

An investigation into the knowledge requirements for  
entrepreneur and small business support practitioners

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MY HELP IS FROM THE LORD

ROBERT LUKE MARTIN

## DECLARATION

I Robert Luke Martin, declare that **AN INVESTIGATION INTO THE KNOWLEDGE REQUIREMENTS FOR ENTREPRENEUR AND SMALL BUSINESS SUPPORT PRACTITIONERS** is my own work and that all resources that I have used or quoted have been indicated and acknowledged by means of complete references.

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## ANNEXURE

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## ABSTRACT

To date attention appears to have been mainly concentrated on the development and support of the learning, skill and competence requirements that entrepreneurs and small business owners need to succeed. However, very little attention is placed on the ability of support practitioners to provide the required support. Generally accepted standards with regard to the knowledge, skills and competence requirements for support practitioners seem to be lacking. Support practitioners are also drawn from various education and work experience backgrounds. The lack of industry standards as well as the fact that support practitioners are drawn from various education and work experience backgrounds may be the reason why no clear guidelines exist with regard to the knowledge requirements for support practitioners.

In view of the above, the problems that this study is concerned with are the following:

- a) To investigate the nature of entrepreneur and small business support;
- b) To determine what the knowledge criteria for entrepreneur and small business support practitioners should be; and
- c) To investigate whether support practitioners possess the required knowledge to provide relevant and meaningful support to entrepreneurs and small businesses as suggested by the literature on entrepreneurship.

To obtain a better understanding of the need for this study, a logical framework was developed using the Transcendental Model development methodology. The conceptual model (see Figure 4.2) and theory building process have provided two main benefits:

- Firstly, a holistic view of the broader problem environment within which support practitioners function has been provided.
- Secondly, the focus for the research study and where it fits into the broader problem environment has been established.

The transcendental research methodology was also used to develop a stratified research model (see Figure 4.3) which highlights three phases that the research should move through:

1. The first phase starts with investigating existing theories and standards relevant to entrepreneur and small business practitioners at the real level. This was done through the exploratory discussions and the literature review. The literature review assisted to determine the knowledge areas that are required by support practitioners.
2. The second phase investigates what knowledge with regard to entrepreneurship, business management and the practice disciplines support practitioners possess at the actual level. This was done through the field research which measured the knowledge that support practitioners actually possess.
3. The third phase investigates whether the required results with regard to the industry objectives of reducing the high failure rates of start-ups and the development of sustainable ventures were obtained at the empirical level.

The study uses the abovementioned approach to obtain the following goals:

- firstly, to investigate the knowledge, skills and competence criteria that support practitioners should possess in order to assist entrepreneurs and small businesses to create and develop sustainable ventures that would in turn lead to the decline in start-up failure rates; and
- secondly, to establish what knowledge, skills and competencies practitioners *do* possess.

The study identified the key measures required to evaluate support practitioner outputs and it also identified that support practitioners lack specific knowledge constructs in all three knowledge areas. It further provides suggestions of how these knowledge gaps can be addressed.

As there is a dearth of South African and international research with regard to the knowledge criteria for support practitioners, this study makes a unique contribution to the field in this regard and specifically in the South African small business landscape.

## CHAPTER ONE INTRODUCTION

### Chapter Outline

1.1 Introduction

1.2 The need in South Africa to focus on the knowledge requirements of practitioners

1.3 Operational definitions

1.4 Research process outline

1.5 Problem statement

1.6 Research questions and investigative questions

1.7 Propositions and hypotheses

1.8 Value of research

1.9 Delimitation of study area and critical issues raised by research focus

1.10 Thesis outline

1.11 Summary

## 1.1 INTRODUCTION

Entrepreneur and small business support practitioners in South Africa are called by different labels of which the most common appears to be Business Advisors and Business Mentors. Exploratory research revealed that no standardised training or education standards exist for entrepreneur and small business support practitioners. This study aims to identify the learning or knowledge requirements of support practitioners and it is proposed that identifying these learning needs can make a contribution to the delivery of relevant and meaningful entrepreneurial and small business support of quality.

This study aims to make a contribution to the field of entrepreneur and small business support and more specifically in the area of one-on-one support provision. South African and international research within this field appears to focus the attention mainly on the need for entrepreneur and small business support, the type of support provided to small businesses as well as the nature of entrepreneurship and small business support. It appears then that research which focuses on the ability and competence of those who provide the support is lacking. In the United Kingdom some researchers have started to focus on the ability of support practitioners (Deakins & Freel, 1998; Sullivan, 2000). In South Africa, however, research that focuses specifically on the knowledge and competence requirements of practitioners appears to be generally lacking. At least one South African study (Antonites & Watson, 2004) focussed on profiling mentors within South Africa. Antonites and Watson (2004) however only sought to obtain a broad picture of the mentor but failed to define the construct “entrepreneur-mentor” as used by them and also did not focus on the ability of the mentor to provide support.

The importance of practitioner support to small businesses is born from the realisation and acceptance that entrepreneurship can be taught and thus the possibility exists to use learning to modify the behaviour of the entrepreneur



(Sullivan, 2000; Rae & Carswell, 2000). Deakins and Freel (1998:146) argue that traditional approaches to entrepreneurship, such as training, do not capture the essentially dynamic process of entrepreneurship. In pre-start, through early-stage development, and with later adjustments and development, the entrepreneur is forced to alter behaviour through experiential learning. For small businesses to grow, entrepreneurs must be able to learn from decisions, mistakes, experiences and from their networks. The ability of entrepreneurs to maximise knowledge as a result of experiencing these learning events will determine how successful their businesses become (Deakins & Freel, 1998:152). Other researchers (Douma, 1991:54; Lauder, Brocock & Petty, 1994:9; Chaston, Badger, & Sadler-Smith, 1999:191; Cope & Watts, 2000:104; Rae & Carswell, 2000:220; Sullivan, 2000:160; Wright & Tao, 2001:218) also agree that there is great value for the entrepreneur and the venture if learning occurs in line with the occurrence of certain events or incidents. These events or incidents generally take place as the venture develops and grows. Sullivan (1996:162) acknowledges that although little is known of how entrepreneurial learning actually takes place, support practitioners play a valuable role in providing assistance in the learning process.

It has been suggested (Hogarth-Scott & Jones, 1993; Jennings & Hawley, 1996; Lean, 1998; Smallbone, Baldock & Bridge, 1998) that many entrepreneurship training (and development) initiatives do not actually address the real needs of entrepreneurs, with a significant gap between the perceptions of training providers and those of the participating entrepreneurs in terms of training needs. One reason for this gap between providers and entrepreneurs according to Thatcher (1996:20) and Henry, Hill and Leitch (2003) may be that many providers have limited managerial or vocational experience of small firms and therefore fail to understand the practical problems facing entrepreneurs. Deakins (1996) is of the view that if the actual content of the entrepreneurship training programmes is examined, it becomes clear that some programmes are more “task” than “behaviour” oriented, focusing on specific skills for small business management, that is, financing and marketing, rather than creativity, innovation

and problem solving. These views suggest that more interventions in addition to training are needed if entrepreneurs are to be successfully supported.

Another important theme that has emerged is the failure of many programmes and initiatives to take on board the cultural, social and educational background of the prospective entrepreneurs, in developing training and support systems (Raffo, Lovatt, Banks & O'Connor, 2000; Dana, 2001; De Faoite, Henry, Johnston & Van der Sijde, 2003; Pretorius & Van Vuuren, 2003). Other macro level issues that are often also not given enough attention within support programmes are the effect of globalisation (Gibb, 2002), policy and regulatory environment (Storey, 1994; Storey & Westhead, 1994; Westhead & Storey, 1997; Meyer, 2004) and culture (Du Plessis, 2004). Managers, it appears, are required to fulfil a broader, more versatile role ranging from possessing the vision to developing strategy, a hands-on style to keep on top of operational issues, leadership skills to build teams, and so on. It is not surprising therefore that individuals and teams have gaps in their skills base and development needs (Smallbone, Baldock, & Bridge, 1998; Thompson, 1999:279; Rae, 2000:145). The practice within the industry has been to nominate people for training or training courses because “there are things they need to know”, but many courses suffer and lose value by a lack of systematic follow-up (Rabey, 2001:198).

## 1.2 THE NEED IN SOUTH AFRICA TO FOCUS ON THE KNOWLEDGE REQUIREMENTS OF SUPPORT PRACTITIONERS

On a policy level in South Africa, support to small businesses is contained in the White Paper (1995) and the National Small Business Act (Act 102/96). The National Small Business Act made provision for the Ntsika Enterprise Promotion Agency (NEPA). The purpose of Ntsika was to expand, co-ordinate and monitor the provision of training, advice, counselling and any other non-financial services to small business in accordance with the National Small Business Strategy (Act 102/96). Ntsika was formed as a wholesale service provider and all the functions

defined in the National Small Business Act (Act 102/96) are delivered through service providers called Local Business Service Centres (LBSC's). The White Paper (1995) envisaged LBSC's as providing information and advice as well as expanding their services to include training, mentoring, business plan preparation, marketing and sub-contracting support.

Pretorius and Van Vuuren (2003), however, questioned the contribution that these programmes made to the promotion of entrepreneurial culture and entrepreneurial orientation.

The varied nature of envisaged services implies certain knowledge competencies. However, none of the government policy directives spell out what these competencies and knowledge criteria should be and, despite these initiatives, successive Global Entrepreneurship Monitor (GEM) reports on South Africa revealed that the country experienced low levels of entrepreneurship and high failure rates of its start-ups (Driver, Wood, Segal & Herrington, 2001; Foxcroft, Wood, Kew, Herrington & Segal, 2002; Orford, Wood, Fisher, Herrington & Segal, 2003; Orford, Herrington & Wood, 2004). This situation according to the GEM reports resulted in a low Total Entrepreneurship Index (TEI). The GEM research methodology uses an adult population survey with a sample size of 3000 to 3500. Interviews are also held with 30 to 38 key expert informants. To further strengthen the report use is also made of secondary data such as World Bank data reports, Stats SA reports and academic research. In response to criticism with regard to reliability Reynolds, Bosman, Autio, Hunt, De Bono, Servias, Lopez-Garcia and Chin, (2005:222) concluded that despite the small sample sizes a variety of indirect measures suggests that the GEM survey based measure of entrepreneurial activity is reflecting the same phenomena as a wide range of other efforts to track new firm creation, using a range of national administrative data bases. Reynolds, et al., (2005:224) also comments that after the refinement of the interview schedules "the reliability of all 17 multi-item scales was 0.63 or higher; 15 were 0.70 or higher and 7 were 0.80 or higher; this is consistent with correct standards for index reliability in social sciences". Other SA

entrepreneurship and small business literature sources (Nieuwenhuizen, Groenewald & Nieuwenhuizen, 2003; Brink, Cant & Ligthelm, 2003; Isaacs, 2005) has also reported on the challenges that the country faces in developing sustainable enterprises and reducing the high failure rates of start-ups.

Due to the limited success of KHULA and NEPA, Government during 2002 established the National Manufacturing Advice Centres (NAMAC) which was focusing on providing support to small business manufacturing ventures with the following criteria:

- The business to be assisted must be an established business.
- The business to be assisted must employ 200.
- The business to be assisted has a manufacturing focus (Orford, *et al.*, 2003:5).

In an attempt to strengthen support initiatives the South African Government formed the Small Business Enterprise Development Agency (SEDA), which is essentially a merger of NEPA and the National Manufacturing Advice Centres (NAMAC). The Agency was formally launched on 13 December 2004 (SEDA, 2006). SEDA's mandate is broader than the support, promotion and development of small enterprises. The mandate also includes the support and promotion of co-operative enterprises to reach a greater variety of enterprises, particularly those located in rural areas. This support of alternative forms of enterprises will be an important way to facilitate the integration of the second economy into the first economy (Mpahlwa, 2004). From this statement it is clear that the South African Government expects a lot from the SEDA support initiatives and it can then be deduced that these expectations would also impact on support practitioners.

An exploratory investigation among support organisations in South Africa (Khula, Business Partners, Institute of Business Advisors and Local Business Service Centres), found that practitioners are recruited from various professional fields, such as accountants, attorneys, managers, etc. Business Partners also appears

to appoint practitioners on the basis of their practical business experience. Within the LBSC sector, however, it appears that no standardised criteria for appointment exist. Deakins and Freel (1998:144) have indicated that the background and experience of the practitioner is an important factor in the provision of meaningful and relevant support to entrepreneurs and small businesses. The knowledge and competence of the practitioner to provide support, it is argued, form an essential part of this background and experience. This study does not negate the success that practitioners who possess business knowledge might have with regard to entrepreneurial small business support. This study, however, attempts to highlight the need for practitioners to possess a broader scope of knowledge, in addition to business management knowledge.

The view that support practitioners should have a broader scope of knowledge is deduced from the Van Vuuren and Nieman (1999) Entrepreneurial Performance Model. Van Vuuren and Nieman (1999) identified entrepreneurial performance as a key measure for entrepreneurial success. They developed a formula for entrepreneurial performance:

$E/P = f(a)M \times (b)E/S \times (c)B/S$ , where

M = Motivation;

E/S = Entrepreneurial skills;

B/S = Business skill and

a, b, c = constants.

This formula implies that entrepreneurial performance will not be successful if the entrepreneur does not possess motivation, and entrepreneurial as well as business skills. The formula does not, however, spell out the different levels of motivation, entrepreneurial skills and business skills that are required for success. It can thus be reasoned that, due to the low levels of education indicated by the GEM reports, entrepreneurs and small business owners would not perform well in terms of the Van Vuuren and Nieman (1999) Entrepreneurial

Performance Model. This situation again highlights the need for meaningful and relevant support.

It is imperative then that if support practitioners are to play a meaningful role in the development and promotion of entrepreneurship and small businesses, they have a good understanding of the various learning challenges facing entrepreneurs and small businesses. Before the support practitioner can deal with these learning challenges effectively, however, an understanding of entrepreneurship as well as small businesses is important. The practitioner needs to understand that a small business focus is different from an entrepreneurial focus and that certain characteristics and behaviours are required for successful venture development and for increasing entrepreneurial performance (Zimmerer & Scarborough, 2002:4; Kuratko & Welsch, 2004:42).

In terms of the Entrepreneurial Performance Model, entrepreneurial and business skills alone are not enough to obtain success, but motivation is also required. Motivation implies certain personal characteristics, behaviour and attributes from the entrepreneur and small business. The support practitioner should thus also be able to provide interventions that would influence and/or develop the required characteristics, behaviour and attitudes of entrepreneurs and small businesses. Thus not only concentrating on the task issues that focus on developing specific skills for small business development, practitioner interventions should also be behaviour orientated. This view is supported by Deakins (1996:15) who emphasises a focus on both task and behaviour with the training of small businesses.

The literature identifies different types of entrepreneur and small business support interventions, which include training, business advice, business consulting, business counselling, business coaching and business mentoring. As support practitioners deal with entrepreneurs and small businesses mainly on a one-on-one basis, this study focuses on the non-training interventions, which are

business advice, business consulting, business counselling, business coaching and business mentoring. These non-training interventions are referred to in this study as practice disciplines. The concept practice disciplines was developed for this study as no other concept could be found in the literature that adequately describes these practices collectively.

### 1.3 OPERATIONAL DEFINITIONS

#### 1.3.1 Practice Categories

Practice categories refer to the labels that support practitioners are commonly known by. The five practice categories referred to in this study are Business Advisor, Business Counsellor, Business Coach, Business Consultant and Business Mentor.

#### 1.3.2 Practice Disciplines

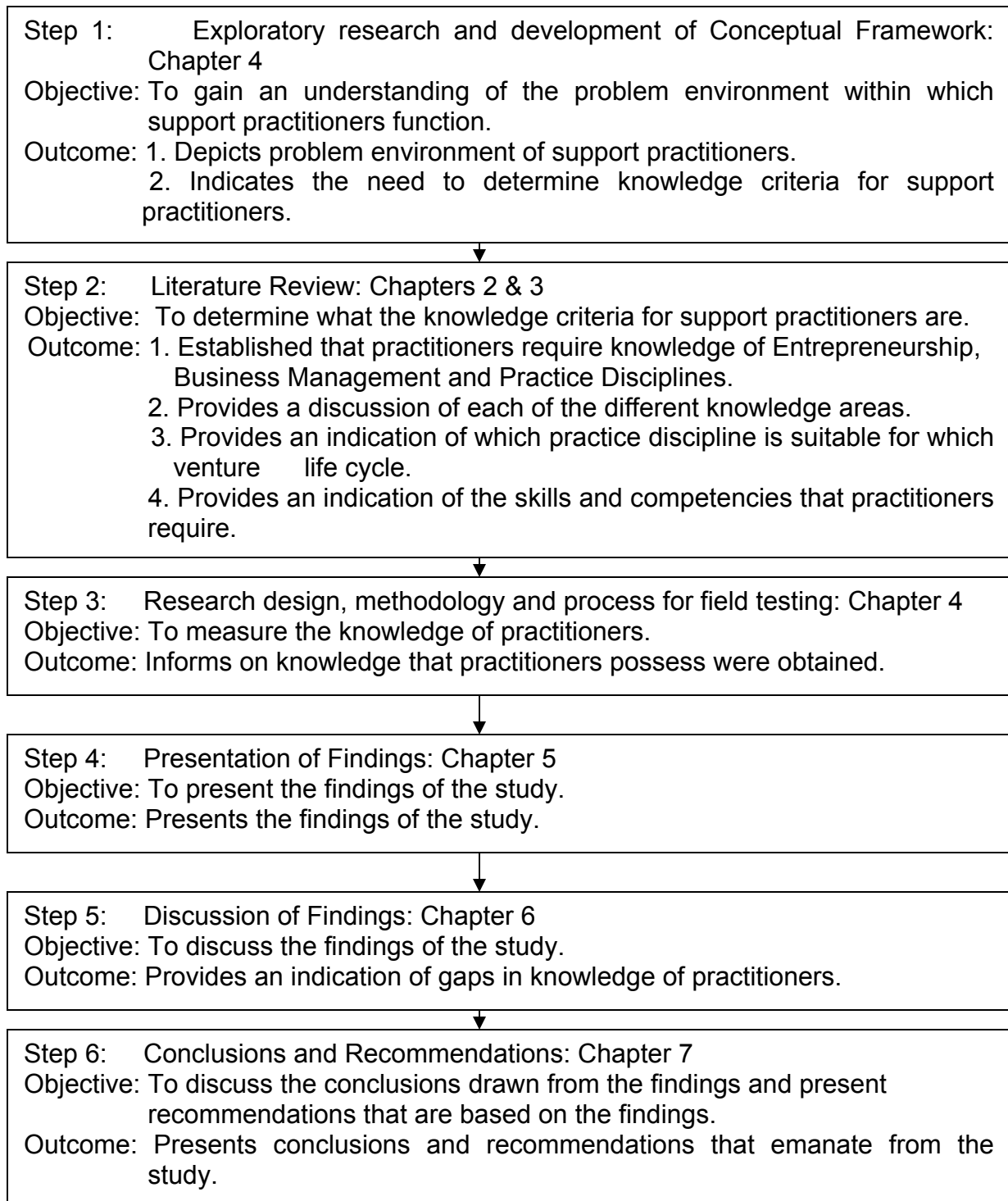
Practice disciplines refer to the non-training intervention methodologies that are used by support practitioners in the provision of entrepreneurial and small business support. The practice disciplines referred to in this study are business advice, business counselling, business coaching, business consulting and business mentoring.

#### 1.3.3 Support Practitioners

Support practitioners refer to individuals who provide services and assistance on a one-on-one basis to entrepreneurs and small businesses. These support practitioners are commonly known by one or more practice category labels and perform interventions in line with one or more of the practice disciplines.

## 1.4 RESEARCH PROCESS OUTLINE

The research process outline depicts the focus and process of the study.



**Figure 1 Research Process Outline**



The main steps of the research process outline (see Figure 1) can be summarised as follows:

- The philosophical basis for the research project was derived from the transcendental realist research approach. A stratification research model was developed (see Figure 4.3) which guided the research process. The transcendental realist approach was also followed to develop a model of the support practitioners' problem environment (see Figure 4.2). The support practitioners' problem environment (see Figure 4.2) formed the focus for the literature review. Through following the transcendental realist research process an attempt was made to address one of the concerns raised by Gibb (1992:134) with regard to the conceptual and methodological failings of some small business research. One of the ten recommendations that Gibb (1992:134) offer to improve conceptual and methodological failings (albeit with reference to small business policy research) is "the development of models which clearly justify the parameters chosen for investigation, thus ensuring from the onset that the potential for "explanation" is limited". The model elements depicted in the model (Figure 4.2) provided the parameters for the literature review of this study.
- Exploratory research. This phase of the study consisted of an exploratory literature review as well as discussions with industry experts. This phase revealed that certain gaps exist with regard to the knowledge requirements for entrepreneur and small business support practitioners. The exploratory research phase is discussed in more detail in Chapter Four. A conceptual framework of the entrepreneur and small business support practitioner environment was also developed during the exploratory research phase. The conceptual framework is presented in Chapter Four and highlights the need to focus on the knowledge requirements of support practitioners.
- Literature review. The literature review was aimed at discussing the knowledge requirements of support practitioners and is discussed in

Chapters Two and Three. The literature review indicated that support practitioners require knowledge in entrepreneurship, business management and the practice disciplines.

- Field research. The purpose of the field research was to establish whether support practitioners possess knowledge of entrepreneurship, business management and the practice disciplines and at what levels.

## 1.5 PROBLEM STATEMENT

Successive GEM reports (Driver, *et al.*, 2001; Foxcroft, *et al.*, 2002; Orford, *et al.*, 2003; Orford, *et al.*, 2004; Herrington, Maas, Boshoff, Van Vuuren, Musengo, & Maas, 2006) focus the attention on the high failure rate of start-ups as well as the low levels of entrepreneurial activity in South Africa. These failures continue to occur despite the initiatives by the Government referred to earlier that are aimed at supporting and developing the sector.

To date attention appears to have been mainly concentrated on the development and support of the learning, skill and competence requirements that entrepreneurs and small business owners need to succeed. However, very little attention has been placed on the ability of support practitioners to provide the required support. Generally accepted standards with regard to the knowledge, skills and competence requirements for support practitioners seem to be lacking. Support practitioners are also drawn from various education and work experience backgrounds. The lack of industry standards as well as the fact that support practitioners are drawn from various education and work experience backgrounds may be the reason why no clear guidelines exist with regard to the knowledge requirements for support practitioners.

In view of the above, the problems that this study is concerned with are outlined below:

- a) to investigate the nature of entrepreneur and small business support;

- b) to determine what the knowledge criteria for entrepreneur and small business support practitioners should be; and
- c) to investigate whether support practitioners possess the required knowledge to provide relevant and meaningful support to entrepreneurs and small businesses as suggested by the literature on entrepreneurship.

## 1.6 RESEARCH QUESTIONS AND INVESTIGATIVE QUESTIONS

Research questions:

- What is the nature of the entrepreneur and small business support environment?
- What are the knowledge criteria for entrepreneur and small business support practitioners?
- Do support practitioners possess the required knowledge criteria to provide meaningful support?

Investigative questions:

- Do support practitioners possess knowledge of entrepreneurship?
- Do support practitioners possess small business management knowledge?
- Do support practitioners have knowledge of practice disciplines?
- Are there any differences between practitioners within the different practice categories and the type of problems and companies they deal with?
- Are there any differences between practitioners within the different practice categories and their attitude with regard to important business issues?

## 1.7 PROPOSITIONS AND HYPOTHESES

### Propositions

The propositions seek support for the first three investigative questions while the hypotheses seek to measure the last investigative question.

Proposition 1: Support practitioners lack entrepreneurial knowledge.

Proposition 2: Support practitioners lack business management knowledge.

Proposition 3: Support practitioners lack knowledge of the practice disciplines.

### Hypotheses

Ho1 – Ho3 measure the level of *importance that support practitioners attach to different business issues*. The measurement is at three levels:

- the total sample as a group;
- between the different practice categories;
- within each of the different practice categories.

Ho1: All business issues are ranked with similar importance (no difference) by all support practitioners.

Ha1: All business issues are not ranked with similar importance by all support practitioners. (There is a different ranking.)

Ho2: All business issues are ranked with similar importance (no difference) by the different practice categories.

Ha2: All business issues are not ranked with similar importance by the different practice categories. (There is a different ranking.)

Ho3: All business issues are ranked with similar importance (no difference) by support practitioners within each of the different practice categories.

Ha3: All business issues are not ranked with similar importance by support practitioners within each of the different practice categories.

Ho4 – Ho6 measure the *frequency of support practitioner contact* with different venture types. The measurement is at three levels:

- the total group;
- between the different practice categories;
- within each of the different practice categories.

Ho4: The frequency of contact with different venture types is the same for all support practitioners.

Ha4: The frequency of contact with different venture types is not the same for all support practitioners.

Ho5: The frequency of contact with different venture types is the same between the different practice categories.

Ha5: The frequency of contact with different venture types is not the same between the different practice categories.

Ho6: The frequency of contact with different venture types is the same for support practitioners within each of the practice categories.

Ha6: The frequency of contact with different venture types is not the same for support practitioners within each of the practice categories.

Ho7 – Ho9 measure the *frequency of contact with different types of company problems* by support practitioners. The measurement is at three levels:

- the total group;
- between the different practice categories;
- within each of the different practice categories.

Ho7: The frequency of contact with different company problems is the same for all support practitioners.

Ha7: The frequency of contact with different company problems is not the same for all support practitioners.

Ho8: The frequency of contact with different company problems is the same between the practice categories.

Ha8: The frequency of contact with different company problems is not the same between the practice categories.

Ho9: The frequency of contact with different company problems is the same for support practitioners within each of the practice categories.

Ha9: The frequency of contact with different company problems is not the same for support practitioners within each of the practice categories.

## 1.8 VALUE OF RESEARCH

No generally accepted criteria exist for the recruitment and appraisal of support practitioners in South Africa. The valuable role that support practitioners can play with regard to entrepreneur and small business development is recognised in the literature. Support practitioners are therefore supposed to be the vehicles through which entrepreneurs and small businesses gain the knowledge, skills and competencies that will enable them to build sustainable ventures. This research study aims to determine the knowledge criteria for entrepreneurial and small business support practitioners.

Stewart and Hamlin (1992:12) state that mastery in terms of knowing and understanding certain concepts, definitions of terms, ranges of techniques, theories of explanation and prediction, results of research, sources of information, etc., is essential in just about any occupation. They state further that it remains the case that knowledge is an essential requirement in occupational

performance and that it is therefore a component which must be assessed (Stewart & Hamlin, 1992:12). Referring to entrepreneurial learning Gibb (2002:253) states that learning involves emphasis upon “how to” and “who with” and that some knowledge should be offered on a “need to know” basis. As a result learning requires the organisation of knowledge around personal and organisation developmental processes as well as the appropriate integration of knowledge (Gibb, 2002:253). It is argued that these statements also hold true for support practitioner learning. This study will thus point out whether any gaps exist between knowledge, skill and competence criteria as described in the literature and those which exist in the field.

The value of this research is especially highlighted by the findings of the South African GEM 2006 report that potential entrepreneurs lack the mindset and skills to become true entrepreneurs and that entrepreneurship on the micro level is not showing any signs of growth. The 2006 GEM report also found that total early stage entrepreneurial activities (i.e. from zero months to 3.5 years) are not up to standard if South Africa wants to sustain growth rates (Herrington, *et al.*, 2006:7).

