.'
- 'When I think of my business I think of it as a gym'

### Contextual Issues (How I see the context or how the context sees me)

#### How I see my context

- 'The country is full of opportunities at this time.'
- 'Many things impact your business and here in this environment the political aspect is very important.'
- 'This sometimes is a disadvantage to business as a lot of politics is still involved in business.'
- 'I had the opportunity to meet a number of politicians who have gone on to be well placed in government during this time. However I have been very involved in the community issues.'

#### How others see me

- 'You can't run your business out of your home as it is very unprofessional especially if the house is small and the family is occupying all the space in the house'
- 'A community that you think understands an entrepreneurial lifestyle but really does not. People making question your decision to have started a business and also looking at you to fail'
- 'This has shifted as I have changed my work status. People have wondered what has happened to me. They see me in different situations: sometimes with overalls, sometimes with a tie and using taxi's at times- I do not have a car as yet. Some people think I was silly to have left a job where I had a car and did not have to be too bothered about the next income. Many people do not understand what I aim to achieve through my business. They think I have dropped a standard.'
- I think some people do not know what I am up to. A lot of them is trying to figure out what type of person. When I resigned some of the people said that 'you can't hit a bird without no stones'. I said to them to give me some little time.