The value of the research is particularly important in the following areas:

- It contributes to the knowledge base within an area that lacks research focus within South Africa.
- It provides an overview of the problem environment of entrepreneur and small business support practitioners. The conceptual model (Figure 4.2) implies certain cause and effect relationships which can form the basis for future research.
- The study identifies and discusses the different knowledge areas for entrepreneur and small business support practitioners which can form the basis for the determination of standards. The literature appears to be lacking research focus on the knowledge requirements for practitioners.

- The study provides an indication of a profile of the South African entrepreneur and small business support practitioner based on the research findings.

#### 1.9 DELIMITATION OF STUDY AREA AND CRITICAL ISSUES RAISED BY RESEARCH FOCUS

This study aims to contribute to filling a perceived gap in the area of support practitioner research. As a result the study is focussing on a micro level issue within small business support namely, the provision of assistance provided by support practitioners. The critical effect that macro level issues such as the policy, regulatory and institutional environments have on small business support is recognised but was not a focus of this study. A discussion of the South African policy environment is provided (see section 1.2).

The literature (Gibb, 1993; Storey, 1994; Storey & Westhead, 1994; Westhead & Storey, 1997; Moran & Sear, 1997) seems to question the effectiveness and value of small business support and especially training provision. Whilst these concerns may be valid the reality in South Africa is that many entrepreneurs and small businesses depend on some type of support. The South African government has also recognised this need and has strengthened its support initiatives in this regard (see paragraph 1.2). The value of support to small businesses appears to be a controversial issue as other researchers and authors whilst also recognising weaknesses within the support provision environment (Deakins, 1996; Deakins & Freel, 1998; Dana, 2001; Cope & Watts, 2000; Sullivan, 1996; 2000) appears still to be propagating increased levels of support provision with a focus on quality. It appears that most of the debates with regard to support provision focuses on training rather than the one-on-one service provision although some researchers such as Deakins and Freel (1998), Rae and Carswell (200) and Sullivan (2000) has started to investigate the quality of one-on-one service provision. Sullivan (1996:162) for example acknowledges



that although little is known of how entrepreneurial learning takes place, support practitioners still play a valuable role in providing assistance in the learning process. It appears however that despite this realisation of the valuable role that support practitioners play with regard to entrepreneur and small business support very little effort was to date made to investigate the knowledge, skills and competence requirements of these practitioners. This study aims to make a contribution in this regard.

## 1.10 THESIS OUTLINE

### 1.10.1 Chapter One: Introduction and Background

This chapter gives the background to the study. The chapter aims to motivate why a focus on the knowledge, skills and competencies of support practitioners is necessary.

### 1.10.2 Literature Review

Chapters Two and Three review the literature that impacts on the knowledge, skills and competencies of entrepreneurial and small business support practitioners. The topics dealt with in the two chapters focus on the environment within which support practitioners operate. It is proposed that before the learning needs of entrepreneur and small business support practitioners can be determined and understood, an understanding of the environment within which they operate is required.

#### 1.10.2.1 Chapter Two: Entrepreneur and small business learning requirements

Chapter Two provides a discussion of the entrepreneurial and small business learning requirements, which include business development services (BDS), entrepreneurship, small business, and differences between entrepreneurship and

small businesses. Chapter Two also discusses entrepreneurial learning challenges, venture life cycle changes, the need to grow, and failures and turnarounds. This chapter thus explores the most important issues for entrepreneurial and small business success. It is proposed that support practitioners must understand these different issues if they are to provide meaningful and relevant support.

#### 1.10.2.2 Chapter Three: Practice disciplines

Chapter Three discusses the practice disciplines, which are business advice, business consulting, business counselling, business coaching and business mentoring. Each of these methodologies has a contribution to make with regard to entrepreneurial and small business support, and a practitioner should be able to determine which methodology is more suitable for a particular situation.

#### 1.10.3 Chapter Four: Conceptual Framework and Research Methodology

The conceptual framework of the study is discussed in this chapter as well as the research methodology.

#### 1.10.4 Chapter Five: Presentation of Findings

This chapter presents the results of the research project which was done through the collection of data from support practitioners.

#### 1.10.5 Chapter Six: Discussion of Findings

This chapter presents a discussion and interpretation of the findings.

#### 1.10.6 Chapter Seven: Conclusions and Recommendations

This chapter presents the conclusions drawn from the research findings and will also make recommendations on improving support practices as well as suggestions for future research.

#### 1.11 SUMMARY

This chapter outlines the background and need for this study. The chapter also provides the motivation for the need to focus on the knowledge, skills and competencies of entrepreneur and small business support practitioners. Findings in the literature are used as substantiation establishing whether support practitioners possess the required knowledge criteria to provide relevant and meaningful assistance to entrepreneurs and small businesses.

## CHAPTER TWO ENTREPRENEURSHIP AND BUSINESS MANAGEMENT LEARNING CHALLENGES

### Chapter Outline

2.1 Introduction

2.2 Business Development  
Services (BDS)

2.3 Defining  
Entrepreneurship and  
Small Businesses

2.4 Distinguishing  
entrepreneurial  
ventures from small  
businesses

2.5 Understanding the need  
to grow

2.6 Venture life cycle  
challenges

2.7 Failure and Turnarounds

2.8 Critical issues with  
regard to the focus  
provided in this chapter

2.9 Summary

## 2.1 INTRODUCTION

The theoretical justification for focusing on the entrepreneurship and business management challenges is derived from successive SA GEM Reports concerning the low education levels of entrepreneurs as well as the low Total Entrepreneurship Index of South Africa (Driver, *et al.*, 2001; Foxcroft, *et al.*, 2002; Orford, *et al.*, 2003; Orford, *et al.*, 2004). South African entrepreneurship and small business literature (Nieuwenhuizen, *et al.*, 2003; Brink, *et al.*, 2003; Isaacs, 2005) also emphasise the problems that exist within South Africa to develop sustainable business ventures due to limitations that entrepreneurs and small businesses experience.

This study utilised the transcendental realist research methodology approach (see chapter four for a detailed discussion) to determine the focus for the literature review. Following the transcendental methodology the nature of the support environment was developed (see Figure 4.2) which also provided the focus for the literature review. Although the controversies and debates within the support environment especially with regard to the questioning of the effectiveness and scepticism of the value of support in the literature (Storey, 1994; Storey & Westhead, 1994; Westhead & Storey, 1997; Gibb, 1993) is recognised these controversies and debates fall outside the scope of this study as a result of using the transcendental model as a guide for the literature review.

The relevance and value of discussing the entrepreneurial and small business learning challenges in the context of this study lie in the contention that support practitioners need to understand the environment within which their clients operate. It is argued that the practitioner should, for example, be able to distinguish between entrepreneurial and small business ventures as well as the different needs and challenges each of these venture types are faced with. It is proposed that the ability to distinguish between entrepreneurial and small businesses will ensure that the practitioner provides relevant and meaningful support.

This chapter is discussed under the following headings: business development services (BDS), defining entrepreneurship and small businesses, distinguishing between entrepreneurial and small businesses, the need for growth, venture life cycle challenges, failures and turnaround. It is argued that all of these knowledge issues are major determinants for successful venture development and growth and thus also important factors for practitioner knowledge competencies.

## 2.2 BUSINESS DEVELOPMENT SERVICES (BDS)

The realisation of the importance of entrepreneurship and small businesses has motivated the Donor Committee for Enterprise Development to develop and support initiatives for small business creation in developing economies. The Donor Committee for Enterprise Development was established in October 1979 at a meeting in Berlin, convened at the invitation of the World Bank. Participants were representatives of bilateral and multilateral donor organisations from around the world who are engaged in programmes of assistance in the development of small-scale enterprises in developing countries. Participants currently include 20 bilateral agencies from 16 countries, 16 multilateral agencies (including African, Asian, and Inter-American Development Banks), and 3 international development organisations (Donor Committee for Enterprise Development, 2006). The objectives of the Donor Committee for Enterprise Development are:

- enhancing information on the programmes of participating agencies in the field of small enterprise development;
- sharing experiences and lessons learned in the implementation of projects coordinating efforts and establishing common guidelines in these fields (Donor Committee for Enterprise Development, 2006).

These support initiatives were initially mainly geared to the establishment of support programmes on a macro level with the emphasis being placed on access to business development service (BDS) programmes (Tomecko, 2000:2).

BDS refers to non-financial support such as training, consulting, information and advice as opposed to financial services such as credits and loans (International Labour Organisation, 2000:2). Research into the quality of business development services provision has to date focused mostly on the nature of services that are provided on an organisational level to entrepreneurs and small businesses (Allal, 1999:6; Barton, 1999:12; Trulson, 1999:4; White, 1999:3; Anderson, 2000:4; Tanburn, 2000:6; Tolentino, 2000:3; Tomecko, 2000:3).

The early support focus was thus more supply driven with the emphasis placed on making various programme initiatives available to as many recipients as possible. Due to the limited success of these interventions, critics such as Anderson (2000), Gibson (2000), McVay and Miehbradt (2001) proposed a more market driven approach to the provision of BDS. It appears, however, that this concern still remained mainly with the effective provisioning of access to services that eventually resulted in the development of “The Performance Agreement Framework” (McVay, 1999:1). The development of the Performance Agreement Framework was sponsored by the Donor Committee Development and appears to have been developed as a tool to evaluate the effectiveness of Donor Committee member funded service providers in the field of business development services. In the framework, performance goals and indicators are categorised according to whether they assess the overall BDS market, assess BDS suppliers, or assess BDS customers (McVay, 1999:1). At the same time, to accommodate more traditional ways of thinking about performance, each category is matched with an overall goal that BDS programmes are typically trying to achieve, such as:

- outreach, meaning both the number of SMEs reached (scale) and the effort to provide services to people not served by existing markets (access);
- sustainability of BDS provider institutions; and

- the cost-effectiveness of programme activities, and impact on SMEs (McVay, 1999:1).

Within these three broad categories, the framework proposes a goal that a BDS programme might be trying to achieve, as well as the indicators that would measure success in reaching that goal (McVay, 1999:1). The Performance Agreement Framework appears to address the macro concerns with regard to quality BDS delivery to SMEs and specifically the service provider's ability to provide this service. However, the skills and competencies of the individual practitioners was not a focus of the framework as the concern was for sustainability of organisations as service providers of business development services. This study aims to put the focus on the skill and competency requirements of individual practitioners as service providers to entrepreneurs and small businesses.

### 2.3 DEFINING ENTREPRENEURSHIP AND SMALL BUSINESSES

Entrepreneurial and small business support practitioners must have a sound knowledge of what an entrepreneur and small business profile look like. It is this knowledge that will assist them to provide quality and relevant information. It appears that the skills and competencies that individuals require to start a new venture are initially entrepreneurial, then, as the venture becomes successful and grows, a more managerial approach is necessary (Greenbank, 2000:206; Watson, 2001:7; Wickham, 2001:23). The challenge for small business owners is to develop entrepreneurial companies, which are also growth oriented. This growth orientation demands of small business owners or aspirant business owners either to possess, develop, or have access to the required skills or competencies to achieve the objective of growth for their businesses (Kuratko & Hodgetts, 1998:44; Dana, 2001:405; Zimmerer & Scarborough, 2002: 20; Kuratko & Welsch, 2004: 3).



### 2.3.1 Entrepreneurship

There is in the literature no generally agreed definition of entrepreneurship. This study accepts and supports the definition of the University of Pretoria which states that

an entrepreneur is someone who sees a need in the market, gathers the resources required and creates and grows a business to satisfy these needs in the market. The entrepreneur takes the risk of the venture and is rewarded with profit if it is successful.

(University of Pretoria, 2003:6)

The University of Pretoria's definition of entrepreneurship is accepted as it covers all elements of entrepreneurship as identified by Kruger (2004:35). Kruger (2004) after content analysing various definitions in the literature, identified recognition of a market need, gathering of resources, creating and growing businesses and risk taking as key elements of entrepreneurship.

Elements such as the characteristics of opportunity identification and growing the venture are supported by Maasdorp and Van Vuuren (1998:25), Timmons (1999:87), Rae (2000:149), Wickham (2001:37), Hisrich and Peters (2002:39) and Hall (2004:1). The entrepreneur's propensity for risk-taking is also supported by Longenecker, Moore and Petty (2000:9) as well as Nieuwenhuizen, Groenewald and Nieuwenhuizen (2003:9).

Other distinguishing characteristics associated with entrepreneurship are strategic planning ability (Robinson, 1982; Robinson & Pearce, 1984; Ibrahim, 1993:3; Mosakowski, 1993:2; Casson, 1996:2; Rue & Ibrahim, 1998:24; Bhide, 1999a:57; Stancill, 1999:89; Nieman & Bennett, 2002:10; De Vries & Nieman, 2003:134; Wickham, 2003:163); innovative behaviour, including creativity (Carland, Hoy, Boulton & Carland, 1984:358; Timmons, 1999:39; Watson, 2001:50; Nieman & Pretorius, 2004:6); the ability to perform business planning,

including bootstrapping (Bhide, 1999b:149; Block & MacMillan, 1999:117; Sahlman, 1999:29; Pretorius, 2003:264; Rogoff, 2004:5); and the ability to network (Robinson, 1982; Ostgaard & Birley 1996:37; Smith, 1999:25; Fadahunsi, Smallbone & Supri, 2000:228; Adams, 2003:165; Ahlström-Söderling, 2003:444).

Hatch and Zweig (2000:71) also found in their research a set of other common interrelated characteristics which they refer to as the entrepreneurial spirit, that is, the desire for control, a strong will to succeed, perseverance and decisiveness. In another study, Davis and Long (1999:25) identified innovative ideas, entrepreneurial personality characteristics, business plans and long term strategies as forming part of the technical skills that entrepreneurs require.

Joachim and Wilcox (2000:14) also found certain qualities are constant in entrepreneurs, that is, openness to innovation, a dogged persistence in the face of adversity, and reaction time.

A distinction is also made between different types of entrepreneurs. The South African Executive Reports (GEM) (Driver, *et al.*, 2001; Foxcroft, *et al.*, 2002; Orford, *et al.*, 2003; Orford, *et al.*, 2004) distinguish between two types of entrepreneurs, namely, opportunity entrepreneurs who are pursuing a business opportunity and necessity entrepreneurs who have no better choice of work. The typologies, opportunity and necessity entrepreneurs were first proposed by Reynolds (2001). Langan-Fox and Roth (1995:209) also identified three psychological profiles which they organised in three clusters, namely:

- management entrepreneurs who they describe as low in need for achievement but high in power and also having a high level of internal locus of control;
- pragmatist entrepreneurs who are middling on most psychological variables but lack a high internal locus of control;

- need achiever entrepreneurs who are high in need for achievement but low on job satisfaction, activism, power and need for influence.

Erikson (2003:106) also refers to novice, portfolio and serial entrepreneurs, which essentially also implies different categories of competencies in entrepreneurship. Rosa (1998) views serial and portfolio entrepreneurs as sub-types of the entrepreneurial typology “habitual entrepreneurs”. The typology “habitual entrepreneur” was initially focussed on by MacMillan (1986:241). A Habitual entrepreneur is defined as someone who has had experience in multiple business start-ups, and simultaneously is involved in at least two businesses (Rosa, 1998:43). Rosa also contrasts habitual entrepreneurs with novice entrepreneurs who have newly inherited, established or purchased just a single business (Rosa, 1998:43). It appears from the literature sources quoted above that although the focus is on different typologies and/or characteristics of entrepreneurship, the requirement of success is either implied or ignored.

This discussion on entrepreneurship indicates that the entrepreneur is a certain type of individual who exhibits certain behaviours. From an entrepreneurship and small business support perspective, it is then necessary to seek answers to the question whether entrepreneurship can be taught. Smith (2000:48) answers this question in the affirmative and concluded from her research that entrepreneurs are not born and that the required skills for entrepreneurship can be taught. This is also confirmed by authors such as Dollinger (2003), Timmons (1999), Hisrich and Peters (2002).

This discussion proposes that support practitioners must be able to assess whether individuals exhibit the characteristics required for successful entrepreneurship. The ability to do an assessment as well as the ability to determine what entrepreneurial skills the practitioners are dealing with will enable them to provide relevant support. The most important characteristics and the different entrepreneurial types as discussed in the literature are summarised in

Table 2.1. It shows that entrepreneurial characteristics consist of specific behaviours and attitudes.

**Table 2.1 Entrepreneurial characteristics and entrepreneurial types (Own compilation based on reported sources)**

<b>Entrepreneurial characteristics</b>	<b>Entrepreneurial types</b>
<ul style="list-style-type: none"> <li>• Opportunity identification</li> <li>• Resource gathering</li> <li>• Creativity</li> <li>• Innovation</li> <li>• Risk-taking</li> <li>• Expanding and growing business</li> <li>• Strategic and business planning</li> <li>• Networking</li> <li>• Determination and tenacity</li> <li>• Problem solving</li> </ul>	<ul style="list-style-type: none"> <li>• Opportunity entrepreneurs</li> <li>• Necessity entrepreneurs</li> <li>• Management entrepreneurs</li> <li>• Pragmatist entrepreneurs</li> <li>• Need achiever entrepreneurs</li> <li>• Habitual entrepreneurs</li> <li>• Serial entrepreneurs</li> <li>• Portfolio entrepreneurs</li> </ul>

Whilst it might be appropriate to use a particular typology of entrepreneur within a specific context the indiscriminate application of the term “entrepreneur” should be guarded against. In this regard Rosa (1998:43) states that the term “entrepreneur” already pre-assumes some entrepreneurial behaviour in the establishment of a venture, which can be methodologically unsatisfactory in some contexts. Rosa (1998) proposes the phrase “founder” as being more neutral.

### 2.3.2 Small Business

Hogarth-Scott and Jones (1993:18) state that no universal acceptance of a definition of the term “small business” exists and that the definition to be chosen depends on the use to which it is put and the context in which it appears. Zimmerer and Scarborough (2002:24) agree that there is no universal definition of “small business” (the United States Small Business Administration has more than 800 definitions of “small business” based on industry categories). A popular

delineation of a “small business” according to them is one that employs fewer than 100 people.

Carland, *et al.* (1984:358) see a small business as “any business that is independently owned and operated, but is not dominant in its field and does not engage in any new marketing or innovative practices”.

Small business owners are often seen as individuals who establish and manage their businesses for the principal purpose of furthering personal goals and ensuring security. The activities of artisan/craftsman, administration/managers and security/family are indicated as characteristics of small business ownership (Watson, 2001:50).

The South African definition of “small business” is listed in the National Small Business Act, Act 102 of 1996. The Act offers an official definition of “small business” in South Africa. Nieuwenhuizen (2003:10) sees this definition as covering all sectors of the economy, as well as all types of enterprises, and consisting of two parts – qualitative and quantitative criteria. In terms of the qualitative criteria, which relate to the ownership structure of the business, a small business must:

- be a separate and distinct entity;
- not be part of a group of companies;
- include any subsidiaries and branches when measuring the size;
- be managed by its owners;
- be a natural person, sole proprietorship, partnership or legal person, such as a close corporation or company.

The qualitative criteria are presented in the Schedule to the National Small Business Act, Act 102 of 1996, and classify businesses into micro, very small, small and medium enterprises, using the following guidelines in respect of different sectors of the economy:

- total full-time paid employees;
- total annual turnover;
- total gross asset value (excluding fixed property).

The need for support to small businesses is given prominence, at least at a policy level by Government. This is evident from an undated policy document of the Department of Trade and Industry that states that the acquisition of relevant vocational, technical and business skills is generally regarded as one of the most critical factors for success in small business. In addition, literacy and entrepreneurial awareness are seen as particularly important to enable people to advance from survivalist activities into larger and better earning enterprises (DTI, undated: 23).

#### 2.4 DISTINGUISHING ENTREPRENEURIAL VENTURES FROM SMALL BUSINESSES

The need to provide focused and relevant support to entrepreneurs and small business owners indicates the importance of distinguishing between entrepreneurial ventures and small businesses. Both small business and entrepreneurial activity are critical to the performance of the economy, but they seem to serve different economic functions. Thatcher (1996:20); Wickham (2001:24) and Poutziouris (2003:185) state that they pursue and create new opportunities differently, they fulfil the ambitions of their founders and managers in different ways, and they present different challenges to economic policy makers. Both need entrepreneurial action for start-up, but the small business venture will tend to stabilise at a certain stage and grow with inflation only (Nieuwenhuizen, 2003:10; De Vries & Nieman, 2003:134).

Small businesses appear not to be driven by growth as an objective (Scott & Bruce, 1987:45; Thompson, 1999:279; Nieman & Bennett, 2002; Nieman, 2003:232; Nieman & Pretorius, 2004:4). According to Watson (2001:50), they see themselves as successful when their businesses are profitable. He states

that autonomy and security are the primary objectives of some owners of small businesses and quite often the small business only supports a certain life style. Entrepreneurial ventures are businesses where the principal objectives are profitability and growth (Scott & Bruce, 1987:45; Smallbone, Leigh & Noth, 1995:46; Thompson, 1999:279; Timmons, 1999; Wickham, 2001:24; Hisrich & Peters, 2002:66; Zimmerer & Scarborough, 2002:4; Nieman, 2003:233; Nieman & Pretorius, 2004:17). Three characteristics distinguish entrepreneurial ventures from the small business (Wickham, 2001:24), namely:

- Innovation: Entrepreneurial ventures thrive on innovation, be it a technological innovation, a new product or a new way of producing, offering a service, marketing or distributing, or even the way in which an organisation is structured or managed. Small businesses are usually only involved in delivering an established product or service.
- Potential for growth: Due to its innovative approach, an entrepreneurial venture has a great deal more potential for growth than a small business. It is in a position to create its own market. The small business operates in an established industry and is unique only in terms of its locality. It operates within a given market.
- Strategic objectives: The entrepreneurial venture will usually set itself strategic objectives in relation to:
  1. market targets;
  2. market development;
  3. market share; and
  4. market position.

The small business is rarely concerned with the entrepreneurial characteristics mentioned above. Its objectives seldom go beyond survival, sales and profit targets (Wickham, 2001:42; Mazzerol, 2003:27; Nieuwenhuizen, 2003:10).

The difference between entrepreneurship and small business is also reflected in the difference in mindsets. Kuratko and Welsch (2004:40) refer to the

entrepreneurial and management mindsets and discuss these differences with regard to decision-making assumptions, values, beliefs and the approach to problems.

Whilst there appear to be differences between entrepreneurship and small business, Gibb (2002:238) argues for a stronger conceptual approach to exploring the relationship between an “owner-managed” business and entrepreneurship. Some of the key conditions under which “owner-managed” businesses operate provide the basic stimuli of entrepreneurial behaviour (Gibb, 2002:238). This study focuses on the differences between entrepreneurship and small business as the objective is to identify knowledge criteria for support practitioners. It is suggested that such knowledge criteria will enable support practitioners to provide meaningful support services.



**Table 2.2 Differences between entrepreneurial and management mindsets  
(Kuratko & Welsch, 2004:41)**

	<b>Managerial Mindset</b>	<b>Entrepreneurial Mindset</b>
Decision-making assumptions	The past is the best predictor of the future. Most business decisions can be quantified.	A new idea or an insight from a unique experience is likely to provide the best estimate of emerging trends.
Values	The best decisions are those based on quantitative analyses. Rigorous analyses are highly valued for making critical decisions.	New insights and real-world experiences are more highly valued than results based on historical data.
Beliefs	Law of large numbers: Chaos and uncertainty can be resolved by systematically analysing the right data.	Law of small numbers: A single incident or several isolated incidents quickly become pivotal for making decisions regarding future trends.
Approach to problems	Problems represent an unfortunate turn of events that threaten financial projections. Problems must be resolved with substantiated analyses.	Problems represent an opportunity to detect emerging changes and possibly new business opportunities.

Entrepreneurial ventures and small businesses also differ with regard to the emphasis they put on strategic orientation, commitment to seize opportunities, commitment of resources, control of resources and management structure (Birley & Westhead, 1993:38; Awe, 2000:1; Kuratko & Welsch, 2004:44). Kuratko and Welsch (2004:44) distinguish between the characteristics and pressures of the entrepreneurial and administrative focus areas.

**Table 2.3 The entrepreneurial and administrative focus (Kuratko & Welsch, 2004:44)**

Entrepreneur Focus			Administrative Focus	
	Characteristics	Pressures	Characteristics	Pressures
Strategic orientation	Driven by perception of opportunity	Diminishing opportunities; rapidly changing technology; consumer economics; social values; political rules	Driven by controlled resources	Social contracts; performance measurement criteria; planning systems and cycles
Commitment to seize opportunities	Revolutionary, with short duration	Action orientation; narrow decision windows; acceptance of reasonable risks; few decision constituencies	Evolutionary with long duration	Multiple constituencies; negotiation about strategic course; risk reduction; coordination with existing resource base
Commitment of resources	Many stages, with minimal exposure at each stage	Lack of predictable resource needs and control over environment; social demands for appropriate use of resources; foreign competition	A single stage, with complete commitment out of decision	Need to reduce risk; incentive; compensation; turnover in managers; capital budgeting systems; formal planning systems
Control of resources	Episodic use or rent of required resources	Increased resources; specialized, long resource life compared with need; risk of obsolescence; inherent risks; inflexibility of commitment	Ownership or employment of required resources	Power, status, and financial rewards; coordination of activity; efficiency measures; inertia and cost of change; industry structures
Management structure	Flat, with multiple informal networks	Coordination of key non-controlled resources; challenge to hierarchy; employees' desire for independence	Hierarchy	Need for clearly defined authority and responsibility; organisational culture; reward systems

The distinction between entrepreneurial ventures and small businesses is an important consideration for support practitioners. Knowledge of the differences between different types of ventures will ensure that support practitioners provide relevant and focused support to entrepreneurs and small business ventures. The differences between ventures and the requirement for targeted support have brought the realisation that each entrepreneur and small business venture is unique. A study by Watson, Hogarth-Scott and Wilson (1998) confirmed that even among very small businesses there are considerable differences in aspects like the personal backgrounds and experiences of owners, their motivation, their objectives in running a business, and their growth orientations.

Mead and Liedholm (1998:61) further support the unique needs of entrepreneurs in their study based on developing countries, which found that the entrepreneurs who participated in their survey were diverse and heterogeneous. They go further to state that among the universe of micro and small enterprises, there are various possible target groups, each with different contributions to make to the country's welfare and with different support needs. According to them, those designing micro and small enterprise assistance programmes need to recognise these differences, determine which group corresponds most closely with their own priorities and then craft interventions that are most appropriate to the needs of that particular group (Mead & Liedholm, 1998:70).

## 2.5 UNDERSTANDING THE NEED TO GROW

Growth is viewed in the literature (Smallbone, *et al.*, 1995:44; Timmons, 1999; Wickham, 2001:303; Nieman, 2003:232; Kuratko & Welsch, 2004:39; Nieman & Pretorius, 2004:23; Baron & Shane, 2005:10) as an important requirement for the success of a business and five growth stages are identified, namely, pre-start-up, start-up or infancy, breakthrough or growth stage, maturity, and decline or rejuvenation.

Growth is viewed as central in entrepreneurial ventures and each growth stage also poses its own challenges to the entrepreneurial and small business venture (Scott & Bruce, 1987:46; Nieman & Pretorius, 2004:23). It is also recognised that growth brings new challenges and, quite often, also crises. For practitioners, it is therefore important to understand what happens when a firm grows and how the entrepreneur has to adapt his or her management style and focus through the stages of the venture's life cycle. Meaningful support is influenced by the realisation that the entrepreneur directly influences the firm's growth orientation as measured by profitability goals, product/market goals, human resource goals, and flexibility goals (Kuratko & Welsch, 2004:40). An understanding of the key factors of the specific managerial actions necessary during the growth stages, namely control, responsibility, tolerance of failure, and change (Kuratko & Hodgetts, 1998:502; Baron & Shane, 2002:30) also appears to be important in the provision of meaningful support.

Due to the multifaceted nature of organisations, the growth and development of a venture must also be viewed from four major perspectives (Wickham, 1998:303):

- financial growth (the increase in value);
- strategic growth (the strategic interaction with the environment);
- structural growth (changes in internal systems and assets of the venture);
- organisational growth (changes in the organisation's processes, culture and attitudes).

Support practitioners need therefore to know what is demanded from both the entrepreneur and the venture if they are to provide any meaningful support. Growth demands of the entrepreneur to possess the ability to build an adaptive organisation (Watson & Everett, 1993:65; Osborne, 1995:4; Kuratko & Welsch, 2004:41) that would remain entrepreneurial (Timmons, 1999:210) and have the capacity to take the required investment and strategic decisions (Nieman & Pretorius, 2004:30; Hisrich & Peters, 2002:498). A further requirement is the need for a business plan (Block & MacMillan, 1999:117; Rogoff, 2004:5;

Pretorius & Shaw, 2004:221). According to Kuratko and Welsch (2004:42) successful venture growth also demands of the entrepreneur to remain entrepreneurial in nature while adopting certain administrative behaviours. They state that the transition from entrepreneurial to administrative mindset depends on the entrepreneur's ability to make the transition, and that a number of problems can arise in making this transition, especially if the enterprise is characterised by such factors as:

- a highly centralised decision-making system;
- an overdependence on one or two key individuals;
- an inadequate repertoire of managerial skills and training; and
- a paternalistic atmosphere.

These characteristics, while often effective in the start-up and survival phases of a new venture, pose a threat to the development of the firm during its growth stage (Kuratko & Welsch, 2004:42).

### 2.5.1 Problems Associated with Growth

Despite the advantages of growth to the venture, the practitioner must realise that growth is not always positive and it is important to be vigilant with regard to the problems associated with rapid growth (Mole, 2000:3). If attention is not paid to the dangers of rapid growth the business venture can experience difficulties and the following problems associated with rapid growth may arise:

- covering up of weak management, poor planning, or wasted resources;
- dilution of effective leadership;
- causing the venture to stray from its goals and objectives;
- communication barriers between departments and individuals;
- training and employee development are given little attention;
- stress and burnout;
- delegation is avoided and control is maintained by only the founders, creating bottlenecks in management decision-making;

- quality control is not maintained (Hisrich & Peters, 2002:489).

In view of the above it seems important that support practitioners are able to encourage growth and that they are also knowledgeable about the risks and problems associated with rapid growth. It is this knowledge and these skills that will then ensure that support practitioners are able to provide targeted and quality support. This need for targeted support during the growth phase is further highlighted by Cope and Watts (2000:104) as well as research done by Morrison and Bergin-Seers (2002:388), who are of the view that owners of growth companies must not only be responsive to adaptation and change but also be able to learn new behaviours and learn to think in radically different ways.

#### 2.5.2 Key Issues for Growth

The key issues concerning growth that support practitioners must understand and know if they are to provide any meaningful advice and guidance to entrepreneurs and small business ventures are summarised in Table 2.4. These issues would also assist the support practitioner to assess whether they have taken into account all relevant factors when providing assistance to entrepreneurs who and small business owners who are interested in growth.

**Table 2.4 Key growth issues to be considered by support practitioners when assisting entrepreneurs and small business ventures (Adapted from Scott & Bruce, 1987; Timmons, 1999; Longenecker, *et al.*, 2000; Cope & Watts, 2000; Hisrich & Peters, 2002; Kuratko & Welsch, 2004; Nieman & Pretorius, 2004)**

<b>Growth stages and factors influencing growth</b>	<b>Characteristics of a growing firm</b>	<b>Requirements for growth</b>	<b>Key factors to be considered during the growth stages</b>
<p><b>Pre-start-up:</b> Starting resources of the entrepreneur</p> <ul style="list-style-type: none"> <li>• Characteristics of the firm at the beginning</li> <li>• The strategy</li> </ul> <p><b>Start-up:</b></p> <ul style="list-style-type: none"> <li>• Timing</li> <li>• Flow of funds</li> <li>• Start of business</li> </ul> <p><b>Breakthrough/growth stage:</b></p> <ul style="list-style-type: none"> <li>• Cash flow</li> <li>• Production</li> <li>• Delivery</li> <li>• Appointment of personnel</li> </ul> <p><b>Maturity:</b> Delegation and time management are key issues to consider here. Other issues are:</p> <ul style="list-style-type: none"> <li>• Expense control</li> <li>• Productivity</li> <li>• Entry into niche markets</li> </ul> <p><b>Decline/rejuvenation:</b> Decline is not inevitable and will only occur if the business does not constantly develop new and innovative ideas.</p>	<ul style="list-style-type: none"> <li>• Market domination</li> <li>• Differentiation</li> <li>• Product leadership</li> <li>• Flexibility</li> <li>• Innovation</li> <li>• Future oriented</li> <li>• Export</li> <li>• Related growth</li> </ul>	<ul style="list-style-type: none"> <li>• Desire for growth must be reflected in the entrepreneurial vision.</li> <li>• Potential for growth must be reflected in the mission of the venture.</li> <li>• The direction of growth must be indicated in the business strategy.</li> <li>• Growth must be managed and it requires planning, organising, directing and control activities.</li> <li>• The achievement of growth is a result of the decision-making processes that go with the venture.</li> </ul>	<ul style="list-style-type: none"> <li>• Control</li> <li>• Responsibility</li> <li>• Tolerance of failure</li> <li>• Adaptability</li> <li>• Change</li> </ul>

Table 2.4 highlights the important factors that influence growth within each of the five venture life cycle stages. Table 2.4 also indicates that personal and behavioural issues as well as factors within the venture influence growth. It appears therefore that support practitioners also require knowledge of the different attitudes and behaviours that influence each growth stage. The dominant knowledge, attitudes and behaviours within each venture stage are listed in Table 2.5.

**Table 2.5 Dominant knowledge, attitudes and behaviours within each venture stage (Adapted from Scott & Bruce, 1987; Timmons, 1999; Cope & Watts, 2000; Hisrich & Peters, 2002; Kuratko & Welsch, 2004; Nieman & Pretorius, 2004)**

<b>Pre-start-up</b>	<b>Start-up</b>	<b>Growth</b>	<b>Maturity</b>	<b>Decline</b>
<ul style="list-style-type: none"> <li>• Idea generation</li> <li>• Innovation</li> <li>• Creativity</li> <li>• Opportunity development</li> <li>• Motivation</li> <li>• Achievement orientation</li> <li>• Determination to succeed</li> <li>• Business planning</li> <li>• Problem solving</li> <li>• Assessment skills</li> </ul>	<ul style="list-style-type: none"> <li>• Opportunity development</li> <li>• Resource accumulation</li> <li>• Marketing</li> <li>• Production</li> <li>• Financial planning</li> <li>• Strategic planning</li> <li>• Cash flow management</li> </ul>	<ul style="list-style-type: none"> <li>• Management</li> <li>• Delegation</li> <li>• Control</li> <li>• Marketing</li> <li>• Financial planning</li> <li>• Cash control</li> <li>• Production</li> <li>• Distribution</li> <li>• Change management</li> <li>• Strategic planning</li> </ul>	<ul style="list-style-type: none"> <li>• Management</li> <li>• Marketing</li> <li>• Distribution</li> <li>• Expansion of markets</li> <li>• Financial planning</li> <li>• Cost control</li> <li>• Strategic planning</li> <li>• Change management</li> </ul>	<ul style="list-style-type: none"> <li>• Diagnoses</li> <li>• Assessment and evaluation</li> <li>• Cash flow management</li> <li>• Strategic planning</li> <li>• Change management</li> </ul>

Table 2.5 indicates that entrepreneurial-type attitudes and knowledge such as innovativeness, creativity, idea generation and opportunity development are more dominant in the earlier stages of the venture life cycle. As the venture develops, more managerial knowledge and attitudes are required, such as cash flow management, delegation and strategic planning. Knowledge of marketing,



production planning and distribution are key requirements throughout the venture life cycle (Smallbone, *et al.*, 1995:44; Kuratko & Welsch, 2004:48; Pretorius & Nieman, 2004:40). The relevance of this information to support practitioners is the fact that they are able to assess and determine appropriately what the entrepreneur or venture is lacking at a particular venture stage. This ability to assess properly will enable practitioners to provide relevant advice or support.

## 2.6 VENTURE LIFE CYCLE CHALLENGES

The literature (Scott & Bruce, 1987; Helms & Renfrow, 1994:45; Longenecker, *et al.*, 2000:446; Nieman & Pretorius, 2004:40) indicates that the understanding and management of growth are essential to gain understanding of the concept of venture life cycle and its underlying characteristics. The life cycle follows the evolution of a new business venture from its pre-start-up (incubation) stage until its decline or rejuvenation. Knowing what can be expected at the different stages of growth helps the entrepreneur to anticipate challenges that may lie ahead and plan for them (Cope & Watts, 2000:104; Nieman, 2003:232).

The relevance for support practitioners to understand the life cycle concept is confirmed in the literature (Helms & Renfrow, 1994:45; Kuratko & Hodgetts, 1998:493), which indicates that insight is required into the developmental processes of the small business, thus enabling the firm to cope with change. The determination of the developmental stage of the venture allows for proactive planning and ensures that benefits are gained by change (Helms & Renfrow, 1994:45). The life cycle model implies that certain issues change during the different life cycle stages, which have a definite influence on the business venture (Scott & Bruce, 1987; Helms & Renfrow, 1994; Kuratko & Hodgetts, 1998:493; Cope & Watts, 2000; Nieman & Pretorius, 2004:241). The changes that ventures undergo during the different life cycle stages are depicted in Table 2.6.

**Table 2.6 Changes within the venture during the venture life cycle (Adapted from Kuratko & Hodgetts, 1998:493; Cope & Watts, 2000:24; Nieman, 2003:241)**

<b>Aspect</b>	<b>Start-up</b>	<b>Early growth</b>	<b>Later growth (expansion)</b>	<b>Maturity</b>
Strategic objectives	Survival	Maintenance of profitability and acquiring resources	Growth via expansion	Return on investment and market value
Structure	Informal	Functional	Decentralised	Matrix or product groups
Control systems	Direct market feedback	Standards and cost centres	Profit centres and formal reporting	Planning and investment centres
Management style	Creative	Leading	Delegating	Coordinating
Role of the entrepreneur	Owner-worker	Owner-worker	General manager	Controller
Function of the entrepreneur	Direct supervision	Overall supervision	Indirect control	Controlling interest
Focus of the entrepreneur	Make and sell	Efficient operations	Market expansion	Consolidation and innovation

Table 2.6 indicates the changes that take place within the venture during the different life cycle stages. The support practitioner should note that the challenges that the entrepreneur face at start-up are different from the challenges of later stages. This knowledge will ensure that the support practitioner provides relevant advice as and when required depending on the circumstances of a particular venture life cycle stage. As the venture develops there are certain key issues that need to be taken into account. These core issues are summarised in Table 2.7.

**Table 2.7 Core issues to be considered over the venture life cycle (Nieman & Pretorius 2004:67)**

	<b>Pre-start-up</b>	<b>Start-up</b>	<b>Growth stage</b>	<b>Maturity</b>	<b>Decline/rejuvenation</b>
<b>1.Positioning</b>					
Concept offering	Concept is researched and developed	No change unless a major problem arises	Little change unless follower improve it	Improvements to the original unless concept become irrelevant	Product becomes irrelevant in the market
Communication	Pre-testing is done on a small scale	Awareness programme to create market interest	Advertising and promotion aimed at repeat sales/loyalty	Price focused advertising to beat competition	No potential exists to advertise after-sales service
Price	Price of the concept is researched and depends on whether it is a new product or new market	Two options: 1. Enter at high price and 2. Decrease as competitors follow or enter at low price to gain market share from existing competitors	Reduce price slowly to gain market share and make it difficult for followers	Price at its lowest level due to the high level of competition	Price only covers the variable cost
Distribution	Channels to be used are planned and researched	Selective distribution is done through the most relevant outlets	Maximising channels to attempt intensive distribution. Lack of cash may hamper this	Optimal use of all possible channels	Decrease distribution to selective channels only
<b>2. Marketing environment</b>					
Competition	None for new product. If a new market is entered, different levels must be established	No competition for new product but in new market it may be strong	Competitors see the potential and start to copy the idea and enter the market (followers)	Many competitors with similar products and even improved products	Poor competitors start to exit the market
Target market customers	Do not know about the concept offering yet	Become aware of the existence and some (the innovators) try the products	If they like it – they do re-buy and will pay the asking price. More people now buy	They shop based on comparison, as there is a large variety to choose from. They may become aware of competitive products	Customers are aware of other products they can use and are very sensitive
Suppliers	Suppliers are identified and	Suppliers require cash on delivery	Suppliers become unwilling to give limited	Suppliers are willing to give more credit and	Same

	negotiated with		credit based on payment record and sales volume	discounts to maximise own sales – they follow a push strategy	
Intermediaries	Potential intermediaries are identified	Intermediaries must be convinced to carry the product in their store	They now see the value and are more willing to carry the products	Other intermediaries may also want the products	They become selective again
<b>3. Functions and issues</b>					
Cash level	Zero level	Negative and deteriorating	Normally lowest level and improving from here on	Level is normally positive	Cash may decrease
Cash flow pressures	Own funds are spent on research and compilation of a business plan	Large outflows for capex, licences, etc. Sources of cash include mainly loans and shareholder funds	Optimal use of funding – high level of pressure is still strong due to fast growth and pressure on resources	Cash starts flowing out for maintenance and expanded distribution	Pressure due to lower sales
Key problems	Finding and convincing a lender to fund the venture	Marketing communication is desperately needed but the venture is “cash strapped”	Increased distribution is desperately needed but there is not enough cash to create capacity	Competing profitability with the pressure on price	Extending sales demand
Operations	In planning phase only	Establishment and initial production – many teething problems	Operations sorted out Pressure on enough capacity utilisation	Operations pressured by lower cost drive	Over capacity
Personnel	Entrepreneur focusing on everything with assistance of consultant	Entrepreneur alone or a small team	Pressure to employ more people but no cash for extra salaries	Enough people and possibly in need of retrenchment to decrease costs	Definite retrenchment or restructuring
Management and time consumers	Planning	Seeing potential customers and convincing them	Establishing more distribution channels and collecting debts	Cost control and improved productivity	Worry if not planned in advance
Focus of the strategy	Planning the entry strategy	Entering the market in the best way possible	Increase and maximise distribution channels	Seek expansion and gains in market share	Recover variable costs only

The core issues mentioned in Table 2.7 affect the whole nature of the venture such as the business idea or concept offering, the financial issues, the marketing focus as well as human resource, strategic and customer issues. Each venture stage also demands a different consideration of these issues, which confirms the dynamic nature of the venture. A support practitioner who has only a limited or no understanding of these core issues and their influence on the venture would not be able to support entrepreneurs and small businesses adequately.

## 2.7 FAILURE AND TURNAROUNDS

The high failure rate of start-up ventures indicates the need that entrepreneurs and small businesses might have to deal with failures and turnarounds. A support practitioner must therefore possess this knowledge as well so as to guide and support entrepreneurs and business ventures during the times that they experience problems.

### 2.7.1 Failure

Zimmerer and Scarborough (2002) identify the following common reasons for small business failure: management incompetence, lack of experience, poor financial control, failure to develop a strategic plan, uncontrolled growth, poor location, improper inventory control, incorrect pricing, and an inability to make the entrepreneurial transition (Zimmerer & Scarborough, 2002:27).

Trouble normally develops over time and typically results from an accumulation of fundamental errors (Smallbone, 1990:34; Osborne, 1993:18; Pretorius, 2003:260). These errors can be ascribed to the failure to pay attention to strategic, management and planning issues (Timmons, 1999:536; Lussier, 1995:1) as well as environmental issues (Lauder, Brocock & Petty, 1994:4; Zimmerer & Scarborough, 2002:27; Nieman & Pretorius, 2004:98). These errors normally develop over a period of time and it is the continued disregard for them

that leads to venture failure. Table 2.8 highlights the major errors identified in the literature and, as can be seen, these errors touch on all aspects of the venture.

**Table 2.8 Errors that influence entrepreneurial and small business venture failure (Adapted from Lauder, *et al.*, 1994:9; Timmons, 1999:536; Zimmerer & Scarborough, 2002:27; Nieman & Pretorius, 2004:98)**

<b>Strategic issues</b>	<b>Management issues</b>	<b>Poor planning and financial systems, practices and controls</b>	<b>Environment issues</b>
<p>Refers to the effectiveness of the venture within its environment. Strategic errors are:</p> <ul style="list-style-type: none"> <li>• Misunderstood positioning</li> <li>• Mismanaged supplier and customer relations</li> <li>• Diversification in unrelated business areas</li> <li>• Idea driven instead of opportunity driven</li> <li>• Disregard for cash flow impacts</li> <li>• Lack of analysis which results in lack of contingency planning</li> <li>• Insufficient sector experience</li> <li>• Unsubstantiated market potential expectations</li> </ul>	<p>Management errors mainly occur due to lack of focus and interest of entrepreneurs. Typical management errors are:</p> <ul style="list-style-type: none"> <li>• Slow financial feedback and control</li> <li>• Turnover in key management personnel</li> <li>• Wrong management focus</li> <li>• Lack of management structure</li> <li>• Lack of managerial competence</li> <li>• Failure to update market knowledge</li> <li>• Failure to adapt to new technologies</li> </ul>	<p>Refers to the decision-making and governing of the venture. Typical errors are:</p> <ul style="list-style-type: none"> <li>• Incorrect pricing</li> <li>• Poor credit granting policies</li> <li>• Poor use of leverage</li> <li>• Inadequate management reporting</li> <li>• Lack of cash budgets and projections</li> <li>• Lack of standard costing</li> <li>• Poorly understood cost behaviour</li> <li>• Under-capitalization</li> </ul>	<p>These include customers, suppliers, competitors and intermediaries from the venture's market environment. Other factors include political, economic, social, technological, globalisation and physical factors from the macro-environment. A change in one factor will not necessarily lead to total venture failure, but due to the interactions of these factors with one another, a change in a few interrelated factors may influence the venture quite severely.</p>

Zimmerer and Scarborough (2002:31) state that common mistakes within the venture can be avoided if the entrepreneur knows his/her business in depth, develops a solid business plan, manages financial resources, understands financial statements, learns to manage people effectively, and keeps in tune with him-/herself (Zimmerer & Scarborough, 2002:31).

It is hypothesized that in South Africa there is a great need for support practitioners who are able to provide guidance when small businesses experience signs of failure. The South African GEM reports (Driver, *et al.*, 2001; Foxcroft, *et al.*, 2002; Orford, *et al.*, 2003; Orford, *et al.*, 2004) indicated that the country has a high number of entrepreneurs who lack education and training. It is therefore hypothesized that such entrepreneurs would lack the knowledge and skills either to identify the signs of failure or to address issues of failure themselves, which necessitates their having access to knowledgeable support practitioners who can provide them with the required guidance and support.

### 2.7.2 Turnarounds

The earlier the signs of failure are observed, the easier it is for the turnaround process to be effective (Osborne, 1993:18; Watson & Everett, 1993:35; Zimmerer & Scarborough, 2002:31; Pretorius, 2003:260; Kuratko & Welsch, 2004:170). The procedure essentially requires a decision to engage in the process of turning around from failure. The turnaround process will be successful if certain core focuses are kept in mind. It is a well-known fact that the failure rate among start-ups is very high and this indicates the need for support practitioners who have the skills and knowledge to deal with turnaround issues.



**Table 2.9 Core principles of the turnaround process (Nieman & Pretorius, 2004:126)**

<p><b>Diagnoses:</b> This process consists of a quick analysis of the status quo to gain understanding of the level of the failure and whether the slide can be reversed.</p>
<p><b>Intervention decision:</b> This decision is based on the diagnoses and focuses on whether the opportunity is still worth pursuing. A quick analysis based on the following is done: market demand, concept offering, economic model, team and resources fit, competitive environment, and financing required to give positive cash flow.</p>
<p><b>Stabilising the venture:</b> Stabilising the venture focuses on straightening out the management team, controlling the costs and improving the cash flow.</p>
<p><b>Strategic analysis:</b> The strategic analysis focuses on the sales and positioning aspects of the venture. An extensive opportunity analysis should be undertaken to determine the core business that the venture should focus on. Such analysis considers the market, concept offering and competitive environment that will determine future sales. The team and resource fit, the economic model and financing required for the venture will also indicate whether the opportunity should be pursued any further. When the strategic analysis is completed, it must spell out how the income side of the venture will be approached as well as how sales volume is to be increased, based on the selected positioning.</p>
<p><b>Restructuring decisions and actions:</b> Intervention options are prioritised and action plans based on the strategic analysis are drawn up.</p>

Kuratko and Welsch (2004:175) refer to the need to understand different types of feasibility analyses in order to develop and support sustainable ventures. These analyses are Technical, Market, Financial, Organisational, and Competitive Feasibility analyses. It is contended that this knowledge is relevant not only at turnarounds but at all stages of the venture life cycle.

**Table 2.10 Specific activities of feasibility analyses (Kuratko & Welsch, 2004:176)**

<b>Specific activities of feasibility analyses</b>				
<b>Technical feasibility analysis</b>	<b>Market feasibility analysis</b>	<b>Financial feasibility analysis</b>	<b>Analysis of organisational capabilities</b>	<b>Competitive analysis</b>
<p><b>Crucial technical specifications:</b></p> <ul style="list-style-type: none"> <li>• Design</li> <li>• Durability</li> <li>• Reliability</li> <li>• Product safety</li> <li>• Standardisation</li> </ul>	<p><b>Market potential:</b></p> <ul style="list-style-type: none"> <li>• Identification of potential customers and their dominant characteristic (e.g. age, income level, buying habits)</li> <li>• Potential market share (as affected by competitive situation)</li> <li>• Potential sales volume</li> <li>• Sales price projections</li> </ul>	<p><b>Required financial resources:</b></p> <ul style="list-style-type: none"> <li>• Fixed assets</li> <li>• Current assets</li> <li>• Necessary working capital</li> </ul>	<p><b>Personnel requirements:</b></p> <ul style="list-style-type: none"> <li>• Required skill levels and other personal characteristic of potential employees</li> <li>• These analyses are Technical, Market, Financial, Organisation, and Competitive Feasibility analyses</li> </ul> <p><b>Managerial requirements:</b></p> <ul style="list-style-type: none"> <li>• Determination of individual responsibilities</li> <li>• Determination of required organisational relationships</li> <li>• Potential organisational development</li> <li>• Competitive analysis</li> </ul>	<p><b>Existing competitors:</b></p> <ul style="list-style-type: none"> <li>• Size, financial resources, market entrenchment</li> <li>• Potential reaction of competitors to newcomer by means of price cutting, aggressive advertising, introduction of new products, etc.</li> <li>• Potential new competitors</li> </ul>
<p><b>Engineering requirements:</b></p> <ul style="list-style-type: none"> <li>• Machines</li> <li>• Tools</li> <li>• Instruments</li> <li>• Work flow</li> </ul>	<p><b>Market testing:</b></p> <ul style="list-style-type: none"> <li>• Selection of test</li> <li>• Actual market test</li> <li>• Analysis of market</li> </ul>	<p><b>Available financial resources:</b></p> <ul style="list-style-type: none"> <li>• Required borrowing</li> <li>• Potential funding</li> <li>• Cost of borrowing</li> <li>• Repayment conditions</li> <li>• Operation cost analysis</li> <li>• Fixed costs</li> <li>• Variable costs</li> <li>• Projected cash flow</li> <li>• Projected profitability</li> </ul>		
<p><b>Product development:</b></p> <ul style="list-style-type: none"> <li>• Blueprints</li> <li>• Models</li> <li>• Prototypes</li> </ul>	<p><b>Market planning issues:</b></p> <p>Preferred channels of distribution, promotion efforts, distribution points, packaging, price differentiation</p>			
<p><b>Product testing:</b></p> <ul style="list-style-type: none"> <li>• Lab. testing</li> <li>• Field testing</li> </ul>				
<p><b>Plant location:</b></p> <ul style="list-style-type: none"> <li>• Desirability characteristics</li> <li>• Environmental regulations</li> </ul>				

Table 2.10 summarises the different feasibility analyses as identified by Kuratko and Welsch (2004:175) and shows the key elements for feasibility analyses to have a focus on the technical aspects, the market, financials, organisational capabilities and competitive analyses. It is suggested that knowledge of feasibility analyses will greatly enhance the ability of support practitioners to provide meaningful support during the turnaround stage.

## 2.8 CRITICAL ISSUES WITH REGARD TO THE FOCUS PROVIDED IN THE CHAPTER

This chapter used the model of the support practitioners' problem environment (Figure 4.2) as guide for the literature review. As a result the study, whilst recognising the influence of macro level issues (such as globalization, the policy and institutional environment as well as competition on entrepreneurship and small businesses), do not discuss these macro level issues in detail. The study focuses instead on the micro level issues such as the required behaviours, knowledge and skills which are required for successful venture development. It is contended that if the support practitioner is aware of what behaviours, knowledge and skills are required for successful venture development, they should also be in a position to provide meaningful support.

The deduction that support practitioners who are aware of what behaviours, knowledge and skills are required for successful venture development would also be able to provide meaningful support is not widely accepted in the literature. Storey and Westhead (1994:61) raised doubts as to whether support and particularly training contributes to the performance of small businesses. Westhead and Storey (1997) also regarded the effectiveness of support to small businesses with scepticism and it appears that this scepticism is mainly due to the difficulty of measuring the effectiveness of support interventions.

It is recognised that the varying and different needs of entrepreneurs and small businesses require of support practitioners to also possess a wide scope of knowledge and skills. Fuller-Love (2006:188) states that the varying and different needs of small businesses as well as the challenge to determine what type of support is required influences the outcome of support interventions.

There is no agreed definition of entrepreneurship and small business in the literature and in it is accepted that the definitions and discussion provided in this chapter might have overlooked some other issues. Gibb (1993:3) states in this regard that the lack of clear consensus on the definition of entrepreneurship and small business contributes to the confusion in the existing research on training. This study accepts that the lack of consensus referred to by Gibb (1993) would also have an influence on research with regard to support practitioner interventions.

## 2.9 SUMMARY

This chapter discusses the entrepreneurial and small business learning challenges that entrepreneurs and small business ventures are facing. It is argued that entrepreneurial and small business support practitioners must have extensive knowledge of the various entrepreneurial and business management challenges of their clients. The most important entrepreneurial and business management aspects discussed in this chapter are the definitions of entrepreneurship and small businesses, distinguishing between entrepreneurship and small businesses, the need to grow, venture life cycle challenges, failures and turnarounds. A brief description of BDS is also provided. The motivation for this discussion was drawn from the realisation that entrepreneurial and small business support practitioners must understand and know the environment within which their clients operate and as a result they must understand the knowledge, skills and competence criteria that are required and that impact on that environment. It is argued that the possession of entrepreneurial and small

business skills and knowledge that are required for successful venture development and growth will enable support practitioners to provide meaningful and relevant support.

## CHAPTER THREE THE LEARNING CHALLENGES OF THE DIFFERENT PRACTICE DISCIPLINES

### Chapter Outline

3.1 Introduction

3.2 Business advising and information

3.3 Business consulting

3.4 Business counselling

3.5 Business mentoring

3.6 Business coaching

3.7 The use of models as intervention tools

3.8 Benefits of the practice disciplines to entrepreneurs and small businesses

3.9 The similarities and differences between the practice disciplines

3.10 The suitability of the practice disciplines for the different venture life cycle stages

3.11 Summary

### 3.1 INTRODUCTION

This chapter provides a discussion of the different practice disciplines relevant to this study. It is argued that support practitioners need the knowledge, skills and competencies of these practice disciplines to enable them to assist entrepreneurs and small businesses effectively to meet the various venture life cycle challenges. Support practitioners should thus be able to determine when a specific discipline is required and appropriate as an intervention methodology. These practices normally take place on a one-on-one basis (Hill & Neeley, 1991:17; Berry & Sweeting, 2006:33; Bennett & Robson, 1999:155; Vaughan & Kavelle, 2004:3).

The focus to date appears to have been mainly on business management criteria in the education and training of practitioners. This study is not overly concerned with what label the practitioner is called by but recognises that, in addition to knowledge and skills in entrepreneurship and business management, practitioners will also need to possess some or all of the different practice discipline skills. A distinction is made in this study between the practice categories and practice disciplines. This study defines the practice categories as *the labels by which practitioners are commonly known*. Five practice categories are mentioned in the literature in the context of entrepreneur and small business support, namely, Business Advisor, Business Coach, Business Counsellor, Business Consultant and Business Mentor. The study defines practice disciplines as *the intervention approaches used by practitioners in the provision of entrepreneurial and small business support*. Five practice disciplines are also discussed in the literature, namely, Business Advising, Business Counselling, Business Coaching, Business Consulting and Business Mentoring. This study proposes that the distinction between practice categories and practice disciplines is important as it appears from the exploratory research phase as well as the field research that the practice category label of a practitioner does not provide clarity as to what approach or approaches are followed by a particular practitioner.

Each of the different practice disciplines requires different knowledge, skills and competencies. This study recognises that it is possible for one practitioner to possess all of the different practice discipline skills and that such a practitioner will be a valuable resource to an entrepreneur or small business. Thus it is proposed that although a practitioner might possess the required business management knowledge and skills, he or she needs also to possess entrepreneurial knowledge, that is, knowing what is required for successful venture development and growth as well as how to transfer and develop the entrepreneurial knowledge and skills (through one or all of the practice disciplines).

This chapter uses the literature to define and discuss the different practice disciplines, especially with regard to their role in support provision and the knowledge, skill and competence requirements of each practice discipline. A discussion is also offered on the use of models as intervention tools, benefits of the practice disciplines to entrepreneurs and small business owners, the similarities and differences between the practice disciplines and the suitability of each practice discipline for the different venture life cycle stages.

### 3.2 BUSINESS ADVISING AND INFORMATION

Hisrich and Peters (2002:73) state that an entrepreneur benefits from a strong support and advisory system in every phase of the new venture. This support system is perhaps most crucial during the start-up phase, as it provides information, advice, and guidance (Moran & Sear, 1998:5; Chaston, Badger & Sadler-Smith, 1999:191). Problems and needs also vary widely, depending upon whether the venture is just starting up or is an existing business that has to deal with one or other venture life cycle challenge (Timmons, 1999:330; Duggan & Blayden, 2001:2; Hisrich & Peters, 2002:498). There are essentially three information types that are needed at the business planning stage, namely,



market information, operations information needs and financial information needs (Hisrich & Peters, 2002:227; Caniëls & Ramjñ, 2005:591). However, as the venture develops, the complexity of the information needed and the advice offered will change.

The South African Government recognises the importance and value of information provision to entrepreneurs and small business owners as the provision of advice was made to be a key function of the Local Business Service centres (LBSCs) (White Paper, 1995) and also of the newly created SEDA Centres.

### 3.2.1 Defining the Nature of Business Advice and Information

Business advice is “the provision of independent, impartial and confidential information and guidance to potential and established businesses, based upon substantial business experience and current knowledge of related factors, so that clients may learn and benefit from that advice in their subsequent actions” (Dunsby, 1997:5). Business advice is also related to a specific area or issue within the business on which the advisor has made a judgement as to how best to resolve the situation and can suggest or recommend a course of action (Sen, 2005:1).

Business advice is recognised as a very varied field (Patterson & Spreng, 1997:177; Bratton, Bennett & Robson, 2003:730; Mole, 2004:114; Ramsden & Bennett, 2005:227; Berry & Sweeting, 2006:33). Business advice is delivered by a wide range of different suppliers each of which involves different types of exchange processes with their clients, within different market environments, very varied client-supplier cultures of interrelations, different regulatory environments, and varied service domains (Ramsden & Bennett, 2005:229). The provision of information to entrepreneurs is extremely useful. It can include technical publications on specific aspects of production; source books and guides on

assessing viability; viable business opportunities; manuals or guides on market research and business planning; and contact information of local enterprise development agencies (Hisrich & Peters, 2002:171; Leighton & Schaper, 2003:136).

From a small business perspective, Timmons (1999) states that start-ups usually require help with critical one-time tasks and decisions that will have lasting impact on the business (Timmons, 1999:330). Advice might also be required on such matters as organisational structure, obtaining needed financial resources, marketing, and market segments (Hisrich & Peters, 2002:73). Typical business advice services that are rendered to entrepreneurs and small businesses include legislative and regulatory issues, business forms, human resource and labour relation issues, funding requirements and funding sources, acquisitions and partnerships, general management, accountancy services, planning and control issues, and cost control (Berry & Sweeting, 2006:2).

In summary, business advice involves giving access to information and insights but leaving the decision-making to the decision-maker.

### 3.2.2 The Role of Business Advice and Information

Ramsden and Bennett (2005:227) state that advice is usually targeted towards filling a specific need, overcoming a bottleneck, or providing a strategic view of market or organisational potential for future development. Business advice is often a combination of task interaction, where the client and advisor exchange information on problems to be solved and the means to accomplish them, and personal interaction, where the client's well-being is directly improved – by affecting changes in the ability of owner or manager, increasing the knowledge base of the manager, and improving his/her ability to cope (Ramsden & Bennett, 2005:228). It appears, despite there usually being more immediate objectives, that task interaction focuses more on cost reduction or increases in profit or

turnover. Personal interaction, however, is inherently soft, subjective and cognitive, involving change in the business owner's outlook, or the approach of its managers or staff (Ramsden & Bennett, 2005:227). Hill and Neeley (1991:17) and Clark (1995:10) are in agreement that the main motives for an SME to use advisors are to gain specialist knowledge, fill gaps, or obtain intense temporary help to overcome specific problems.

### 3.2.3 Knowledge and Skills Requirements for Business Advisors

Business advice, it would appear, requires specialist knowledge and competency in one or other professional business management area, such as accounting, law or management (Timmons, 1999:216; Dunsby, 1997:11; Bennett, Bratton & Robson, 2000:813; Hisrich & Peters, 2002:498; Bennett & Robson, 2005:5; Ramsden & Bennett, 2005:227), but practitioners can also possess generalist business knowledge and skills (Berry & Sweeting, 2006:33).

Chaston and Baker (1998:249) identified through their research thirteen factors that influence the perception of whether the advisor input had the outcome of contributing to the client's business being more successful. These factors are:

- *the advisor's personal attributes;*
- *the advisor's business skills;*
- *the regularity of contact;*
- *the advisor's personal sharing;*
- *the client's personal sharing;*
- *the closeness of relationship;*
- *the advisor's availability;*
- *the advisor's competence;*
- *the advisor's consistency;*
- *the advisor's openness;*
- *the advisor's trust;*
- *the advisor's commitment;*

- *the advisor's listening skills.*

These factors, as can be observed, include both task interaction and personal interaction criteria, which implies that an advisor, although technically competent, must also have the ability to relate to the client.

In a South African context, Nieman (2004:6) identified the specific requirements of business advisors as follows:

**Table 3.1 Specific experience required by business advisors (Adapted from Nieman, 2004:6)**

<ul style="list-style-type: none"> <li>• Had identified markets and done market research</li> <li>• Had devised and implemented market strategies</li> <li>• Had recognised and followed up on sales or income opportunities</li> <li>• Had negotiated with customers and secured orders</li> <li>• Had located suppliers and negotiated prices and terms</li> <li>• Had organised production, distribution and services</li> <li>• Had devised and implemented quality control procedures</li> <li>• Had recruited, trained, supervised and dismissed staff</li> <li>• Had dealt with income tax, VAT and training levies</li> <li>• Had investigated and organised imports and/or exports</li> </ul>	<ul style="list-style-type: none"> <li>• Had exposure to health, safety and environmental requirements</li> <li>• Had understood financial statements (income, balance sheet and cash flow)</li> <li>• Had raised finance through overdrafts, loans, equity, etc.</li> <li>• Had analysed costs, set prices and checked margins</li> <li>• Had controlled cash flow and implemented credit control</li> <li>• Had faced threats to the business and overcome them</li> <li>• Had implemented strategic planning and managed growth</li> <li>• Had assisted potential entrepreneurs in business plans and start-ups</li> <li>• Had bought or leased property and met legal requirements</li> </ul>
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Table 3.1 appears to emphasise more specific task or technical requirements. Business advisors should also possess certain characteristics and Agar and Witzel (1997:5) identified twenty characteristics of excellent business advisors that are summarised in Table 3.2.

**Table 3.2 Characteristics of excellent Business Advisors (Adapted from Agar & Witzel, 1997:5)**

<p>Practitioners should reveal the ability to:</p> <ul style="list-style-type: none"> <li>• develop strong relationships</li> <li>• network</li> <li>• communicate and build relationships</li> <li>• read signs and read people</li> <li>• develop rapport</li> <li>• demonstrate empathy through asking the right questions</li> <li>• be reliable and provide a speedy response</li> <li>• be credible</li> <li>• assess the client's growth potential</li> <li>• involve clients in problem-solving</li> </ul>	<ul style="list-style-type: none"> <li>• get results</li> <li>• dedicate and commit to the success of the client</li> <li>• analyse the situation</li> <li>• make use of third parties</li> <li>• move clients from the operational to strategic level</li> <li>• impart learning to clients</li> <li>• provide deep commitment to their work and the businesses they serve</li> <li>• provide strong commitment to learning</li> <li>• provide strong people orientation</li> <li>• demonstrate value</li> </ul>
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From Tables 3.1 and 3.2, it can be deduced that the knowledge, skills and competency requirements of business advisors imply that they should receive education and training in business management issues as well as education and training in how to deal with people.

### 3.3 BUSINESS CONSULTING

#### 3.3.1 Definitions

Business consulting appears from the literature (Tann & Laforet, 1997:7; Gilbert, 1998:340; McLachlin, 1999:394; Schein, 1990:57; Schaffer, 1997:5; De Jong & Van Eekelen, 1999:181; Stephen, 1999:392; Simon & Kumar, 2001:362; McLarty & Robinson, 1998:256) to be an outflow from general consulting to businesses and organisations, which later became more commonly known as management consulting.

Management consulting is defined by De Jong and Van Eekelen (1999:181) as “an advisory service contracted for and provided to organisations by specifically

trained and qualified persons who assist, in an objective and independent manner, the client organisation to identify management problems, analyse such problems, recommend solutions to these problems and help when requested in the implementation of solutions.” From this definition it can be deduced that consultants, like other support practitioners, are external to the business and provide mainly advisory support services. McLarty and Robinson (1998:261) also describe management consultancy practice as complex, which relies on intuition as well as analysis, on methods as well as solutions. Stephen (1999:392) also identifies five elements that characterise consulting, namely:

- consultants bring expertise and insight;
- their ideas have impact;
- they often help to create shared visions;
- they show that they care;
- they can provide new energy to a client organisation.

Schein (1990:57) distinguishes between three models of consulting, namely:

- providing expert information;
- playing doctor;
- process consultation.

In discussing Schein’s models of consulting, McLachlin (1999:399) criticises conventional consulting for ignoring psychological and cultural issues, thus dooming many consulting projects to failure. McLachlin (1999) distinguishes between two types of management consulting:

- Organisational development consulting is a top down planned process of change in an organisation’s culture meant to increase organisational effectiveness through planned interventions, utilising behavioural-science knowledge and grounded in a number of distinct theories.
- Other management consulting may be described as the application of needed expertise in the form of unique knowledge, skills, insights,

methods, or technology to help managers get better results, often including implementation.

According to McLachlin (1999:399), organisational development uses Schein's process consultation model whereas other types of management consulting typically follow an expert or doctor model which focuses on content. Schaffer (1997) also suggests that consultancy effectiveness requires a blend of content consulting and process consulting.

### 3.3.2 The Role of Business Consulting

Quoting from a previous study, Timmons (1999:330) states that consultants are employed by start-ups for the following reasons:

- to compensate for a lower level of professional experience;
- to target a wide market segment (possibly to do market research for a consumer goods firm);
- to undertake projects which require a large start-up investment in equipment.

Tasks and decisions of consultants might include assessing business sites, evaluating lease and rental agreements, setting up record- and bookkeeping systems, finding business partners, obtaining start-up capital, and formulating initial marketing plans (Timmons, 2002:330).

Gilbert (1998:340) views the idea of the consultant as doctor or therapist as central to the understanding of what a consultant does. Gilbert (1998) states that consultants are called in to investigate a case in an ailing business or organisation; they carry out a diagnosis and prescribe a course of treatment, which may be more or less painful depending on the severity of the complaint (Gilbert, 1998:340).

Consultancy services are also rendered on growth issues and specialised issues, for example, market research, computerising business tasks, equipment lease decisions, and changing of inventory valuation methods (Timmons, 2002:331).

McLarty and Robinson (1998:261) view the role of consultants as facilitating change and bringing an objective view to an organisation or business. According to them, management consultants provide the relevant expertise when problems and opportunities arise which are outside the skill and experience parameters required by the organisation concerned. The work undertaken can cover almost any area of operations, from market analysis to manufacturing processes, from marketing strategy to organising the launch of a new product into a new market place (McLarty & Robinson, 1998:287). In another research project, Simon and Kumar (2001:367) identified five main reasons why businesses and organisations engage consultants, namely, insufficient in-house expertise; the need for independent/objective advice; gaining additional help/resources; insufficient manpower in-house; and the need for a quick resolution to issues.

### 3.3.3 Consultant Requirements

Consultants according to Ram (1999:875) and Timmons (1999:331) tend to have specialties, such as a short-sleeve approach to problems, an understanding attitude toward the feelings of managers and their subordinates, a modest and truthful offer of services and an ability to produce results. Consultants also have a reasonable and realistic charge for services and a willingness to maintain a continuous relationship (Timmons, 2002:331).

Simon and Kumar (2001:171) state that management consultants need to be multi-skilled and technically competent and should have excellent people skills. From their research they found ten strategic capabilities that consultants should possess to ensure success and also identified five performance indicators for



consultancy evaluation. These strategic capabilities and performance indicators are listed in Table 3.3.

**Table 3.3 Strategic capabilities and performance indicators for Consultants  
(Adapted from Simon & Kumar, 2001:317)**

Strategic capabilities	Performance indicators
<ul style="list-style-type: none"> <li>• ability to listen and comprehend the client</li> <li>• quality of service</li> <li>• client-consultant communication</li> <li>• integrity and honesty</li> <li>• technical knowledge</li> <li>• credibility</li> <li>• going the extra mile</li> <li>• identifying problems /opportunities</li> <li>• innovation/creativity</li> <li>• solving problems</li> </ul>	<ul style="list-style-type: none"> <li>• achieving objectives agreed upon</li> <li>• customer/client satisfaction</li> <li>• timeliness of service delivery</li> <li>• recommendations actually implemented</li> <li>• achieving measurable results</li> </ul>

The strategic and performance indicators for consultants outlined in Table 3.3 appear to emphasise both business and people issues.

### 3.4 BUSINESS COUNSELLING

#### 3.4.1 Counselling Definitions

Counselling, it appears, has developed out of the therapeutic and psychological disciplines (MacRae, 2002:1; Laabs, 2000:1; Mentor Assistance Program for Non Profits, 2004:1). Confirming the therapeutic nature of counselling, other authors also view counselling as focusing on dysfunction, conflict and problem solving (Stone, 1999:82; Whitmore, 1997:3; Parsloe & Wray, 2000:12; Carroll, 2003:5). Dunsby (1997:5) defines business counselling as a process “by which business problems are diagnosed and resolved in such a way that the clients learn not only how to overcome their current difficulties, or exploit their opportunities, but also how to tackle similar situations in future.” This definition of Dunsby is supported by Adams (2003:167).

### 3.4.2 The Role of Business Counselling

According to Adams (2003:168) the aim of counselling is to boost individual and firm performance, and this is an ongoing process for development that takes place through one-on-one meetings.

From a business intervention perspective the counselling objectives are seen as outlined below:

- to identify problems and their source;
- to evaluate actual performance against expected performance; and
- to develop action plans to bring performance up to minimum expectations (Adams, 2003:168).

The role of business counselling is also highlighted by Dunsby (1997) who states:

Business counselling is a process in which a business advisor works “through and with”, rather than “for” a client. As a result, clients come to own both problem and solution and they are motivated to set objectives and take action. Business counselling is also viewed as a means to an end – that end is a profitable business, more effectively managed.

(Dunsby, 1997:5).

Adams (2003:168) also sees the need for business counselling to provide expert help in the start-up and growth process as well as providing a guiding hand and an anchor to hold onto in crises. Business counselling also serves to address skills deficiency gaps and to avoid crisis management (Adams, 2003:168).

### 3.4.3 Business Counselling Requirements

A summary of the business counselling requirements is provided in Table 3.4.

**Table 3.4 Business counselling requirements (Nieman, 2004:7)**

- Trust and confidentiality
- Relationship management
- Managing the process
- Client ownership
- Appropriate application of knowledge/experience
- Analysis/diagnosis with the client
- Development of alternative solution
- Insight into the world of SMME's
- Empathy with and awareness of commercial pressures
- Commitment to client
- Humility and objectivity

The business counselling requirements show similarities with the business advising and business consulting requirements. However, issues such as analyses and diagnoses are shown to be important in counselling and this implies a particular competency requirement.

### 3.5 BUSINESS MENTORING

Running a growing firm can be a lonely business. One of the toughest aspects of setting up a company is the feeling that there is no one to turn to for help and advice. Many budding entrepreneurs find that the answer is a mentor. Mentoring, formal or informal, is common in larger companies where younger employees form a relationship with a more senior person who offers guidance and career advice. The concept is catching on in growing firms, where business experts believe it can make a difference to an owner-manager's peace of mind.

(Finn, 2004:1)

Small businesses have tended not to use mentoring services due to lack of confidence in their own ability and anticipated lack of benefit from mentoring: "It depends where the mentor actually comes from and whether he has experience that is relevant to what you are doing ... the mentor needs to operate at the same level as the person he is mentoring" (Kent & Tanton, 2003:442).

### 3.5.1 Mentoring Definitions

Traditionally mentoring might have been described as the activities conducted by a person (the mentor) for another person (the mentee) in order to help that other person to do a job more effectively and/or to progress in their career. The mentor was probably someone who had “been there, done that” before (Kram, 1983:608; Gibbons, 2004c:2; Van Emmerik, Baugh & Euwema, 2005:310).

A more general definition of mentoring states that mentoring is about downloading the expert version to another person who needs it also in a personal relationship dynamic. It is about the mentor who is an expert in his/her field, thinking out aloud in the protégé’s presence so that the latter can obtain the wisdom and insight from the mentor in order to become better in that particular discipline or area of work (Garvey, 1994:18; Rigsby, Siegel & Spiceland, 1998:107; Siegel, Smith & Mosca, 2001:362; Price, 2005:2). There appears to be agreement that mentors need to be experienced and experts in their field. In this regard Management-Mentors Inc. (2000) also defines mentoring as “a professional relationship in which a more experienced person (the mentor) assists another (the ‘mentoree’) in developing specific skills and knowledge that will enhance the less experienced person’s professional and personal growth” (Management-Mentors Inc., 2000:7).

Within the business environment, business mentoring is described as relating to any situation for the person being mentored that has an implication for the business. Mentoring is an approach that uses the skills and expertise of the mentor to get the mentees to think about the possible options available and consider the consequences and implications of those actions. The focus of mentoring is on developing the capability and potential of mentees (Ragins & Cotton, 1999:529; Gibbons, 2004a; Gibbons, 2004c; Sen, 2005:1).

### 3.5.2 The Role of Business Mentoring

Business mentoring is also seen as an ongoing, long-term business counselling relationship between an experienced business advisor (or corporate executive) and a client, which covers a diverse range of topics as a business develops over time towards an agreed set of objectives (Garvey, 1995:12; Clawson, 1996:6; Adams, 2003:168; Van Emmerik, *et al.*, 2005:310). In summarising the literature, and referring to organisational development, Carter (1991:18) argues that

- individuals will often seek mentor support from more than one other;
- mentors ideally fulfil both career development and psychosocial functions;
- mentors can be divided into those who fulfil both functions (primary) or purely career development functions (secondary);
- mentor relationships can either arise naturally or be assigned by an organisation;
- there are major problems with assigned mentor relationships and not much evidence that they can be effective;
- organisational support is critical to mentor success and should be fostered by organisational change interventions.

Management-Mentors Inc. identifies the following functions that are performed by mentors, namely, that mentors teach a mentee about a specific issue, coach a mentee on a particular skill, facilitate a mentee's growth by providing resources/networks, challenge a mentee to move beyond his or her comfort zone, create a safe learning environment for taking risks and focus on a mentee's total development (Management-Mentors Inc., 2000:7).

### 3.5.3 Mentoring Experience Required

A mentor is likely to have had a successful personal track record in a role similar to that of the client. Thus the nature of this relationship may tend to contain relatively more content than process. Reputation and trust towards the mentor are powerful determinants in making the chemistry work. A good mentor simply needs to be a good coach.

(Lyons, 2004:3)

Other personal mentor qualities as summarised by Gibbons (2004b) are depicted in Table 3.5.

**Table 3.5 Mentor qualities (adapted from Gibbons, 2004b:1)**

<ul style="list-style-type: none"> <li>• Good listener</li> <li>• Give advice but still expect the mentees to make their own decisions</li> <li>• Always find time to help</li> <li>• Always question thoroughly to find the real issues</li> <li>• Always give honest opinions</li> <li>• Have a good range of networks and contacts that can be utilised appropriately</li> <li>• Are not intimidating – easy to approach</li> <li>• Know what they are talking about – are good at their own job</li> <li>• Look for the reality within which the mentees work</li> <li>• Always focus on mentees’ needs during a mentoring session</li> <li>• Do not get irritated by mentees who do not get the point quickly</li> <li>• Are optimists</li> <li>• Are encouraging</li> <li>• Are always well prepared</li> <li>• Are positive role models in terms of own achievements</li> <li>• Can help mentees believe in their own potential</li> <li>• Are open to new ideas</li> <li>• Know when to introduce options</li> <li>• Can challenge assumptions skilfully</li> <li>• Are positive persons</li> <li>• Possess great patience</li> <li>• Are interested in people</li> <li>• Are active listeners</li> <li>• Are non-judgemental</li> <li>• Feel comfortable about developmental issues</li> <li>• Are enthusiastic about mentoring</li> <li>• Are very knowledgeable about developmental issues</li> </ul>	<ul style="list-style-type: none"> <li>• Are tolerant</li> <li>• Do not expect mentees to be like them</li> <li>• Are prepared to learn with mentees</li> <li>• Can give feedback skilfully</li> <li>• Allow the mentees the freedom and confidence to make mistakes</li> <li>• See mentees as equals</li> <li>• Have sound judgement</li> <li>• Are able to distance themselves, and maintain objectivity</li> <li>• Are keen to allow mentees to make their own decisions</li> <li>• Keep in regular contact with mentees</li> <li>• Take an interest in the individual mentees – value their views and what they say</li> <li>• Are able to probe beyond the superficial</li> <li>• Can provide the space for mentees to express their feelings</li> <li>• Can draw out mentees’ ideas and are willing to use them</li> <li>• Have a true passion for developing others and really believe in the value of development</li> <li>• Avoid temptation to direct conversation back to themselves and their issues and experiences</li> <li>• Can challenge constructively and directly to get to the heart of the matter</li> <li>• Would not just tell mentees what they want to hear</li> <li>• Never appear keen to get the mentoring meeting over with and move on to the next meeting</li> <li>• Do not talk about own achievements too much</li> <li>• Have a genuine desire to empower</li> <li>• Are responsive to mentees</li> </ul>
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Business mentors also require “business management experience” which is defined as meaning personal involvement in a range of activities in various business functions in a positive and successful manner including, for example, having “been there and done that” (Dunsby, 1997:7; Mead, Cambell & Milan, 1999:283; Finn, 2004:1; Goldsmith, 2004:1). The business management experience required by mentors is summarised in Table 3.6.

**Table 3.6 Business management skills and experience requirements for Business Mentors (Dunsby, 1997:7)**

<ul style="list-style-type: none"> <li>• Developed and implemented strategic business plans</li> <li>• Identified markets and undertaken market research</li> <li>• Devised and implemented marketing strategies and plans</li> <li>• Recognised and followed up sales opportunities</li> <li>• Negotiated with potential customers and securing orders</li> <li>• Located suppliers and negotiated prices and payment terms</li> <li>• Organised production, distribution and supporting services</li> <li>• Devised and implemented quality control procedures</li> <li>• Investigated and organised imports and/or exports</li> </ul>	<ul style="list-style-type: none"> <li>• Recruited, trained, supervised and dismissed employees</li> <li>• Dealt with Income Tax, National Insurance and VAT procedures</li> <li>• Met health and safety at work and environmental requirements</li> <li>• Understood Profit and Loss Accounts and Balance sheets</li> <li>• Raised finance through overdrafts, loans, equity, etc.</li> <li>• Analysed costs, set prices and checked profit margins</li> <li>• Controlled cash flow and implemented credit control</li> <li>• Dealt with the legal aspects of running a business</li> <li>• Faced threats to the business, and overcame them successfully</li> <li>• Managed growth and implemented strategic planning</li> </ul>
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Dunsby (1997) is of the view that business mentors with business management experience have definite benefits for both the entrepreneur and the enterprise. A summary of the benefits of business mentor management experience is summarised in Table 3.7.



**Table 3.7 Benefits of business mentor management experience (Dunsby, 1997:8)**

Experienced business mentors

- relate to the Client's situation and show empathy
- quote relevant real-life examples to illustrate solutions
- recognise strengths, weaknesses, opportunities and threats
- apply a balanced judgement of business risks
- diagnose underlying problems and resolve them through the client
- help clients to overcome their current difficulty
- recommend the involvement of specialists at the right stage
- prioritise alternative options and courses of action
- motivate clients to set objectives and take action
- show clients how to tackle future problems themselves

The benefits of business management experience highlighted in Table 3.7 indicate that the business mentor is able to utilise his/her personal experiences either to assist the clients themselves or direct them to an appropriate source of assistance. The value of the mentor's experience in enhancing a positive mentoring relationship is also supported by Ragins (1997), Clutterbuck and Megginson (1999), Alred, Garvey and Smith (2001) as well as Nielson and Eisenbach (2003).

### 3.6 BUSINESS COACHING

#### 3.6.1 Coaching Definitions

Coaching as a technique for fostering self-development is rooted in antiquity (Bagshaw & Bagshaw, 2002:194). The main categories of coaching discussed in the literature are Professional and Life Coaching (International Coach Federation, 2004:1), Executive Coaching (Koonce, 1994:34; McDermott, 1996:67; Wright, 1998:176; Thach & Heinselman, 1999; Levinski, 2000:1; McDermott, 2001:15; Thach, 2002:205; Hillary, 2003:10; Blackman-Sheppard, 2004:5; Braddick, 2004:1; Clutterbuck, 2004:1; The Coaching and Mentoring

Network, 2004a:1) and Business Coaching (Burdett, 1998:142; Porter, 2000:241; Wild, 2000:162; Duigan, 2004:1; Sen, 2005:1). Coaching then influences different professions and the coach also plays various roles, which is borne out by the following definition which states that “a coach is part consultant, part motivator and an objective alter ego, who works with executives, managers, businessmen/women, and just plain folks to help them to define and achieve their goals” (Rogers, 2001:1). These goals might be career-orientated or personal and often they entail both (Rogers, 2001:1).

Other authors define coaching as drawing out latent potential and expanding/building on an employee’s sense of flow (Burdett, 1998:10), empowering individuals (Wright, 1998:176; Popper & Lipshitz, 1992:15), goal setting (Norvell, 1998:14; Barber, 2002:2), potential development (Bivens, 1996:50; Koonce, 1994:34; Ford, 1992:21), professional development and performance improvement (Popper & Lipshitz, 1992:15; Rider, 2002:233; Pasloe, 2004:1; Braddick, 2004:1; Price, 2005:2; O’Shaughnessey, 2001:194; Rabey, 2001:198; Borkowski, 2001:1; King & Eaton, 1999:145; Warren-Brown & Robinson, 2002:41).

In the business environment, coaching serves to review and challenge old values, attitudes, styles of dealing with people, and strategies for getting things done, so that managers work more effectively, maintain peak performance for longer in dealing with their current particular situation and in dealing with their specific colleagues at a given point in time. In the broadest sense, the aim of the coach is to empower the client by increasing his/her understanding, sense of direction and purpose so that he/she can maximise his/her contribution to the business (Ford, 1992:21; Flaherty, 2004:1; Weiss, 2004:1). Business coaching is also related to a specific area or issue within the business. However, the approach is to use the skills and expertise of the coach to facilitate the coachee “discovering” the most appropriate option or solution to take. Coaching focuses on developing skills and performance (Sen, 2005:1), as well as assisting the

individual to focus on objectives, develop resiliency, and build interpersonal savvy (Giglio, Diamante & Urban, 1998:93; Burdett, 1999:10).

### 3.6.2 Coaching Roles

The literature identifies the following as roles of coaching:

- adopting a goal-orientated process (Rabey, 2001:198; Rider, 2002:233);
- focusing on specific causes (King & Eaton, 1999:146; Redshaw, 2000:107; Rogers, 2001:1);
- focusing on the behaviours and actions of clients (Ram, 1999:875; Thach & Heinselman, 1999:34; Bacon, 2003:73; Brocato, 2003:17; Hillary, 2003:10; Porche & Niederer, 2004:41);
- developing abilities and experiences (Phillips, 1994:19; Buckley & Caple, 1996:4; Popper & Lipshitz, 1992:15; Filpczak, 1998:1; Bowerman & Collins, 1999:291; Rider, 2002: 233; Hutton, 2003:21);
- implementing a partnership approach when dealing with client problems (Barry, 1994:24; Norvell, 1998:14; Bivens, 1996:50; Rosen, 1998:32);
- assisting clients with action planning, solving problems and facing issues (Guest, 1999:1; Baker, 2002:38);
- acting as catalyst (Burdett, 1999:10; Coleman, 2000:54; Hyatt, 2003:22);
- aligning professional objectives (Rosen, 1998:32; Burdett, 1999:10);
- changing post-training behaviours (Levinski, 2000:1; Wright & Tao, 2001:218);
- developing mastery through self-efficacy (Popper & Lipshitz, 1992:15).

The coaching roles indicate the strong focus of the coaching practice on behavioural and personal development issues. This focus forms a very distinct difference between coaching and the other intervention practices.

### 3.6.3 Coaching Process

On a general level, Burdett (1998:144) states that any durable coaching process must contain three elements, namely, managing expectations (the game plan), monitoring performance (watching the play), and giving feedback (time out). With regard to coaching executives, MacRae (2002:3) also describes a three-step process which consists of a review of the executive's career, strengths and shortcomings – the goal being to pinpoint skills that could use some honing; creating a comprehensive action plan and an executive and coach test as well as implementing the executive's action plan.

On a more interventionist level, Rider (2002:233) states that coaches use one or more processes including:

- **Reflection**, where the coach helps the clients step back, think through different perspectives and discover new connections;
- **Feedback**, through which the coach acts as a mirror to allow the clients to see that which resides in their blind-spots;
- **Confronting**, through which the coach helps the clients face up to those things they dislike, are uncomfortable with, and that they secretly fear;
- **Re-framing**, whereby the coach helps his/her client connect what was before unconnected and which is usually encountered as the “AHA” experience;
- **Questioning**, through which the coach probes or prompts to get the clients to scan their thoughts and feelings and focus on the critical variables and contexts.

The International Coach Federation identifies four sequential coaching steps, namely, observation of an individual or a group need, analysis of the circumstances which created the situation, diagnosis of the situation to determine the appropriate response or stimulus to meet the demonstrated need, and helping the person or the group to recognise the problem and the solution, to accept ownership of it, to plan a course of action and act to achieve a nominated result (Rabey, 2001:198).

#### 3.6.4 Coaching Requirements

To be successful a coach requires a knowledge and understanding of the process as well as the variety of styles, skills and techniques that are appropriate to the context in which the coaching takes place (Pasloe, 2004:1). This does not, however, mean that the coach has to be an exceptional achiever in his/her field as indicated by O'Shaughnessy (2001:194), who states that coaches do not need to be better at being executives than executives themselves, any more than a top tennis player's coach will not necessarily be a better tennis player than the one being coached. Indeed, what is required is a coach whose expertise lies not in the activity itself, but in coaching that activity (O'Shaughnessy, 2001:195; Jones, Armour & Potrac, 2002:34). It can thus be accepted that support practitioners, although not required to be the greatest or most successful entrepreneurs, must however still possess the ability to coach in a particular entrepreneurial and small business activity.

In South Africa there is no generally accepted credentialing organisation for coaches. The criterion that is used by the Institute for Business Advisors appears to focus on experience in business rather than on any of the practice categories. Internationally, a number of institutions and professional organisations are concerned with ensuring the development of competent practitioners. These organisations include the International Coach Federation, Action International, National Association of Business Coaches, Oxford School of Coaching and

Mentoring, Professional Coaches and Mentors Association, Coach University, Peer Resources Network. Although not all of these organisations are in agreement with the value of credentialing, those that do, appear to be following the International Coach Federation's (ICF) guidelines. The ICF credential is awarded to professional coaches and coach training agencies that validate that they meet or exceed the minimum standards. The results of the evaluation process will weigh heavily upon the depth of documentation submitted to validate that

1. formal coach training aligned with the ICF definition of professional coaching was attended;
2. there is proof of successful application of learning and skill with clients (ICF, 2004).

The ICF also identified eleven core competencies for coaches. These competencies were used as the foundation for the ICF Credentialing process examination. The core competencies are grouped into four clusters according to those that fit together logically based on common ways of looking at the competencies in each group. The groupings and competencies are not weighted – they do not represent any kind of priority in that they are all core or critical for any competent coach to demonstrate. Also, the eleven core competencies were developed to support greater understanding of the skills and approaches used within today's coaching profession as defined by the ICF (2004) and are depicted in Table 3.8.

**Table 3.8 Coaching Core Competencies (ICF, 2004)**

<p>A. Setting the foundation:</p> <ol style="list-style-type: none"> <li>1. Meeting ethical guidelines and professional standards: Understanding of coaching ethics and standards and ability to apply them appropriately in all coaching situations.</li> <li>2. Establishing the Coaching Agreement: Ability to understand what is required in the specific coaching interaction and to come to agreement with the prospective and new client about the coaching process and relationship.</li> </ol> <p>B. Co-creating the relationship:</p> <ol style="list-style-type: none"> <li>3. Establishing trust and intimacy with the client: Ability to create a safe, supportive environment that produces ongoing mutual respect and trust.</li> <li>4. Coaching presence: Ability to be fully conscious and create spontaneous relationships with the client, employing a style that is open, flexible and confident.</li> </ol> <p>C. Communicating effectively:</p> <ol style="list-style-type: none"> <li>5. Active listening: Ability to focus completely on what the client is saying and not saying, to understand the meaning of what is said in the context of the client's desires, and to support the client's self-expression.</li> <li>6. Powerful questioning: Ability to ask questions that reveal the information needed for maximum benefit to the coaching relationship and the client.</li> <li>7. Direct communication: Ability to communicate effectively during coaching sessions, and to use language that has the greatest positive impact on the client.</li> </ol> <p>D. Facilitating learning and results:</p> <ol style="list-style-type: none"> <li>8. Creating awareness: Ability to integrate and accurately evaluate multiple sources of information, and make interpretations that help the client to gain awareness and thereby achieve agreed-upon results.</li> <li>9. Designing actions: Ability to create with the client opportunities for ongoing learning during coaching and work/life situations, and for taking new actions that will most effectively lead to agreed-upon coaching results.</li> <li>10. Planning and goal setting: Ability to develop and maintain an effective coaching plan with the client.</li> </ol> <p>E. Managing progress and accountability:</p> <ol style="list-style-type: none"> <li>11. Ability to sustain attention on what is important to the client, and to leave accountability with the client to take action.</li> </ol>
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### 3.7 THE USE OF MODELS AS INTERVENTION TOOLS

Models appear to be more widely used in coaching interventions than any of the other practice interventions. Business Advisors and Consultants generally do not appear to make use of intervention models, while the Egan 3 Stage model is

proposed for counselling (Wright, 1998) and mentoring (Garvey & Alred, 2000:216). Libri (2004:1) states that what unites effective coaches are the models they use to elicit the best results for their clients. According to him, coaching models exist to provide coaches with a valid and effective framework for coaching. Dembkowski and Eldridge (2004:1) reported that effective coaches are those who foster trust and transparency in the processes they use. Such processes or models are indeed the essential tools for the building of a successful coaching relationship. What is apparent, however, is that along with the growth of coaching domains has come the growth of coaching models, seeking to best define and optimize the coaching relationship (Libri, 2004:1; Weiss, 2004:1).

The major coaching models discussed in the literature are the GROW-model (Libri, 2004:1; MacIntosh, 2004:5), the Coaching Arrow (Libri, 2004:2), the Positive Coaching model (Libri, 2004:2), the Outcomes coaching model, and the 7-step Achieve model (Dembkowski & Eldridge, 2004). The main characteristics of the different intervention models are highlighted in the Table 3.9.



**Table 3.9 Practice intervention models**

<b>Counselling</b>	<b>Mentoring</b>	<b>Coaching</b>				
<p>Egan 3 Stage model: Stage 1: Exploring and focusing with the client. This stage is critical and is about establishing rapport, trust, building empathy and developing a working relationship. Stage 2: Clients are helped to see the patterns, themes and broader issues around their situation or problem. Stage 3: Emphasis is placed on agreeing and implementing action.</p>	<p>Egan 3 Stage Model</p>	<p>GROW Model</p>	<p>Coaching ARROW</p>	<p>POSITIVE Coaching model</p>	<p>OUTCOMES Coaching model</p>	<p>7-step ACHIEVE model</p>
		<p>Goal Reality Options What next/ Way forward</p>	<p>Aims Reality Reflection Options Way forward</p>	<p>Purpose Observation Strategy Insight Team Initiate Value Encourage</p>	<p>Objectives Understanding the reasons. Take stock. Clarify gaps. Options. Motivation. Enthusiasm and encouragement. Support.</p>	<p>Step1: Assess current situation. Step 2: Creative brainstorming of alternative options to a client's current situation. Step 3: Hone goals. Step 4: Initiate options for goal achievement. Step 5: Evaluate options Step 6: Valid action plan design. Step 7: Encourage momentum. The final step in the process is ongoing.</p>

### 3.8 BENEFITS OF THE PRACTICE DISCIPLINES TO ENTREPRENEURS AND SMALL BUSINESSES

This study recognises that each of the practice disciplines have benefits for entrepreneurs and small businesses. These benefits can be deduced from the discussion on each practice discipline. The literature also indicates that business advice can offer general business management information to clients (Timmons, 1999:330; Hisrich & Peters, 2002:498). Counselling offers the opportunity to diagnose the nature of the problem (Dunsby, 1997:7; Hakim, 2003:1); consulting offers expert advice (Gilbert, 1998:340); coaching focuses on goal achievement and behaviour development (Downey, 1999:5; Rosen, 1998:32; Levinski, 2000:1; Megginson, 2005:219); and mentoring offers the opportunity to benefit from the mentor's personal experience and networks (Guest, 1996:2; Dunsby, 1997:7; Mead, *et al.*, 1999:283; The Coaching and Mentoring Network, 2004b:1).

This study argues that practitioners should be able to move between roles and thus be able to apply a specific discipline, as the situation requires. A summary of the benefits of the different practice disciplines to entrepreneurs and small businesses is provided in Table 3.10.

**Table 3.10 Benefits of each practice discipline to entrepreneurs and small businesses (Own compilation)**

<b>Business Advice</b>	<b>Business Consulting</b>	<b>Business Counselling</b>	<b>Business Coaching</b>	<b>Business Mentoring</b>
<ul style="list-style-type: none"> <li>• Provision of objective general and professional information on various business management and entrepreneurial issues that fills a specific need, overcomes bottlenecks, or provides a strategic view of the organisation and/or its environment</li> </ul>	<ul style="list-style-type: none"> <li>• Detailed diagnoses of business problems</li> </ul>	<ul style="list-style-type: none"> <li>• Access to higher level professional skills to deal with business management challenges</li> <li>• Quick resolution to issues</li> </ul>	<ul style="list-style-type: none"> <li>• Personal development focus</li> <li>• Performance management focus</li> <li>• Behaviour change/ influence focus</li> <li>• Goal development and achievement</li> </ul>	<ul style="list-style-type: none"> <li>• Sharing the personal experience, expertise and networks of the mentor to achieve development goals</li> </ul>

Table 3.10 indicates that each practice category has a role to play in resolving business challenges. The effective resolution of these challenges will depend on the practitioner’s ability to determine the suitability of a particular practice for a particular situation. The practitioner’s ability to determine the suitability of a specific practice will be greatly enhanced if he/she is also able to distinguish between the similarities and differences of the different practices.

### 3.9 THE SIMILARITIES AND DIFFERENCES BETWEEN THE PRACTICE DISCIPLINES

The previous section suggested that support practitioners must be able to determine the suitability of a specific discipline for a particular situation. This

ability also implies that the practitioner should be able to know the differences and similarities between the different practice disciplines. So, for example, it is important to know that coaching is exclusively a process focusing on enhanced performance and that coaching should not be confused with counselling or mentoring (Burdett, 1999:4). Referring to the employment relationship, Burdett (1999) states that the former (counselling) addresses the emotional state. The latter (mentoring) is a means whereby a seasoned colleague – often at a more senior level – shares his/her experience with a view to “fast track” the career growth of a high performance employee (Burdett, 1999:4).

In distinguishing coaching from the other practices, Steyn (2006), states the following:

Consultants are experts hired to come in and give their opinion. Coaches do not need to be experts in any specific type of business but rather aspire to be experts in human behaviour and behavioural change. Mentors need to be experts in business. They are more concerned with the content. A coach focuses on the personal development, which makes growth possible. Therapy/counselling imply (sic) something is wrong. Coaches work with people to achieve objectives.

(Steyn, 2006:22).

Table 3.11 provides a summary of the similarities and differences between the different practices that are discussed in the literature and that are relevant to entrepreneur and small business support practitioners (Megginson & Clutterbuck, 1995; Whitmore, 1997; Burdett, 1998; Rosen, 1998; Guest, 1999; Stone, 1999; Garvey & Alred, 2000; Laabs, 2000; Levinski, 2000; Beam, 2001; Borkowski, 2001; Rogers, 2001; Baker, 2002; Haserot, 2002; MacRae, 2002; Bachkirova & Cox, 2004; Porche & Niederer, 2004).

**Table 3.11 A summary of similarities and differences between the practice disciplines (Own compilation)**

<b>Business Advice</b>	<b>Business Consulting</b>	<b>Business Counselling</b>	<b>Business Mentoring</b>	<b>Business Coaching</b>
<b>Nature of Intervention</b>				
<ul style="list-style-type: none"> <li>• Once off</li> <li>• General business information or sign-posting</li> </ul>	<ul style="list-style-type: none"> <li>• Once off</li> <li>• Expert or specialist information provision normally on a specific business management issue</li> <li>• Intervention comprises an investigation with recommendation</li> </ul>	<ul style="list-style-type: none"> <li>• Once off to short term</li> <li>• Focus on a business management problem</li> <li>• Intervention comprises a diagnosis and recommendation</li> <li>• May involve some hand-holding with implementation</li> </ul>	<ul style="list-style-type: none"> <li>• Short to long term</li> <li>• Focus is on sharing the experience and expertise of mentor with mentee</li> </ul>	<ul style="list-style-type: none"> <li>• Short to long term</li> <li>• Focus is on performance management and behavioural change</li> <li>• The intervention involves following a specific intervention model and process Emphasis is on client involvement and co-ownership of learning</li> </ul>
<b>Lends itself to business information sharing?</b>				
YES	YES	YES	YES	YES
<b>Lends itself to entrepreneur knowledge sharing?</b>				
YES	YES	YES	YES	YES
<b>Suited for skill and competency development?</b>				
NO	NO	NO	YES	YES

Table 3.11 shows that the approaches differ mainly in the nature of intervention and whether an approach is suited for developing competencies. All approaches appear to be useful for sharing business management knowledge. The requirement, however, is that practitioners must possess adequate business management knowledge in order to transfer such knowledge to their clients. All

approaches appear not to be equally suited to the development of skills and competencies.

To operate and develop sustainable ventures, certain behaviours, characteristics, skills and competencies are required from both the entrepreneur-manager and individuals employed within the venture. Coaching and Mentoring both appear to be more able than the other practice disciplines to focus on the development of skills and competencies. Mentors are generally appointed for their experience and knowledge within a specific business sector (Dunsby, 1997:7). Such a mentor should be well equipped to share his/her experience and knowledge of that sector, which might include both entrepreneurial and business management knowledge and skills. It is argued that the ability of the practitioner to share his/her business management knowledge and experience would not be enough to ensure the development of sustainable ventures.

Certain behaviours are required from individuals as the venture moves through the different life cycle stages, which imply personal development actions. Coaching, due to its stronger focus (in relation to the other practice categories) on goal achievement, performance management, personal development and behavioural change, appears to be better suited for the development of skills and competencies (Bachkirova & Cox, 2004:1; Weiss, 2004). Practitioners with coaching skills must, however, also possess the required business management and entrepreneurial knowledge to be able to perform adequately the development role. Practitioners who are skilled in all the practices are able to play a meaningful role not only in the transfer of knowledge, but also with the development of the required entrepreneurial and business management skills and competencies, as they will possess the ability to adopt the appropriate practice methodology, as the situation requires. It is thus also important for practitioners to be able to make a judgement on which practice methodology is suitable for intervention within a specific venture life cycle stage.

### 3.10 THE SUITABILITY OF THE PRACTICE DISCIPLINES FOR THE DIFFERENT VENTURE LIFE CYCLE STAGES

Not all the practice disciplines are equally suited for dealing with the nature of the challenges that entrepreneurs and small businesses experience at various stages of the venture life cycle. The literature (Scott & Bruce, 1987; Deakins, Graham, Sullivan & Witton, 1998; Timmons, 1999; Hisrich & Peters, 2002; Wickham, 2001; Nieman & Pretorius, 2003) discusses the various challenges that entrepreneur and small businesses have to deal with as the venture develops and grows. These necessitate different approaches depending on the particular business problem. The type of information that is required at the pre-start-up phase might be more once-off information sharing in nature while the intervention required for a venture experiencing problems would be more intense and longer-term. Also if individuals require development within any stage a coaching approach might be more suitable. Table 3.12 provides an indication of the suitability of the individual practice disciplines for each venture life cycle stage.

**Table 3.12 Suitability of the different practice disciplines for each venture life cycle stage (Own compilation)**

Practice disciplines	Venture Life cycle stages				
	Pre-start-up	Start-up	Growth	Mature	Decline/Rejuvenation
Business Advice	*	*	*	*	*
Business Counselling	*	*			*
Business Consulting		*	*		*
Business Coaching	*	*	*	*	*
Business Mentoring		*	*	*	

Table 3.12 indicates the venture life cycle stage each practice category is most appropriate for. As can be seen, business advice can be offered during all stages of the venture life cycle. This will, however, mainly consist of either information

provision or signposting. Business counselling, due to its problem-solving and reactive focus, is best suited during the pre-start-up, start-up and decline/rejuvenation stages. Consulting has a more once-off expert service provision focus and thus is best suited for the start-up, growth and decline/rejuvenation stages. Mentoring is best suited for the start-up, growth and maturity stages as the mentor allows the mentee to learn from the mentor's experience. As each venture life cycle stage requires different behaviours from the entrepreneur and the business, coaching appears to be suited for all stages of the venture life cycle due to its developmental focus, provided that the coach has an understanding of the challenges that each venture life cycle poses.

### 3.11 SUMMARY

This chapter discussed the non-training practice disciplines for entrepreneur and small business support. It was argued that practitioners should have knowledge of entrepreneurship, small business management as well as the different practice disciplines if they are to provide relevant and meaningful support to entrepreneurs and small businesses. It is argued that knowledge, skills and competencies of each of the three knowledge categories (entrepreneurship, small business management and non-training intervention practices) are essential to ensure sustainable venture development. The Van Vuuren and Nieman (1998) Entrepreneurial Performance Model ( $E/P = M \times f(a) E/S \times (b) B/S$ ) implies that personal characteristics as well as entrepreneurship knowledge and competencies together with business management knowledge and competencies, are required for achieving entrepreneurial performance. It is argued that if these knowledge and competencies are important for entrepreneur-managers then they should also be important to support practitioners, especially as successive South African GEM Reports (Driver, *et al.*, 2001; Foxcroft, *et al.*, 2002; Orford, *et al.*, 2003; Orford, *et al.*, 2004) pointed out the low education levels that contribute to the low TEI rating of the country.



It is also argued that support practitioners who are competent in all three knowledge categories referred to above would be able to make a positive contribution to government, entrepreneurship and small business support, and promotion initiatives. The major entrepreneur and small business practitioner knowledge, skills and competency requirements as discussed in this chapter are provided in Table 3.13. This table can form the basis for support practitioner education and training programmes as well as serving as a performance management tool.

**Table 3.13 Knowledge, skills and competency requirements of support practitioner (Own compilation)**

<b>Entrepreneurial knowledge, skills and competencies</b>	<b>Business management skills, knowledge and competencies</b>	<b>Required knowledge, skills and competencies for each practice discipline</b>				
<ul style="list-style-type: none"> <li>• Entrepreneur characteristics and behaviour</li> <li>• Venture life cycle stages and challenges</li> <li>• Growth requirements</li> <li>• Failure prevention</li> <li>• Turnaround strategies</li> </ul>	<ul style="list-style-type: none"> <li>• Business planning</li> <li>• Marketing</li> <li>• Strategy development</li> <li>• Finance</li> <li>• Cash flow</li> <li>• Human resource management</li> <li>• Legislation</li> <li>• Product development</li> </ul>	<b>Business Advice</b>	<b>Business Consulting</b>	<b>Business Counselling</b>	<b>Business Coaching</b>	<b>Business Mentoring</b>
		<ul style="list-style-type: none"> <li>• Business management knowledge</li> <li>• Entrepreneurial knowledge</li> <li>• Information sharing</li> <li>• Communication and feedback</li> </ul>	<ul style="list-style-type: none"> <li>• Business management knowledge</li> <li>• Entrepreneurial knowledge</li> <li>• Information sharing</li> <li>• Communication and feedback</li> <li>• Investigative knowledge and skills</li> <li>• Expert and specialist</li> </ul>	<ul style="list-style-type: none"> <li>• Business management knowledge</li> <li>• Entrepreneurial knowledge</li> <li>• Information sharing</li> <li>• Communication and feedback</li> <li>• Investigative knowledge and skills</li> <li>• Diagnoses</li> <li>• Problem-solving</li> </ul>	<ul style="list-style-type: none"> <li>• Business management knowledge</li> <li>• Entrepreneurial knowledge</li> <li>• Information sharing</li> <li>• Communication and feedback</li> <li>• Performance management</li> <li>• Personal development</li> <li>• Behaviour change</li> <li>• Goal setting</li> </ul>	<ul style="list-style-type: none"> <li>• Business management knowledge</li> <li>• Entrepreneurial knowledge</li> <li>• Information sharing</li> <li>• Communication and feedback</li> <li>• Personal development</li> <li>• Share personal experience</li> </ul>

## CHAPTER 4 CONCEPTUAL FRAMEWORK AND RESEARCH METHODOLOGY

### Chapter Outline

4.1 Introduction

4.2 Study project outline

4.3 Theory building

4.4 Research design

4.5 Research process and methodology

4.6 Problems experienced during the research

4.7 Interpretation of data and presentation of findings

4.8 Summary

#### 4.1 INTRODUCTION

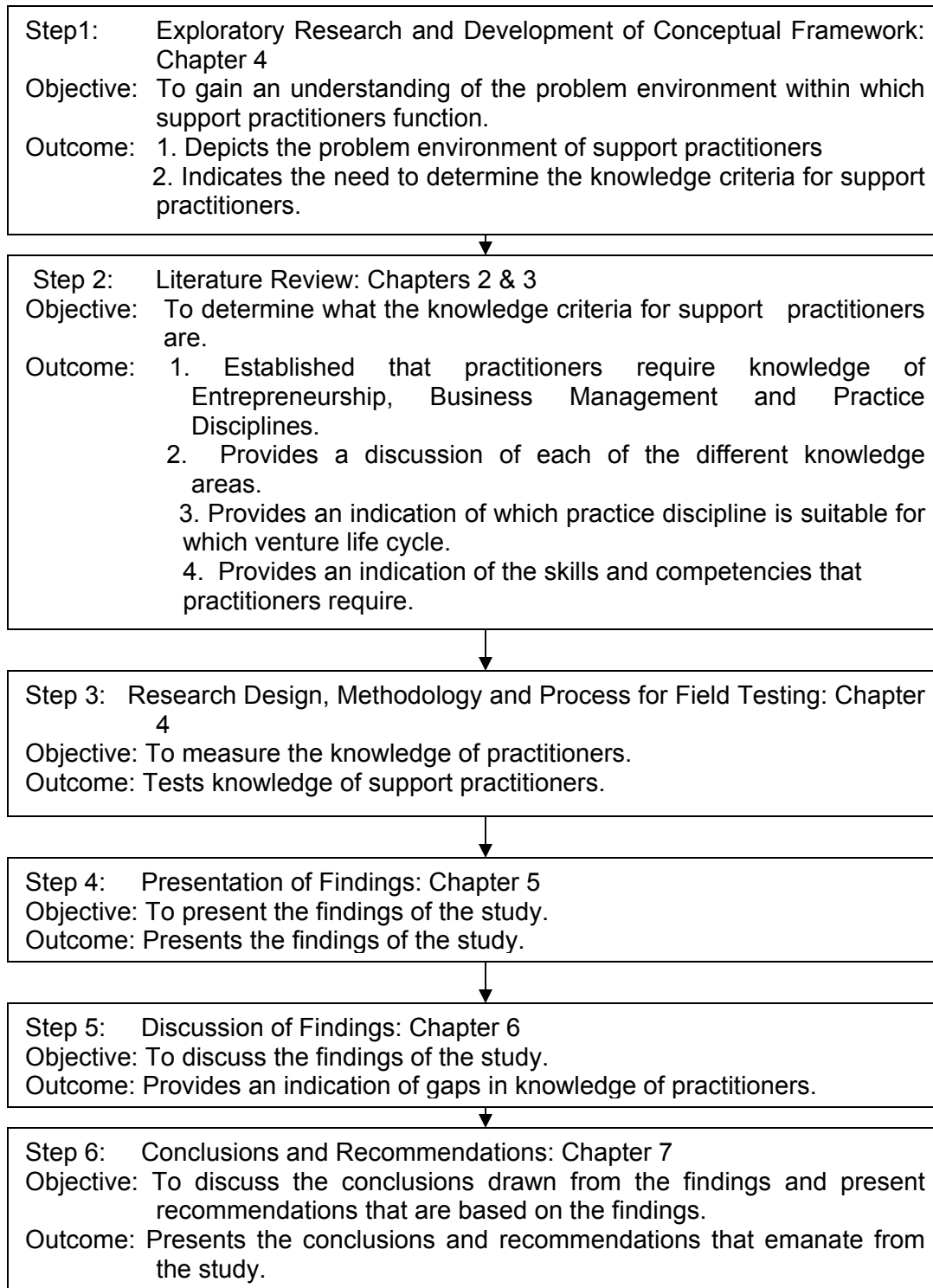
The need for this study arises from the concern within South Africa and elsewhere for the development and promotion of sustainable entrepreneurial and small business ventures. The continuous low rating by the South African Global Entrepreneurship Monitor (GEM) Report of Total Entrepreneurial Activity in South Africa (Driver *et al.*, 2001; Foxcroft *et al.*, 2002; Orford *et al.*, 2003; Orford *et al.*, 2004) as well as the high failure rates of start-ups (Nieman & Pretorius, 2003; Nieuwenhuizen, 2003) suggests that attention should be given to the nature of business development services that are provided to entrepreneurs and small businesses.

The research questions that arose from the concern to reduce the failure rate of start-ups and to develop and promote sustainable ventures are:

1. What is the nature of the entrepreneur and small business support problem environment?
2. What are the knowledge, skills and competence requirements of entrepreneur and small business support practitioners?
3. Are support practitioners able to contribute positively to the reduction of start-up failure rates as well as to the development and promotion of sustainable ventures?

#### 4.2 PROJECT PROCESS OUTLINE

The process that the study followed is outlined in Figure 4.1. This outline sets out the different steps that were followed as well as the objective of each research process step.

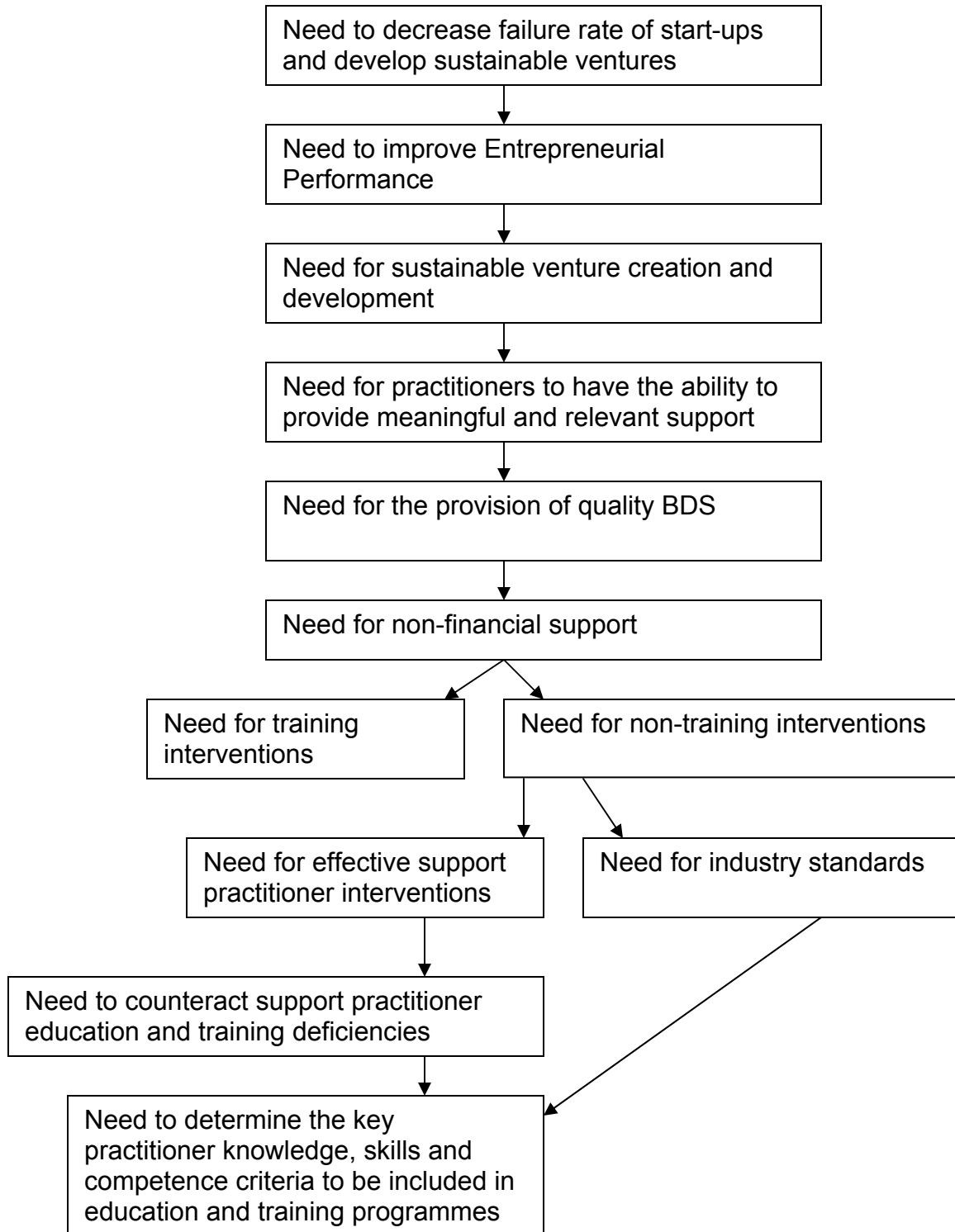


**Figure 4.1 Project outline**

### 4.3 THEORY BUILDING

To obtain a better understanding of the need for this study, a logical framework was developed using the Transcendental Model development methodology. A transcendental question or issue is one which focuses on those things that must be in place for other things to be possible (Yirenkyi-Boateng, 2003:76). Transcendental questions guide the research process, and are also relevant to the practical areas of project implementation (Yirenkyi-Boateng, 2001). Transcendental arguments according to Yirenkyi-Boateng (2003:76) can help to distinguish between what is the case and what must be the case (for certain things to be possible). In terms of this research project, the goals or vision of entrepreneurial and small business support practices should thus be stated first. Yirenkyi-Boateng (2003:77) states that it is necessary to start any research we do by first outlining what we want reality to be like in the first case. Although it may not be possible to make comparisons of reality through scientific representations, it is possible to establish *a priori* (in advance of experience) that reality must have certain features for scientific activity to be possible (Yirenkyi-Boateng, 2003:77).

Through the use of the transcendental approach, a conceptual model of the support practitioners' problem environment (Figure 4.2) was developed.



**Figure 4.2 Model of support practitioners' problem environment**

The starting point for the transcendental model was derived by focusing on one of the major concerns that support practices hope to address, namely, the need to reduce the failure rate of start-ups and to create sustainable entrepreneurial and small business ventures. Model development (Figure 4.2) began by asking the transcendental question: “What are the necessary conditions that must be present to reduce the high failure rates of start-ups and to develop and promote sustainable ventures?” To solve any problem, realist philosophy requires that the process begins with one important element and asks what else is required for the existence of that element to be possible (Yirenkyi-Boateng, 2003:77). Thus, Figure 4.2 suggests that for a decrease in the failure rate of start-ups to take place, we need to increase the levels of entrepreneurial performance. This logical deduction is confirmed by the Van Vuuren and Nieman Entrepreneurial Performance Model (1999). The necessary condition to affect increases in entrepreneurial performance is the ability of practitioners to provide meaningful and relevant support. The iterative process of establishing the necessary condition of a particular element is followed from top to bottom throughout Figure 4.2 to the last set of variables that indicate the need to determine the key knowledge, skills and competencies for practitioners.

The different model elements are objects with a real existence that are defined in terms of the relationships that exist within the whole, and the nature of each element can be understood in terms of its relationship to some other element in the model (Yirenkyi-Boateng, 2003:77). Thus, it can be deduced that the knowledge, skills and competencies that practitioners gain through education and training programmes enable them to provide meaningful support that will contribute to the decrease in the failure rate of start-ups.

The conceptual model (see Figure 4.2) and theory building process have provided two main benefits:

- Firstly, a holistic view of the broader problem environment within which support practitioners function has been provided.



- Secondly, the focus for the research study and where it fits into the broader problem environment have been established.

In addition to the two benefits mentioned above, the conceptual model has also answered the research question, “What is the nature of the entrepreneur and small business support environment?” The conceptual model also places the research focus on the need to determine the key knowledge, skills and competence criteria for entrepreneur and small business support practitioners (as one intervention). The model postulates that if practitioners receive training and education in key knowledge, skills and competencies, they will be able to provide meaningful support which will lead to a reduction in the failure rate of start-ups.

The conceptual model also leads to the second and main research question: “What are the Knowledge, Skills and Competencies that Support Practitioners require?” The rationale for focusing on this research question was based on the fact that if the knowledge, skills and competence requirements of support practitioners were known, we would be able to measure whether South African practitioners possess the knowledge, skills and competence as described in the criteria. It can be deduced from the literature (Deakins & Freel, 1998; Timmons, 1999; Wickham, 2001; Hisrich & Peters, 2002) that if practitioners possess the required knowledge, skills and competencies, they will be able to contribute positively to the prevention of start-up failure rates as well as the development and promotion of sustainable ventures.

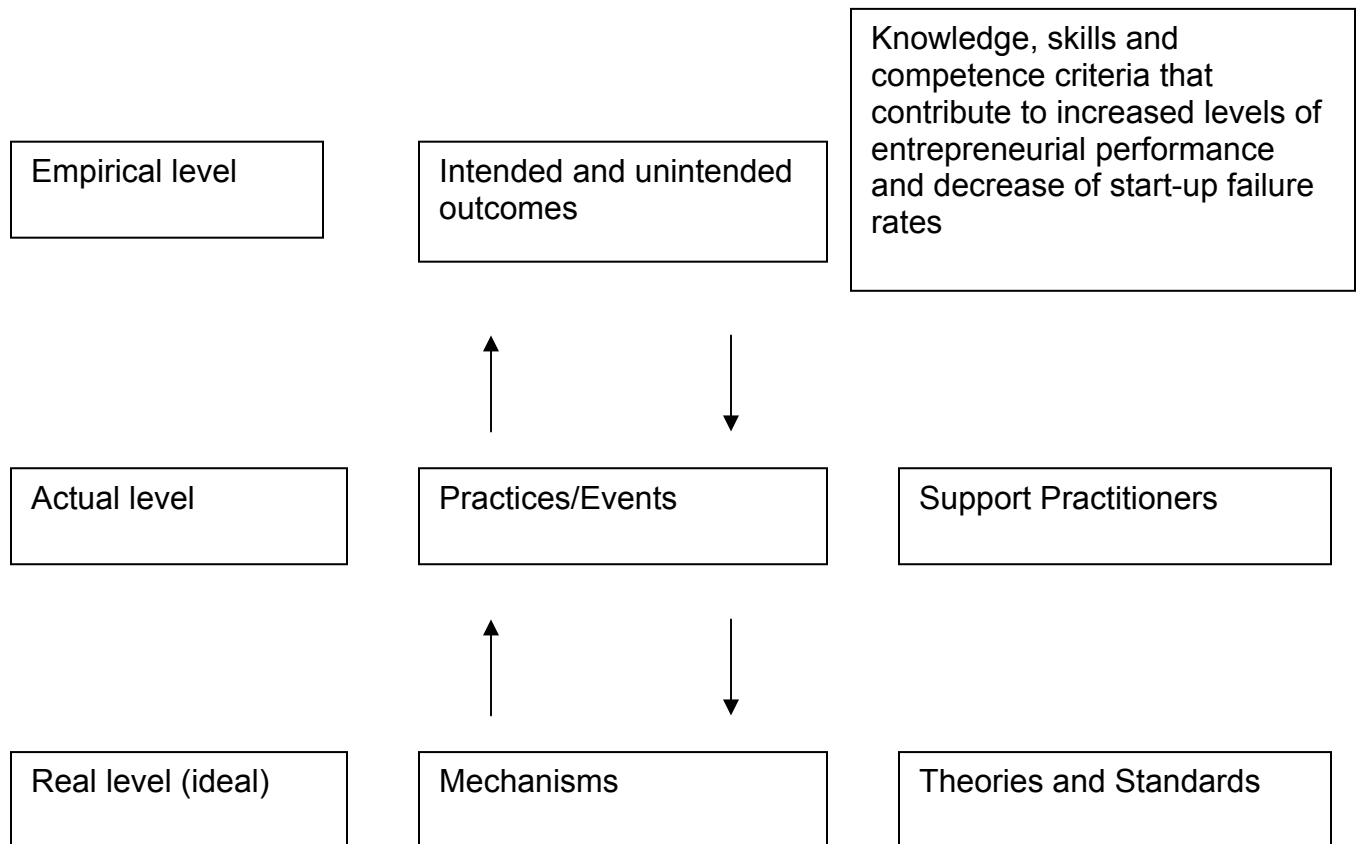
#### 4.4 RESEARCH DESIGN

The philosophical basis for the research methodology was also derived from the transcendental realist approach. By means of this approach, a stratification research model was developed (Figure 4.3). The goals of the study project are:

- firstly, to investigate the knowledge, skills and competence criteria that support practitioners should possess in order to assist entrepreneurs and

small businesses to create and develop sustainable ventures that would in turn lead to the decline in start-up failure rates;

- secondly, to establish what knowledge, skills and competencies practitioners *do* possess.



**Figure 4.3 Stratification research model for support practitioners (adapted from Yirenkyi-Boateng, 2003:73)**

Figure 4.3 shows that a research project structured along such lines involves moving, initially, from very abstract concepts of the practitioner problem environment (the real level). Hereafter the research moves through lower levels of abstraction which involves the knowledge, skills and competencies of entrepreneur and small business support practitioners and related concepts (the

actual level). Finally, the research moves to the more concrete empirical levels of the outcomes of the processes involved (adapted from Yirenkyi-Boateng, 2003:77).

Figure 4.3 also shows that the research project moves from firstly investigating the mechanisms at the real level with regard to entrepreneurial and small business support practices. This level is also referred to as the ideal (Yirenkyi-Boateng, 2003) and takes into account the existing theories and standards with regard to support practices. This was done through the exploratory research and literature review phases.

#### 4.4.1 EXPLORATORY RESEARCH

The exploratory research was aimed at establishing whether knowledge, skills and competence criteria for support practitioners already existed. The following process was followed during the exploratory phase:

- Contact was made with different industry experts attached to support organisations to explain the objective of the study and obtain their agreement for a one hour one-on-one discussion to discuss further the rationale for the study as well as to obtain their views on the support practitioners' environment. The discussions were unstructured as the purpose was to gather information and to obtain the personal views of the particular expert. The industry experts were arbitrarily selected.
- The exploratory literature review was undertaken through searching electronic databases as well as other secondary sources to obtain information on available relevant literature. The model of the support practitioners' problem environment (Figure 4.2) provided the motivation to focus on the knowledge requirements of support practitioners. A detailed discussion of the exploratory research findings is provided in chapter five.

The exploratory phase of the study (exploratory literature review and exploratory discussions) revealed that there is a dearth of industry standards as well as education and training programmes with regard to entrepreneur and small business support practitioners.

#### 4.4.2 Literature Review

A literature review was undertaken to determine the knowledge, skills and competence requirements of practitioners with regard to entrepreneurship and business management skills necessary to increase entrepreneurial performance. The literature review thus sought to answer the second research question: “What are the knowledge, skills and competence requirements of entrepreneurial and small business support practitioners?” This research question was derived from the model of the support practitioners’ problem environment (Figure 4.2). It was also established through the literature review that practitioners should understand the differences between entrepreneurial and small business ventures as well as what personal characteristics are needed for each (Chapter Two).

The literature review also focuses on the entrepreneurial and small business learning requirements as well as the different practice disciplines. The literature review provides a discussion, among other things, of the role and the requirements of each practice discipline (Chapter Three).

Extensive use is made of tables in the literature review to either summarise or compare certain key issues or criteria. The purpose of this methodology was to use some of these table data to seek relationships with data obtained from practitioners in the field research.

#### 4.4.3 Field Research

An investigation was also undertaken of the practices and events, which are basically an assessment of what is happening on the actual level (see Figure

4.3). This was carried out by way of the field research phase. The purpose of the field research was to establish whether support practitioners possess the required knowledge criteria, that is, entrepreneurial knowledge, business management knowledge and knowledge of the different practice disciplines.

The motivation for focusing on the knowledge aspects of support practitioners is supported by Stewart and Hamlin (1992:12), who state that mastery in terms of knowing and understanding certain concepts, definitions of terms, ranges of techniques, theories of explanation and prediction, results of research, sources of information, etc., is essential in just about any occupation. They state further that it remains the case that knowledge is an essential requirement in occupational performance and therefore a component which must be assessed (Stewart & Hamlin, 1992:12). Another reason why attention should be given to knowledge according to Stewart and Hamlin (1992) is the fact that knowledge is the starting point in skills development. It can thus be accepted that if practitioners possess the required knowledge they would then at least have the basis for skills and competence development which in turn would contribute to them being able to provide meaningful support to entrepreneurs and small businesses.

The actual level influences the empirical, in other words, through the actual practices one hopes to achieve the intended outcome of increased levels of entrepreneurial performance which in turn would result in sustainable ventures and thus also a decline in the failure rate of start-ups.

The field research was done by opting for a cross sectional, ex post facto descriptive study as the purpose of the research is to establish whether South African practitioners possess the required knowledge as determined by the literature review. The field research also served to seek support for the propositions and hypotheses.

#### 4.4.4 Propositions

The propositions seek to investigate the knowledge levels of support practitioners with regard to their knowledge of entrepreneurship, business management and knowledge of the practice categories.

- Proposition 1: Support practitioners lack entrepreneurial knowledge.
- Proposition 2: Support practitioners lack business management knowledge.
- Proposition 3: Support practitioners lack knowledge of the practice disciplines.

#### 4.4.5 Hypotheses

The field research also assisted with the testing of the hypotheses. The purpose of the hypotheses was to test the support practitioners' attitude with regard to important business issues, their frequency of contact with different venture types as well as the frequency with which they deal with different company problems.

Ho1 – Ho3 measures the level of *importance that support practitioners attach to different business issues*. The measurement is at three levels:

- the total sample as a group;
- between the different practice categories;
- within each of the different practice categories.

Ho1: All business issues are ranked with similar importance (no difference) by all support practitioners.

Ha1: All business issues are not ranked with similar importance by all support practitioners. (There is a different ranking.)

Ho2: All business issues are ranked with similar importance (no difference) by the different practice categories.

Ha2: All business issues are not ranked with similar importance by the different practice categories. (There is a different ranking.)

Ho3: All business issues are ranked with similar importance (no difference) by support practitioners within each of the different practice categories.

Ha3: All business issues are not ranked with similar importance by support practitioners within each of the different practice categories

Ho4 – Ho6 measures the *frequency of support practitioner contact* with different venture types. The measurement is at three levels:

- the total group;
- between the different practice categories;
- within each of the different practice categories.

Ho4: The frequency of contact with different venture types is the same for all support practitioners.

Ha4: The frequency of contact with different venture types is not the same for all support practitioners.

Ho5: The frequency of contact with different venture types is the same between the different practice categories.

Ha5: The frequency of contact with different venture types is not the same between the different practice categories.

Ho6: The frequency of contact with different venture types is the same for support practitioners within each of the practice categories.

Ha6: The frequency of contact with different venture types is not the same for support practitioners within each of the practice categories.

Ho7 – Ho9 measures the *frequency of contact with different types of company problems* by support practitioners. The measurement is at three levels:

- the total group;
- between the different practice categories;
- within each of the different practice categories.

Ho7: The frequency of contact with different company problems is the same for all support practitioners.

Ha7: The frequency of contact with different company problems is not the same for all support practitioners.

Ho8: The frequency of contact with different company problems is the same between the practice categories.

Ha8: The frequency of contact with different company problems is not the same between the practice categories.

Ho9: The frequency of contact with different company problems is the same for support practitioners within each of the practice categories.

Ha9: The frequency of contact with different company problems is not the same for support practitioners within each of the practice categories.

#### 4.5 RESEARCH PROCESS AND METHODOLOGY

The conceptual model (Figure 4.2) provides a description of the support practitioners' problem environment. The model also depicts the need for the study which points to the need to focus on the knowledge, skills and competence criteria that support practitioners require to provide adequate assistance to entrepreneurs and small businesses. Figure 4.2 thus answers the research question: "What is the nature of the entrepreneur and small business support practitioners' problem environment?" Figure 4.2 also implies that possession of the required knowledge, skills and competencies would assist practitioners to provide meaningful and relevant support to entrepreneurs and small businesses.



This in turn could lead to the reduction of start-up failures as well as contribute to sustainable venture promotion.

The stratified research model (Figure 4.3) indicates the process that the research process follows:

- An investigation into the existing theories and practices was undertaken through an exploratory study as well as a literature review. This phase of the study revealed that support practitioners need knowledge, skills and competencies in especially three areas, namely, entrepreneurship, business management and the practice disciplines. The literature review has thus assisted in answering the research question: “What are the knowledge requirements for support practitioners?”
- The objective of the field research was to answer the research question: Do support practitioners possess the required knowledge criteria to provide meaningful support?

#### 4.5.1 Measurement Elements

The measured elements contained in the questionnaire had to include all three areas of knowledge as determined by the literature study, namely, entrepreneurship, business management and the practice disciplines. To establish practitioner knowledge and competence further, two case studies were also used, which practitioners had to examine and answer a set of open-ended questions on.

One case study aimed to measure the practitioner’s knowledge of entrepreneurship and business management issues such as knowledge with regard to entrepreneurial characteristics and business planning, while the second case study aimed to measure the practitioner’s knowledge with regard to the different non-training practice disciplines. The inclusion of the two case studies and open-ended questions could have contributed to a lower than expected

response rate as the questionnaire may have been perceived as an examination of the respondents' knowledge which they might have felt uncomfortable with.

The purpose of the research, however, was to measure the knowledge of the practitioners with regard to entrepreneurship, business management and the practice disciplines and it was felt that the case studies and open-ended questions would provide a more accurate indication of their knowledge of these issues. Despite the lower than expected response rate it is believed that the integrity of the data was improved above that which was expected by only doing a questionnaire that focuses on the perception of own skills.

#### 4.5.2 The Communication Approach

The research was executed mainly by way of self-administered emailed questionnaires. The original design of the project intended for the questionnaires to be either posted or emailed to respondents who would have been randomly selected from a sample of practitioners within each employing organisation. Alternatives to the communication approach were not really under the control of the researcher as employing organisations denied direct access to respondents and requested that surveys be emailed to a contact person within the organisation. The contact person within the organisation would then forward the questionnaires electronically to practitioners. This system proved ineffective with the follow-up of non-responses. Questionnaires were hand delivered to three Local Business Service Centres, however, and collected after completion.

Although the email approach had some advantages, such as the perception of more anonymity and allowing respondents time to think about questions (Cooper & Schindler, 2003:313), it also had certain disadvantages, such as no interviewer intervention available for probing or explanation (Cooper & Schindler, 2003: 313), which could have assisted with addressing possible interpretation problems.

#### 4.5.3 Constructing and Refining the Measurement Questions

This research followed Cooper and Schindler's guidelines (2003). They state that drafting the questions begins once one develops a complete list of investigative questions and decides on the collection processes to be used (Cooper & Schindler, 2003:336). The order, type, and wording of the measurement questions, the introduction, the instructions, the transitions, and the closure in a quality communication instrument should accomplish the following:

- encourage each respondent to provide accurate responses;
- encourage each respondent to provide an adequate amount of information;
- discourage each respondent from refusing to answer specific questions;
- discourage each respondent from early discontinuation of participation;
- leave the respondent with a positive attitude about survey participation (Cooper & Schindler, 2003:336).

The questionnaire used in this study (see Appendix A) adheres to the above mentioned guidelines stated by Cooper and Schindler (2003) as respondents appeared not to have experienced major difficulties in completing the questionnaire.

#### 4.5.4 Question Content

With regard to question content, Cooper and Schindler (2003:337) state that four questions covering numerous issues guide the instrument designer in selecting appropriate question content:

- Should this question be asked?
- Is the question of proper scope and coverage?
- Can the respondent adequately answer this question as asked?
- Will the respondent willingly answer this question as asked?

The question content of the questionnaire appears to be adequate as very few returned questionnaires had unanswered sections.

#### 4.5.5 Questionnaire Design

Several situational factors affect the decision whether to use open-ended or closed questions. The decision is also affected by the degree to which these factors are known to the interviewer. The factors are:

- the objectives of the study;
- the respondent's level of information about the topic;
- the degree to which the respondent has thought through the topic;
- the ease with which the respondent communicates;
- the respondent's motivation level to share information (Cooper & Schindler, 2003:346).

According to Cooper and Schindler (2003:346), open-ended questions are appropriate when the objective is to discover opinions and degrees of knowledge. This study wanted to measure the knowledge of practitioners with regard to entrepreneurship, business management and the practice disciplines and thus open-ended questions were used (see Appendix A).

The questionnaire design followed Cooper and Schindler's guidelines (2003) and was structured as follows:

1. The first ten questions were biographical and sought to establish the province within which the practitioner operates, the practice label/s by which the practitioner is known, age, gender, race, educational and other qualifications, industry experience, business ownership and the percentage time spent on certain activities.

The purpose of questions such as age, race and gender is mainly to assist with the profiling of practitioners. The enquiry into the educational qualifications of practitioners is to determine whether practitioners do have education and training in all three knowledge, skills and competence criteria areas, namely, entrepreneurship, business management and the practice disciplines – as determined through the literature review.

2. In the second part of the questionnaire the respondent is provided with definitions of the practice disciplines which are Advising, Coaching, Counselling, Consulting and Mentoring. Respondents were then requested, firstly, to indicate the percentage of time they spend on the different practice disciplines and, thereafter, to give an indication of what percentage they think they should spend on each practice discipline. The situation they described in the first answer could be duplicated if they were satisfied with the answer they provided the first time.
3. The objective of the first case study was to measure the knowledge, skills and competencies of practitioners with regard to entrepreneurship and business management. The respondents were provided with a description of an individual who is considering different business opportunities and who was referred to the support practitioners by the bank to provide assistance with the development of a business plan. The case study stated that the individual did not have clarity as to which business to start. The respondents were then required to complete one structured question and six unstructured questions that required them to indicate whether they regarded the individual as an entrepreneur. The respondents could choose between Yes/No/Maybe. The respondents were also asked to give reasons for their answers. The respondents were also asked:
  - to provide details of which characteristics they regarded as entrepreneurial;

- to provide details of typical screening tools or methodologies they use when evaluating business ideas;
  - to name three key factors they consider crucial in the evaluation of viability;
  - to list the major elements that they would include in the business plan;
  - what they regard as the functions of the business plan;
  - to provide details of the roles or tasks they would normally assign to the individual in a situation as described in the case study.
4. The purpose of the second case study was to measure the knowledge, skills and competencies of practitioners with regard to business management and the practice disciplines. A description of four partners who own a brick-making and roof tiling business was provided. The partners are experiencing problems and approach the practitioner for assistance.

The practitioners were firstly asked to indicate the methodology they would follow to determine the company's problem(s). The purpose of this question was to measure whether practitioners do make use of methodologies to clarify problems as well as which methodologies most commonly are used. In the second question the respondents are provided with seven reasons for or causes of business failure and the respondents are then required to indicate the percentage of blame they would assign for each cause to the venture's failure. The respondents are then also asked to indicate what advice they would give to the clients.

The next section refers the respondents to the definitions of the practice disciplines and then requires them to indicate on a four-point summative scale what the likelihood would be that they would follow a particular discipline in dealing with clients. The respondents are also required to provide reasons for their answers. The motivation for this approach is to determine, firstly, whether the practitioners have knowledge of the different practice disciplines

and, secondly, whether they know under which circumstances each practice discipline would be most appropriate to employ.

5. In the last section of the questionnaire the respondents were provided with three sets of questions in table format. The first table comprised a set of eight business issues and the respondents were required to indicate the importance that they assign to each of these issues within a venture. The respondents were required to make their choices by choosing between four categories: Not important, Somewhat important, Important and Very important.

The second table listed five venture life stages and the respondents were requested to indicate how often they deal with these types of businesses. The respondents were required to choose between Very rarely, Rarely, Often and Most often.

The last table listed seven business problems and required the respondents to indicate the seriousness of the problem(s) that companies experience which seek their assistance. The respondents were requested to choose between Very rarely, Rarely, Often and Most often.

#### 4.5.6 Measurement Scales

Some questions required respondents to assign a rating on a four-point summated rating scale. The respondents were required to agree or disagree with each statement. Each response was given a numerical score to reflect its degree of attitudinal favourableness, and the scores may be totalled to measure the respondents' attitude (Cooper & Schindler, 2003:234).

A four-point rating scale was decided upon to avoid respondent errors, as cautioned by Cooper and Schindler (2003:235-236), such as:

1. leniency (when a respondent is either an “easy rater” or “hard rater”);
2. central tendency (when raters are reluctant to give extreme judgments);
3. halo effect (the systematic bias that the rater introduces by carrying over a generalised impression of the subject from one rating to the next).

Open-ended questions were also linked to rating questions in an attempt to determine the knowledge and attitude of the respondents on the various issues.

#### 4.5.7 Data Analysis and Presentation of Findings

Data processing started with coding the different closed and open-ended questions. To code open-ended questions each respondent’s open-ended response was first summarised. Categories were then developed for each open-ended question, which were either taken from the literature or arbitrarily determined by using the respondents’ answers to develop the different categories. The next step was to content-analyse the responses to fit them into the different categories of the open-ended questions. This process made it possible for the different open-ended questions to be coded.

When the data of closed-ended question responses was captured, the number of respondents to a particular question was measured against the number of the total sample to calculate the percentage response rate. For questions that required respondents to indicate their degree of agreement with a particular statement, the response rate percentage was determined by measuring the number of respondents per question category against the total number of respondents for that particular question.

The open-ended questions provided respondents with the opportunity to give more than one answer to a question. For this reason the total number of response elements was used to determine the response rate percentage of open-ended questions.



Codes were allocated to both closed and open-ended questions and then entered into a computer programme to obtain frequency data per question response. The data was used to develop different tables and charts that assisted with the interpretation and discussion processes.

#### 4.5.8 Sampling

The initial objective of the study was to use a probability sample that would have been drawn from the sampling frame consisting of support practitioners employed by all entrepreneur and small business support service providers in South Africa. These employing organisations or service providers are the Local Business Service Centres throughout the country, Khula Thusa Mentoring Scheme, Sizanani, The Umsobomvu Youth Fund and Business Partners.

The original decision was to draw a stratified sample from the various employing organisations. A stratified sample divides the population into sub-populations or strata and uses simple random sampling on each stratum (Cooper & Schindler, 2001:190). The stratified sample would have been made up of a random sample drawn from each employing organisation. Local Business Service Centres in each province would also have been grouped and a random sample drawn from each provincial grouping. The motivation for this approach was to measure whether any significant differences in knowledge and approach existed between support practitioners attached to different employing organisations.

The research, however, met with certain difficulties which necessitated a change in approach:

- Firstly, the employing organisations were not willing to provide access to their respective databases with Khula, Sizanani and the Umsobomvu Youth Fund and were only prepared to forward emailed questionnaires to their practitioners. The researcher thus had no access to prospective

respondents of employing organisations. Business Partners opted not to participate in the study.

- Secondly, by the time the field research was undertaken, Ntsika, the government agency that accredited Local Business Service Centres in the country, was in the process of being transformed into SEDA branches.

Although seventy-five Local Business Service Centres were in existence countrywide during the time of Ntsika, these centres were either closed or in the process of being transformed into SEDA Centres by the time the field research was undertaken. As a result three centres in Mpumalanga as well as Libsa (Limpopo Province), Red Door (Western Cape) and two centres in the Eastern Cape were willing to participate in the study. The researcher did not have any control over the sample selection as all the organisations denied direct access to their practitioner databases and were only willing to forward emailed surveys to their practitioners. This situation created problems with follow-ups although some of the business development centres did provide some assistance with follow-ups.

The population that the study concentrated on consisted of the total number of practitioners attached to the employing organisations, which were 526 at the time that the study took place and are represented as follows:

- Khula 320;
- Umsobomvu Youth Fund 80;
- Sizanani 55;
- Mpumalanga's three local business service centres 12;
- Libsa 22;
- Red Door 25;
- Eastern Cape centres 12.

The total number of practitioners attached to each employing organisation that participated in the study could not be confirmed as the researcher did not have

access to the databases and thus was dependent on the feedback from the different organisations.

It must also be mentioned that some practitioners attached to Khula, Umsobomvu Youth Fund and Sizanani do work for two and sometimes all three organisations, which would influence the total number of the population due to double counting. From the responses received, however, it does not appear that double counting occurred with regard to respondents who could have responded on behalf of all the different organisations they are attached to as respondents were required by their employing organisations to respond directly to the researcher.

A total of 83 questionnaires were received back, which translates into a response rate of 15.77% of the estimated population.

It can be seen from the above discussion that a random sample was pursued but the end result could rather be regarded as a non random purposeful sample.

#### 4.5.9 Pre-testing

This research project made use of researcher and respondent pre-testing methodology as described by Cooper and Schindler (2003:359-360). During the researcher pre-testing phase the designers typically test informally in the initial stages and build more structure into the testing along the way (Cooper & Schindler, 2003:360). The researcher performed the first level pre-test while his statistical advisory team performed the second level pre-test.

The respondent pre-testing requires that the questionnaire be field-tested by sample respondent surrogates, individuals with characteristics and backgrounds similar to the desired respondents (Cooper & Schindler, 2003:360). The respondent pre-test was performed by a sample of five practitioners attached to

different employing organisations but all have experience in the provision of entrepreneurial and small business support. According to Cooper and Schindler (2003) the purpose of the pre-test is to check respondent interest to answer questions; to question meaning, transformation, continuity and flow as well as sequence, variability, length and timing.

#### 4.5.10 Statistical Analyses Process

The statistical analyses served to test the hypotheses.

The three question sets sought to enquire about:

- the importance that respondents attach to different given business issues within a venture (respondents were required to give a rating on a four-point Likert type scale, question 15.1 ranging from Not important to Very important);
- the frequency of contact that respondents have with different venture types (respondents were required to give a rating on a four-point Likert type scale, question 15.2 ranging from Very rarely to Most often);
- the type of problems that companies experience which seek the assistance of respondents (respondents were required to give a rating on a four-point Likert type scale, question 15.3 ranging from Very rarely to Most often).

To make meaningful deductions from the data for this section and to look for significant differences three approaches were employed:

1. Significant differences for the total group were first explored for each question set (Friedman two-way analysis test).
2. Significant differences were also explored for each question set between the practice categories (Kruskal-Wallis test).
3. Significant differences were further explored for each question set within each of the practice categories (Friedman two-way analysis test).

The five practice categories were reduced to four by combining the business counsellor category with business coaching. The combination of these two categories was merely done so that meaningful statistical tests could be performed due to the lower number of respondents within each of these categories.

#### 4.6 PROBLEMS EXPERIENCED DURING THE RESEARCH

The fact that the survey was mainly done through emailed questionnaires could have been one reason why not more responses were received. Feedback received from some respondents indicated that formatting problems were experienced, that is, in the process of completing the downloaded questionnaires formatting problems occurred, which required respondents to spend time on sorting out these problems. It appears that respondents did not want to proceed with the completion of the questionnaires when these problems occurred. These formatting problems were unfortunately not picked up during the pre-test phase. The fact that respondents were requested, as an alternative, to print the questionnaires, complete the questionnaires by hand and then fax them back to the researcher, also did not contribute to a higher response rate.

It further appears that the number of open-ended questions could also have contributed to a lower response rate. Open-ended questions take longer to complete and, although this fact was taken into account with the construction of the questionnaire, it appears that the time allocated for the completion of the questionnaire was underestimated. Some respondents could have interpreted this as an attempt to mislead them into participating. However, the completion time estimate was not picked up as a cause for concern during the pre-test phase.

During the data capturing process it was also discovered that question 15.3 in the survey could have been misinterpreted as the question statement requires respondents to rate the seriousness of the problems that companies experience

that seek their assistance, while the rating scale measures frequency. The rating scale, however, is in line with the hypotheses and it does not appear from the responses that this anomaly greatly affected the reliability of the responses. This anomaly was not picked up during the question testing phase.

#### 4.7 INTERPRETATION OF DATA AND PRESENTATION OF FINDINGS

The data was interpreted by using frequency analyses and cross tabulations for the first two sections of the questionnaire. Open-ended questions were first content-analysed and then grouped into categories. Categories were derived either from the literature or from the responses to open-ended questions.

For the general questions in the last section of the questionnaire Mean comparisons were used via t-tests. The objective of these tests was mainly to test the hypotheses. Two nonparametric tests were used to test the data, namely, the Friedman two-way analysis of variance test and the Kruskal-Wallis test. The Friedman two-way analysis of variance tests matched samples, ranking each case and calculating the mean rank for each variable across all cases. It uses these ranks to compute a test statistic. The product is a two-way table where the rows represent subjects and the columns represent the treatment conditions (Cooper & Schindler, 2003:519). The Kruskal-Wallis is a one-way analysis of variance by ranks. It assumes random selection and independence of samples and an underlying continuous distribution (Cooper & Schindler, 2003:517).

#### 4.8 SUMMARY

This chapter provides a discussion of the conceptual framework and the research methodology process. The conceptual framework provides a description of the support practitioners' problem environment. This conceptual framework illustrates the need to focus on the knowledge, skills and competencies of support practitioners and further provides the focus for the literature review and field

research phases. The research design and methodology processes are also discussed.



## CHAPTER 5 PRESENTATION OF FINDINGS

### Chapter Outline

5.1 Introduction

5.2 Profile of Respondents

5.3 Profile of companies  
seeking assistance

5.4 Entrepreneurial  
knowledge of  
respondents

5.5 Business management  
knowledge of  
respondents

5.6 Knowledge of practice  
disciplines

5.7 Results of statistical  
analysis

5.8 Summary



## 5.1 INTRODUCTION

This chapter focuses on the presentation of the findings as well as the analysis of data obtained from the field research. The purpose of the field research was to measure the respondents in respect of their knowledge of entrepreneurship, business management and the practice disciplines. The findings and analyses are provided under the following headings:

- Results of preliminary discussions and exploratory literature review;
- Profile of respondents;
- Profile of client companies seeking assistance;
- Entrepreneurial knowledge of respondents;
- Business management knowledge of respondents;
- Practice discipline knowledge of respondents.

It is acknowledged that the findings as presented in this chapter could have been influenced by the limitations which were experienced in the research project (see paragraphs 4.5.2 and 4.6). The researcher also did not have access to or critically analysed any reports, written advice or business plans produced by support practitioners for their clients who might have provided a different picture of what knowledge, skills and competencies support practitioners possess.

## 5.2 RESULTS OF PRELIMINARY DISCUSSIONS AND EXPLORATORY LITERATURE REVIEW

Exploratory discussions with industry experts Theron (2005), (Bezuidenhout) (2005), Malherbe (2005), Oeder (2005) and Yirenkyi-Boateng (2005) revealed the following:

1. No generally accepted appointment or monitoring and evaluation criteria for support practitioners exist.
2. No specific education and training programmes for support practitioners exist.

3. There is general dissatisfaction with the recently established SAQA Business Advising qualifications.
4. There is general confusion within the industry with regard to the different support practitioner categories, namely, business advisors, business counsellors, business consultants, business coaches and business mentors. This confusion is both in terms of the support practitioner knowledge, skills and competence requirements as well as the outcome expectations of the various practitioner categories.

The exploratory literature investigation revealed the following:

- Successful venture development is obtained through the increase in entrepreneurial performance (Van Vuuren & Nieman 1999; Timmons 1999; Wickham 2002). The Van Vuuren and Nieman (1999) Entrepreneurial Performance Model implies that entrepreneurs and small business owners must have certain knowledge, skills and competencies. For successful venture creation and development, the model proposes that individuals should possess certain personal characteristics as well as entrepreneurial skills and business skills. The model further implies that a combination of the motivation, entrepreneurial skills and business skills are required for entrepreneurial performance. It can thus be assumed that a lack in any one of these factors would not achieve the required results.
- Successful venture development also depends on certain learning requirements with regard to entrepreneurship and small businesses. These learning requirements are discussed in the entrepreneurship literature according to the following themes: venture life cycle stages; the need for growth; and failures and turnarounds (Timmons, 1999; Wickham, 2002; Nieman & Pretorius, 2003).
- A research project focussing on “entrepreneurship mentors” in South Africa (Antonites & Watson, 2001) indicated a need for a more in depth study of support practitioners. The Antonites and Watson (2001)

research aimed at formulating a situational analysis of “entrepreneurship mentors” in South Africa and concluded that an enquiry into competencies and skills were needed. No scientific measurements were however used to identify the needed competencies and skills of “entrepreneurship mentors” other than what respondents themselves indicated as learning needs. This study intended to fill this gap by measuring what knowledge, skills and competencies support practitioners possess against the entrepreneurship, business management and practice discipline criteria as identified in the literature.

- An investigation into the different SAQA business advising qualifications (Further Education and Training Certificate: Small Business Advising [Information Support], NQF level 4; National Certificate: Business Advising, NQF level 5; National Certificate: Business Advising Operations, NQF level 6) also revealed that these qualifications do not address all the learning requirements as discussed in the entrepreneurship, business management and practice discipline literature. It was also established that different employing organisations as well as different professional organisations use different labels (such as business advisor, business counsellor, business consultant, business coach or business mentor) to refer to entrepreneur and small business support practitioners. In some cases there appears to be an overlap between the different practice label categories. The exploratory phase of the study showed that further clarity needed to be gained with regard to the knowledge, skills and competence requirements for support practitioners and this formed the main objective of the literature review.
- The exploratory literature review further revealed that a lack of research existed in South Africa with regard to the knowledge, skills and competence requirements for entrepreneur and small business support practitioners. Although professional organisations for coaches

and mentors exist internationally, a study of their membership criteria revealed that the requirements for practitioners who render services to entrepreneurs and small businesses are sometimes confused with the requirements that apply to other categories of practitioners, such as life coaches and mentors (focusing on the individual) and corporate or executive coaches and mentors (focusing on the individual within the organisation).

- The research focus aimed at entrepreneur and small business support practitioners internationally also appears to be focusing on addressing mainly questions of meaningful support provision to entrepreneurs and small businesses (Deakins & Freel, 1998; Wright & Tao, 2001; Sullivan, 2000) rather than on the ability of the practitioner to provide such support.

### 5.3 PROFILE OF RESPONDENTS

#### 5.3.1 Respondents per Province

A total of 83 responses were received. The respondents per province are provided in Table 5.1.

**Table 5.1 Respondents per province**

<b>Province</b>	<b>N</b>	<b>%</b>
Northern Province	23	27.71
Mpumalanga	10	12.05
Gauteng	20	24.10
Northwest Province	0	0
Free State	0	0
Northern Province	0	0
Western Cape	18	21.69
Eastern Cape	9	10.84
Kwazulu/Natal	3	3.61
Total	N = 83	100

Table 5.1 indicates that no responses were received from the following provinces: Northwest, Free State and the Northern Cape. The reason for this is ascribed to the fact that no data of service providers operating in the Northwest province was available. The Northern Cape and Free State provinces had one service provider each with one practitioner per service provider. Both these practitioners failed to respond to the questionnaire that was sent to them.

### 5.3.2 Biographical Data of Respondents

The biographical data is obtained from the first section of the questionnaire and is presented in Table 5.2.

**Table 5.2 Biographical data of respondents**

<b>Biographical details</b>	<b>N</b>	<b>%</b>
<b>Age:</b>		
22 years – 30 years	19	22.89
31 years – 40 years	28	33.73
41 years – 50 years	23	27.71
50+ years	11	13.25
	N= 81	
<b>Gender</b>		
Female	24	29.62
Male	57	70.37
	N= 81	
<b>Race</b>		
African	44	53.01
White	28	33.73
Coloured	10	12.04
	N= 82	
<b>Previous Director/Owner of business</b>		
Yes	45	55.56
No	36	44.44
	N= 81	
<b>Educational Qualifications</b>		
Not Matric/std 10	3	3.61
Matric/std 10	12	14.45
Diploma	16	19.27
Degree	33	39.75
PG Diploma/ Honours Degree	5	6.02
Master's Degree	11	13.25
Doctorate	2	2.40
	N= 82	
<b>Type of Formal Qualifications</b>		
Entrepreneurship	1	1.31
Business management	49	64.47
Practice disciplines	1	1.31
Professional qualifications	14	18.42
Other	11	14.47
	N= 76	
<b>Other Education &amp; Training programmes</b>		
Entrepreneurship	46	22.77
Business Management	64	31.68
Practice Disciplines	64	31.68
	N= 174	

Table 5.2 shows that the majority of respondents (74.69%) are over the age of 30 years and this result seems to indicate that respondents have, in terms of age at least, reached a good level of maturity. Males (70.37%) seem to dominate as support practitioners. The Indian race group was not represented in the study, which might be an indication that this race group has not yet made the support practitioner industry a career focus. The large percentage of African respondents (53.01%) might be a reflection of where the focus of support interventions is in the country. The fact that a large percentage of respondents (44.44%) have neither previous director nor previous owner experience of businesses appears to indicate that these respondents might lack a certain level of work experience which may hamper their effectiveness as support practitioners.

With regard to the educational qualifications of practitioners, Table 5.2 reveals that only 18.06% of respondents do not have a diploma or higher qualification. This result is encouraging as it shows that an effort is made to recruit practitioners who are at least in possession of a tertiary qualification.

It was necessary to distinguish between the different types of qualifications that practitioners possess as the study objective was to measure the entrepreneurial, business management and practice discipline knowledge of practitioners. Entrepreneurship qualifications are diplomas or degrees that have the designation *Entrepreneurship*. Business management qualifications include qualifications within the business management field, for example, Management, Human Resources, Marketing, Financial and Accounting. The practice discipline qualifications are qualifications in the areas of Business Advising, Business Coaching, Business Counselling, Business Consulting and Business Mentoring. Professional qualifications as indicated by respondents are mainly in the areas of Engineering, Information Technology and Project Management. The “Other” qualification type includes the Arts and Humanity disciplines as well as Education. Table 5.2 shows that although respondents appear to be lacking tertiary qualifications in Entrepreneurship and the Practice Disciplines, they might

be making up for this by following other education and training programmes to gain the required knowledge. The number of qualifications indicated in the “Other education and training” category, however, does not refer to the number of respondents with that type of qualification, but rather to the number of qualifications indicated by all respondents in the category. This would then imply that some respondents do not have any qualifications in one or more of the three knowledge areas of entrepreneurship, business management and the practice disciplines.

### 5.3.3 Most Common Practice Categories that Respondents are Known by and their Years of Experience

Support practitioners are known by different labels, which are referred to as practice categories, namely Business Advisor, Business Counsellor, Business Coach, Business Consultant and Business Mentor. Table 5.3 presents the findings of the practice categories that respondents indicated they are most commonly known by as well as their years of experience within each practice category.





**Table 5.3 Most common practice categories and years of experience**

<b>Practice categories and years of experience</b>	<b>N of total respondents (83)</b>	<b>% of total respondents</b>	<b>N of practice category</b>	<b>% of practice category</b>
<b>Business Advisor</b>	<b>58</b>	<b>69.87</b>		
<b>Years of Experience:</b>				
up to 2 years			19	32
3-5 years			15	25.85
6-10 years			18	31.02
11+ years			6	10.33
			N = 58	100
<b>Business Counsellor</b>	<b>17</b>	<b>20.48</b>		
<b>Years of Experience:</b>				
up to 2 years			5	29.41
3-5 years			2	11.76
6-10 years			8	41.18
11+ years			2	11.76
			N = 17	100
<b>Business Coach</b>	<b>15</b>	<b>18.07</b>		
<b>Years of Experience:</b>				
up to 2 years			3	20
3-5 years			6	40
6-10 years			4	26.67
11+ years			2	13.33
			N = 15	100
<b>Business Consultant</b>	<b>29</b>	<b>34.93</b>		
<b>Years of Experience:</b>				
up to 2 years			12	41.38
3-5 years			5	17.24
6-10 years			9	31.05
11+ years			3	10.35
			N = 29	100
<b>Business Mentor</b>	<b>27</b>	<b>32.53</b>		
<b>Years of Experience:</b>				
up to 2 years			5	18.52
3-5 years			13	48.15
6-10 years			5	18.52
11+ years			4	14.81
			N = 27	100

It can be deduced from Table 5.3 that most respondents are known by more than one practice category. The majority of respondents (69.87%), however, appear to be known as Business Advisors, which can be ascribed to the label that was assigned to practitioners attached to Local Business Service Centres and the IBA (Institute of Business Advisors). Since the entry of other service providers to the industry, such as Khula and Business Partners, in the past five years, the label of Business Mentors became more popular and this is reflected in the 66.67% of Mentors that indicated that they have up to 5 years of experience. Table 5.3 also shows that Business Counsellor and Business Coach are not popular labels within the industry. It is unclear, however, whether this result is a reflection on the types of service rendered by these practice categories or only a reflection on the popularity of the particular label. Table 5.3 further shows that the majority of respondents within all practice categories have more than 2 years of experience which should be a positive indication of the ability of practitioners to provide support.

#### 5.3.4 Industry Experience

The industry experience of respondents is presented in Table 5.4.

**Table 5.4 Industry experience of respondents**

Industry	Number of respondents having experience (N=83)	% of total number of responses
Professional services (accounting, consulting, etc.)	35	42.16
Other industry experience	30	36.14
Construction (including all trades)	15	18.07
Retail	15	18.07
Manufacturing (consumer or durable goods)	13	15.66
Hospitality (hotel, tourism, restaurant)	11	13.25
Consumer services (hairdressing, selling, etc.)	9	10.84
Mining, extraction, oil	7	8.43
Transportation	6	7.22
Wholesale	6	7.22

Table 5.4 merely serves a descriptive function to provide an indication of the industry experience of respondents. It is evident that the majority of respondents have experience in the professional industry category (42.16%) as well as experience in the “Other” industry category (36.14%). The “Other” category in Table 5.4 refers to industries or sectors such as education, banking, information technology and telecommunications. Table 5.4 indicates that fewer respondents have experience in the mining industry (8.43%), the transportation industry (7.22%) and the wholesale industry (7.22%). It is not possible, however, to make an adequate deduction of the suitability of respondents to provide support by using the data in Table 5.4 as the study did not focus on the industries within which they currently render services.

#### 5.3.5 Percentage of Time Spent on Different Tasks/Activities

Table 5.5 gives an indication of the percentage of time that respondents spend daily on different tasks/activities.



**Table 5.5 Percentage of time that respondents spend on different tasks/activities**

Task/activity	% of time spent on each task/activity								Total number of responses per category	
	1-15%		16-30%		31-50%		51+%		N	% of total sample n= 83
	N	%	N	%	N	%	N	%		
Advising clients	25	33.78	25	33.78	16	21.62	8	10.18	74	89.15
Report writing	63	90	7	10					70	84.33
Referral of clients (e.g. signposting)	50	76.92	15	23.07					65	78.31
Business planning	44	69.84	15	23.80	4	6.34			63	75.90
Visiting businesses (clients)	51	80.95	10	15.87	2	3.17			63	75.90
Research	42	70	18	30					60	72.28
Meeting attendance	51	87.93	7	12.06					58	69.87
Interviewing clients	48	84.21	8	14.03			1	1.75	57	68.67
Evaluating business plans and reports	52	91.22	4	7.01	1	1.75			57	68.67
Presenting training programmes	30	68.18	13	29.54			1	2.27	44	53.01
Supervision of peers	32	86.48	4	10.81			1	2.70	37	44.57
Turnaround activities	28	96.55	1	3.45					29	34.93
Doing due diligence investigations	25	100							25	30.12
Other	4	30.76	3	23.07	3	23.07	3	23.07	13	15.66

The percentages as indicated under the “% of time” category in Table 5.5 are calculated from the number of respondents for that particular task/activity category. The percentages that are indicated in the last column are calculated from the total number of respondents in the sample.

Table 5.5 provides an indication of the number of respondents from the total sample and the amount of time they spend on the different tasks/activities (last two columns). Table 5.5 also gives an indication of the percentage of time respondents spend on different tasks/activities. The data on the different tasks or activities that respondents spend their time on reflects the nature of their work. Table 5.5 indicates that respondents have a wide spread of tasks/activities that they spend time on. Other than the advising category, where 21.62% of respondents indicated that they spend almost half their time on this task/activity, none of the other tasks/activities appear to dominate the time of respondents. The data also indicates that respondents might be more generalists than specialists and thus the lack of domination of a particular task/activity. Table 5.5 shows that although the response rate per task/activity category is generally over 50%, fewer respondents spend time doing due diligence investigations (44.56%), supervision of peers (34.93%) and turnaround activities (34.93%).

#### 5.3.6 Percentage of Time Spent on Different Practice Disciplines

The percentage of time that respondents spend on the different practice disciplines is indicated in Table 5.6.

**Table 5.6 Number of responses and the percentage of time that they spend on the different practice disciplines**

Task/activity	% of time (total daily activity) spent on each task/activity								Total number of responses per category	
	1-15%		16-30%		31-50%		51+%		N	% of total sample n= 83
	N	%	N	%	N	%	N	%		
Advising	16	20.77	34	44.15	20	25.97	7	9.09	77	92.77
Counselling	25	35.71	33	47.14	10	14.28	2	2.85	70	84.33
Coaching	36	49.31	21	28.76	13	17.80	3	4.10	73	87.95
Consulting	21	33.87	30	48.38	8	12.90	3	4.83	62	74.69
Mentoring	24	35.29	33	48.52	7	10.29	4	5.88	68	81.92

Table 5.6 provides an indication of the number of respondents from the total sample and the amount of time they spend on the different practice disciplines (last two columns). Table 5.6 also gives an indication of the percentage of time respondents are spending on the different practice disciplines. The percentages as indicated under the “% of time” category in Table 5.5 are calculated from the number of respondents for that particular task/activity category. The percentages as indicated in the last column are calculated from the total number of respondents in the sample.

Most of the respondents (92.77%) spend time on advising and fewer respondents (74.69%) spend time on consulting. Respondents who indicated that they spend time on advising, counselling and coaching seem to be spread mainly over the first three percentage categories. Respondents who indicated that they spend time on consulting and mentoring seem to be concentrated on the first two percentage categories. This result indicates that a higher number of respondents spend more time on the practice disciplines, advising, counselling and coaching

than on consulting and mentoring, especially if the spread of respondents within the different percentage time categories is taken into account.

#### 5.4 PROFILE OF COMPANIES SEEKING ASSISTANCE

The type of companies that seek assistance from support practitioners as well as the complexity of problems that they experience determines the knowledge competencies that are required for meaningful support. This section provides a description of the types of businesses respondents are dealing with.

##### 5.4.1 Frequency with which Respondents Deal with Different Types of Businesses

Question 15.2 required respondents to indicate how often they deal with different types of businesses. The results are presented in Table 5.7.

**Table 5.7 Frequency with which responses deal with different types of businesses**

Business Type	Frequency of contact							
	Most often		Often		Rarely		Very rarely	
	N	%	N	%	N	%	N	%
Pre-start ventures	36	43.37	19	22.89	13	15.66	8	9.63
Start-up ventures	38	45.78	21	25.30	11	13.25	1	1.20
Growth companies	11	13.25	34	40.96	25	30.12	5	6.02
Mature companies	7	8.43	21	25.30	25	30.12	20	24.09
Companies experiencing some type of trouble	20	24.09	29	34.93	15	18.07	10	12.04
Total (n only)	112		124		89		44	

Table 5.7 seems to indicate that respondents deal more with pre-start companies, start-up companies and companies experiencing some type of trouble. Respondents appear to deal less with mature and growth companies.

This result may be a reflection of initiatives in the country with regard to new venture creation. It appears, however, that support practitioners might have a limited impact on the reduction of failure rates of start-up as they do not seem to focus enough on assisting companies to grow (see Table 5.7).

#### 5.4.2 Types of Problems that Companies Experience which Seek Assistance

The types of problems that companies experience which seek assistance from support practitioners has an influence on the knowledge that they should possess. Table 5.8 presents the type of problems that companies experience when they seek assistance from support practitioners as well as the frequency of contact these companies have with practitioners.

**Table 5.8 Problems and frequency of contact with companies seeking assistance**

Types of problems	Frequency of contact							
	Most often		Often		Rarely		Very rarely	
	N	%	N	%	N	%	N	%
Funding	56	67.46	10	12.04	2	2.40	6	7.22
Marketing	25	30.12	31	37.34	15	18.07	5	6.02
Business Planning	43	51.80	25	30.12	5	6.02	2	2.40
Human Resources	7	8.43	28	33.73	25	30.12	14	16.86
Cash Flows	40	48.19	22	26.50	10	12.04	4	4.81
Product Development	9	10.84	23	27.71	25	30.12	17	20.48
Financial Management	34	40.96	29	34.93	6	7.22	5	6.02

The results reflected in Table 5.8 show that respondents are mostly required to render services in the areas of funding, marketing, business planning, cash flows and financial management. This result seems to confirm the deduction that respondents render mostly professional types of services to clients. The results



in Table 5.8 also show that respondents are approached less to provide services in the areas of human resources and product development than to deal with other types of company problems. This result also appears to confirm that respondents are required to function more as generalists than specialists.

## 5.5 ENTREPRENEURIAL KNOWLEDGE OF RESPONDENTS

Section two of the questionnaire focuses on measuring entrepreneurial knowledge. The following constructs emanating from the questionnaire are used to discuss the entrepreneurial knowledge of respondents:

- entrepreneurial considerations;
- entrepreneurial characteristics;
- knowledge of screening tools and methodologies;
- knowledge of factors/elements of viability.

### 5.5.1 Entrepreneurial Considerations

Question 13 required the respondents to provide reasons why they would either consider or not consider the individual mentioned in the case study as an entrepreneur. The different category responses were divided into positive and negative considerations and are provided in Table 5.9. These considerations are the motivations that respondents provided for either considering or not considering the individual as indicated in the case study as entrepreneurial.

**Table 5.9 Reasons for considering/not considering the individual as entrepreneurial**

Positive considerations			Negative considerations		
	N	%		N	%
Ability to identify business opportunities	30	18.07	Indecision	33	19.88
Possession of potential for development or training	24	14.46	Lack of focus	13	7.83
Desire to try	19	11.45	Political motivation	10	6.02
Leadership qualities	13	7.83	Opportunistic (as opposed to looking for opportunities)	9	5.42
			Lack of initiative/passion	6	3.61
			Unrelated work history	4	2.41
			Non-ability to make a contribution	3	1.81
			Available business options not related to experience	2	1.20
N	86			80	

The percentages indicated were calculated from the number of responses for each individual category against the total number of responses. The fact that more negative than positive considerations were mentioned can possibly be ascribed to the nature of the case study.

Most of the positive responses mentioned were based on the individual's ability to identify business opportunities, while the most negative responses were based on the indecision of the individual. Although the responses in Table 5.9 provide some indication of the considerations that respondents regard as entrepreneurial, it must be remembered that the responses are based on the case study. The entrepreneurial considerations, "political motivation" and "opportunistic", scored the third and fourth highest out of the nine negative consideration categories. It appears from this result that respondents do not regard individuals who enter into

business by using political contacts (as depicted in the case study) as entrepreneurial. The opportunistic behaviour in such situations appears also to be viewed in a negative light.

### 5.5.2 Knowledge of Entrepreneurial Characteristics

The possession of entrepreneurial characteristics ensures that individuals exhibit the required behaviours for successful venture development. Support practitioners who are knowledgeable of what characteristics are required would be able to provide meaningful support to entrepreneurs and small business owners. Responses were coded into seven categories which were derived from the Timmons (1999:221) discussion on the “Six Dominant Themes of Entrepreneurial Characteristics”. These themes and their corresponding attitudes and behaviour as discussed by Timmons (1999:221) are:

1. Commitment and determination – tenacity and decisiveness, able to de-commit/commit quickly; discipline; persistence in solving problems; willingness to undertake personal sacrifice; total immersion;
2. Leadership – self-starter; high standards; team builder and hero maker; integrity and reliability; superior learner and teacher; patience and urgency;
3. Opportunity obsession – having intimate knowledge of customer’s needs; market driven; obsessed with value creation and enhancement;
4. Tolerance of risks, ambiguity, and uncertainty – calculated risk taker; risk minimizer; risk sharer; tolerance of uncertainty and lack of structure; tolerance of stress and conflict; ability to resolve conflict and integrate solutions;
5. Creativity, self-reliance, and ability to adapt – non-conventional, open minded, lateral thinker; restlessness with status quo; ability to adapt and change; ability to learn quickly; lack of fear of failure; ability to conceptualize;

6. Motivation to excel – goal-and-results orientation; drive to achieve and grow; low need of status and power; interpersonally supporting; aware of weaknesses and strengths; having perspective and sense of humour.

Table 5.10 depicts the responses to each of the identified entrepreneurial characteristics which respondents regarded as entrepreneurial.

**Table 5.10 Number of times entrepreneurial characteristics were mentioned per practice category**

Entrepreneurial Characteristics	Practice categories										N responses per characteristic	
	Business Advisor		Business Counsellor		Business Coach		Business Consultant		Business Mentor		N	%
	N	%	N	%	N	%	N	%	N	%		
Commitment & determination	31	24.03	11	24.44	15	32.60	23	34.85	16	25	96	27.42
Leadership	6	4.65	2	4.44	4	8.69	5	7.58	6	9.38	23	6.57
Opportunity obsession	14	10.85	5	11.11	5	10.61	7	10.61	9	14.06	40	11.42
Risk taking	17	13.18	8	17.77	5	10.86	7	10.61	8	12.50	45	12.85
Creativity/ adaptability	17	13.18	4	8.88	4	8.69	5	7.58	4	6.25	34	9.71
Achievement motivation	16	12.40	9	20	8	17.39	7	10.61	8	12.50	48	13.71
Other	28	21.71	6	13.33	5	10.86	12	18.18	13	20.31	64	18.28
Totals	129		45		46		66		64		350	

The percentages within each response category were calculated against the total number of responses per column. The “other” category included characteristics mentioned by respondents which could not be coded into the six categories as identified by Timmons (1999), such as saving money to start a business, attending a training course and the ability to do financial calculations.

Table 5.10 shows that the responses per category generally appear to be low especially if the total number of respondents is measured against the number of the responses per category. Characteristics that fall within the commitment and determination category were mentioned most for all practice categories. Leadership characteristics were least mentioned for all practice categories. This result can be a reflection of respondents’ interpretation of the case study or might also be ascribed to the fact that leadership is not really regarded as an entrepreneurial characteristic by respondents.

Table 5.10 shows that the response per category generally appears to be low especially if the total number of respondents (n=83) is measured against the number of the responses per category. This was an open-ended question, which means that respondents were not limited to indicating only one characteristic. The results seem to show that some respondents were either unable to identify more than one characteristic or more than one characteristic type and thus a deduction can be made that respondents appear to have limited knowledge of characteristics associated with being entrepreneurial.

### 5.5.3 Knowledge of Screening Tools/Methodologies

Knowledge of screening tools and methodologies is an indication of the practitioner’s ability to evaluate the client’s entrepreneurial potential as well as the nature and complexity of problems that their clients are facing. Knowledge of intervention methodologies enables the practitioner to determine an appropriate intervention approach and structure. Table.5.11 depicts the type of screening

tools/methodologies as identified by respondents and the different categories indicate the focus of these screening tools/methodologies.

**Table 5.11 Types of screening tool mentioned by respondents within the different practice categories**

Type of screening tool	Practice categories										N responses	
	Business Advisor		Business Counsellor		Business Coach		Business Consultant		Business Mentor		N	%
	N	%	N	%	N	%	N	%	N	%		
Screening tools/ methodologies (entrepreneur focused)	19	24.05	7	25	6	27.27	7	15.55	9	22.50	48	22.42
Idea/opportunity/ business/viability screening	3	3.80	1	3.57	1	4.55	-		3	7.50	8	3.73
SWOT/problem solving	8	10.13	3	10.71	2	9.09	4	8.88	4	10	21	9.81
Industry/market/ customer focus	18	22.78	6	21.43	5	22.73	14	31.11	10	25	53	24.76
Financial focus	10	12.66	2	7.14	-	-	8	17.77	3	7.5	23	10.74
Product/service focus	4	5.06	1	3.57	1	4.55	3	6.66	2	5	11	5.14
Common sense	2	2.53	-	-	-	-	2	4.44	1	2.50	5	2.33
Feasibility studies	4	5.06	1	3.57	1	4.55	2	4.44	-	-	8	3.73
Business planning	7	8.86	6	21.43	5	22.73	4	8.88	5	12.5	27	12.61
Other types of screening tools/methodologies	4	5.06	1	3.57	1	4.55	1	2.22	3	7.57	10	4.67
Totals	79		28		22		45		40		214	



The percentages within each response category were calculated against the total number of responses per column. Table 5.11 shows that respondents mostly mentioned screening tools or methodologies that focus on the industry/market/customer (24.76%), entrepreneur (22.42%) and business planning (12.61%). Lower responses for the screening tools/methodologies that focus on the idea/opportunity, product/services as well as feasibility studies were mentioned overall as well as within the different practice categories. The type of screening tools/methodologies mentioned by respondents could possibly have been influenced by the nature of the case study although the question required them to indicate the characteristics they regard as entrepreneurial.

#### 5.5.4 Knowledge of Factors/Elements of Viability

Question 13.4 required respondents to describe three key factors or elements that they would consider as crucial in the evaluation of viability. Responses were coded into eight categories which were derived from the Venture Opportunity Profile Criteria as discussed by Timmons (1999:119):

1. Industry/Markets (screening of the market, market structure, market size, growth rate, market capacity, market share and cost structure);
2. Economics (includes profits after tax, ROI potential, capital requirements, internal rate of return potential, free cash flow characteristics, sales growth, asset intensity, gross margins, time to breakeven – cash flow, time to breakeven – Profit and Loss);
3. Harvest Issues (value-added potential, valuation multiples and comparables, exit mechanism and strategy, capital market context);
4. Competitive Advantage issues (fixed and variable costs, control over costs, prices and distribution, barriers to entry, response/lead time, legal issues, contractual advantage, contacts and networks, key people);
5. Management Team (entrepreneurial team, industry and technical experience, integrity, intellectual honesty);

6. Fatal Flaw issues;
7. Personal criteria (goals and fit, upside/downside issues, opportunity costs, desirability, risk/reward tolerance, stress tolerance);
8. Strategic differentiation (degree of fit, team, service management, timing, technology, flexibility, opportunity orientation, pricing, distribution channels, room for error).

Table 5.12 depicts the responses with regard to factors and elements of viability identified by respondents.

**Table 5.12 Number of times the different factors/elements of viability were mentioned by respondents within the different practice categories**

Factors/ elements of viability	Practice category										N responses	
	Business Advisor		Business Counsellor		Business Coach		Business Consultant		Business Mentor		N	%
	N	%	N	%	N	%	N	%	N	%		
Industry & Markets	32	28.57	10	29.41	9	27.27	17	28.81	14	22.58	82	27.33
Economics	23	20.53	5	14.70	6	18.18	10	16.94	12	19.35	56	18.67
Harvest issues	-	-	-	-	-	-	-	-	-	-	-	-
Competitive advantage issues	31	27.67	7	20.58	7	21.21	11	18.64	12	19.35	68	22.67
Management team	5	4.46	3	8.82	1	3.03	2	3.38	3	4.83	14	4.67
Fatal flaw issues	1	0.89	-	-	-	-	1	1.69	1	1.69	3	1
Personal criteria	12	10.71	1	2.94	2	6.06	3	5.08	6	9.67	24	8
Strategic differentiation	8	7.14	8	23.52	8	24.24	15	25.42	14	22.58	53	17.67
Total	112		34		33		59		62		300	

The percentages within each response category were calculated against the total number of responses per column. Table 5.12 indicates that no responses were received in the category “harvest issues” and that very few responses were also received in the categories “fatal flaw issues”, “management team” and “personal criteria”. This result might be a reflection of the knowledge level of respondents with regard to factors/elements of viability but it is also possible that respondents were influenced by the nature of the case study which might have highlighted certain factors/elements more than others.

## 5.6 BUSINESS MANAGEMENT KNOWLEDGE OF RESPONDENTS

This study sought to measure the business management knowledge of respondents by measuring their knowledge of business plan elements (question 13.5) as well as their knowledge of the functions of the business plan (question 13.6). Each is reported in the following paragraphs.

### 5.6.1 Knowledge of Business Plan Elements

Question 13.5 required respondents to indicate which major elements they would include in the business plan. A total of 419 responses were received for this question. The different responses were content analysed and then coded into eight categories. These categories were compiled from relevant literature (Timmons, 1999:374; Wickham, 2001:192; Hisrich & Peters, 2002:232). Table.5.13 depicts the business plan element responses.

**Table 5.13 Major business plan elements as identified by respondents**

Business plan elements	Practice category										N responses	
	Business Advisor		Business Counsellor		Business Coach		Business Consultant		Business Mentor		N	%
	N	%	N	%	N	%	N	%	N	%		
Industry analysis	5	3.16	-		1	2.04	5	6.02	3	3.94	14	3.34
Description of venture	20	12.65	7	13.20	5	10.20	5	6.02	8	10.52	45	10.73
Operation/ production planning	11	6.96	5	9.43	5	10.20	8	9.63	9	11.84	38	9.06
Organisational planning	13	8.22	6	11.32	9	18.36	11	13.25	8	10.52	47	11.21
Marketing	43	27.21	14	26.41	11	22.44	23	27.71	17	22.36	108	25.77
Risk assessment	12	7.59	5	9.43	3	6.12	6	7.22	6	7.89	32	7.63
Financial viability	47	29.74	14	26.41	11	22.44	23	27.71	20	26.31	115	27.44
Other	7	4.43	2	3.77	4	8.16	2	2.40	5	6.57	20	4.77
N	158		53		49		83		76		419	

Table 5.13 provides an indication of the number of responses for each business plan element within each of the practice categories. The percentages within each response category were calculated against the total number of responses per column.

The results depicted in Table 5.13 show that the majority responses for the group were received for the categories financials (27.44%) and marketing (25.77%). Financials refer to elements such as cash flows and costing issues while marketing includes elements such as advertising and customer issues. Very low responses were received for the other business plan element categories and this might be an indication that respondents either do not consider the whole range of business plan elements as discussed in the literature or might lack knowledge with regard to business plan elements.

#### 5.6.2 Knowledge of Business Plan Functions

The respondents were requested in question 13.6 to indicate what they regard as the functions of the business plan. A total of 238 responses were received for this question. Responses were content analysed and then coded in five categories. These coding categories were derived from relevant literature (Wickham, 2001:191; Hisrich & Peters, 2002:225). Table 5.14 depicts the business plan functions as mentioned by respondents.

**Table 5.14 Key functions of a business plan as perceived by respondents**

Business plan functions	Practice category										N responses	
	Business Advisor		Business Counsellor		Business Coach		Business Consultant		Business Mentor		N	%
	N	%	N	%	N	%	N	%	N	%		
Determine viability	12	11.42	3	10.34	4	14.81	5	11.90	9	22.50	33	13.58
Guidance in organisation planning/serve as analysis tool	41	39.04	13	44.82	9	33.33	20	47.61	13	32.50	96	39.51
Financing tool	22	20.95	5	17.24	6	22.22	6	14.28	6	15	45	18.52
Communication tool	28	26.66	6	20.68	7	25.92	10	23.80	10	25	61	25.10
Other	2	1.90	2	6.89	1	3.70	1	2.38	2	5	8	3.29
N	105		29		27		42		40		243	

Table 5.14 indicates the percentages of each response category which were derived from the total number of responses per column. The function that was mentioned most by respondents was the business plan being used for organisation planning and an analysis tool (39.50% of responses). Each of the different practice categories also reflect a higher response for this business plan function as against the other functions mentioned. The category, “guidance in organisation planning and analyses tool”, includes elements such as the business plan serving as a route map or direction indicator of the organisation’s performance.

The fact that the other business plan function elements received such relatively low responses suggests that respondents might either lack knowledge with regard to the range of business plan functions or consider the function of a business plan in a limited sense.

## 5.7 KNOWLEDGE OF PRACTICE DISCIPLINES

The different practice disciplines are defined in Chapter Three and refer to Advising, Counselling, Coaching, Consulting and Mentoring. Table 5.6 shows that respondents spend time on all the different practice disciplines. This is not an indication, however, of whether respondents actually possess the required level of knowledge of the different practice disciplines. The results with regard to the education and training qualifications (Table 5.2) already showed that respondents might lack knowledge of the practice disciplines. This section presents the results of the responses to the questions on assigned roles/tasks, methodologies followed to determine the nature of the company’s problems, advice offered to clients and reasons for either following or not following a particular practice discipline approach.



### 5.7.1 Roles and Tasks Assigned to Clients

Question 13.7 required respondents to indicate what roles and tasks they would assign to the “client” mentioned in the case study. Table.5.15 depicts the different roles and tasks that respondents indicated they would assign to the clients mentioned in the case study.

**Table 5.15 Roles/Tasks to be executed as mentioned by respondents within the different practice categories**

Type of roles/tasks that are assigned to clients	Practice category										N = Number of responses	
	Business Advisor		Business Counsellor		Business Coach		Business Consultant		Business Mentor		N	%
	N	%	N	%	N	%	N	%	N	%		
Client to write business plan	5	7.93	-	-	2	11.11	4	12.12	1	3.70	12	7.54
Client to do market research	21	33.33	3	16.66	4	22.22	9	27.27	7	25.92	44	27.67
Financial or budget focus	6	9.52	1	5.55	1	5.55	3	9.09	2	7.40	13	8.18
Management/HR focus	-		1	5.55	-		-		-		1	0.63
Client to seek clarity on business idea	5	7.93	1	5.55	1	5.55	4	12.12	1	3.70	12	7.55
Client to do evaluation of strengths and weaknesses	8	12.69	2	11.11	1	5.55	3	9.09	2	7.40	16	10.06
Client to do training	12	19.04	5	27.77	3	16.66	8	24.24	6	22.22	34	21.38
Client and practitioner to tackle issues together	5	7.93	5	27.77	6	33.33	2	6.06	6	22.22	24	15.09
Other	1	1.58	-		-		-		2	7.40	3	1.89
N	63		18		18		33		27		159	

Table 5.15 indicates the percentages of each response category which were derived from the total number of responses per column. Table 5.15 indicates that the type of roles/tasks mentioned most by respondents falls in the categories that require clients to do market research (27.67% of all responses) and clients to do training/obtain more information (21.38% of all responses). The low response in the category, “client and practitioner to tackle issues together” (15.09% of all responses), seems to indicate that respondents do not naturally resolve problems jointly with clients. This result seems to contradict the high percentage of respondents (see Table 5.6) who indicated that they spend time on the different practice disciplines such as Coaching (87.95%), Counselling (84.33%), Mentoring (81.92%) and Consulting (74.69%). Each of these practice disciplines requires some form of engagement with clients.

#### 5.7.2 Knowledge of Methodologies to Determine the Nature of Problems that Companies Experience

Question 14.1 required respondents to indicate what methodology they would use to determine the nature of the company’s problems mentioned in the second case study. The focuses of the methodologies mentioned by respondents are depicted in Table 5.16.

**Table 5.16 Methodologies mentioned by respondents when determining a company's problems**

Types of Methodologies	Practice category										N responses	
	Business Advisor		Business Counsellor		Business Coach		Business Consultant		Business Mentor		N	%
	N	%	N	%	N	%	N	%	N	%		
Financial/budget focus	15	17.85	6	31.57	6	27.27	9	20.93	5	22.72	41	21.58
Customer/ market/sales focus	8	9.52	1	5.26	3	13.63	7	16.27	3	13.63	22	11.58
Production focus	5	5.95	1	5.26	2	9.09	3	6.97	3	13.63	14	7.37
Internal HR focus	8	9.52	2	10.52	1	4.54	8	18.60	2	9.09	21	11.05
Business planning focus	4	4.76	2	10.52	2	9.09	4	9.30	3	13.63	15	7.89
Lead entrepreneur/team focus	8	9.52	1	5.26	2	9.09	5	11.62	3	13.63	19	10
Quality assurance focus	8	9.52	1	5.26	-	-	2	4.65	-	-	11	5.78
Historical analyses	19	22.61	3	15.78	4	18.18	5	11.62	2	9.09	33	17.37
Location focus	1	1.19	-	-	1	4.54	-	-	-	-	2	1.05
Other methodologies	8	9.52	2	10.52	1	4.54	-	-	1	4.54	12	6.32
N	84		19		22		43		22		190	

Table 5.16 indicate the percentages of each response category which were derived from the total number of responses per column. The responses as indicated in Table 5.16 show a bias for using methodologies that have a finance or budgetary focus (21.58%) as well as a focus on historical analyses (17.37%). The same corresponding results with regard to these two categories are also reflected within each of the practice categories. Fewer responses were indicated for the categories that focus on the internal organisational issues such as production (7.37%), business planning (7.81%) and quality assurance (5.78%). The results indicate that respondents might focus on only specific or a limited range of areas when attempting to determine the nature of a company's problems. This result also seems to correlate with the deduction made in paragraph 5.2.4 that respondents appear mostly to be providing professional services due to their industry experience. This type of service also seems to be more in line with the practice disciplines of Advising and Consulting.

### 5.7.3 The Provision of Advice to Clients

Question 14.3 required respondents to indicate what advice they would provide to the clients as presented in the case study. Responses were grouped into eight categories that were arbitrarily derived. The types of advice are depicted in Table 5.17.

**Table 5.17 Types of advice provided by respondents within the different practice categories**

Type of advice offered to clients	Practice category										N responses	
	Business Advisor		Business Counsellor		Business Coach		Business Consultant		Business Mentor		N	%
	N	%	N	%	N	%	N	%	N	%		
Strategic planning focus	28	36.36	6	42.85	5	41.66	12	31.57	11	39.28	62	36.69
Client/ market focus	4	5.19	-		-		3	7.89	1	3.57	8	4.73
Production focus	6	7.79	1	7.14	1	8.33	8	21.05	4	14.28	20	11.83
Financial focus	8	10.38	-		-		3	7.89	1	3.57	12	7.10
Quality focus	12	15.58	2	14.28	1	8.33	6	15.78	4	14.28	25	14.79
Internal HR focus	12	12.58	2	14.28	1	8.33	4	10.52	2	7.14	21	12.43
Resources focus	1	1.29	2	14.28	1	8.33	1	2.63	2	7.14	7	4.14
Other	6	7.79	1	7.14	3	25	1	2.63	3	10.71	14	8.28
N	77		14		12		38		28		169	

Table 5.17 indicates the percentages of each response category which were derived from the total number of responses per column. The type of advice as indicated in the table is related to the case study problem. Advice that has a quality focus was mentioned second highest (14.29% of all responses) while Table 5.16 reflects that respondents mentioned fewer methodologies that have a quality focus when determining the nature of a company's problems. The dichotomy in the answers can possibly be ascribed to the fact that some respondents might just have chosen to mention only one or two of the most common type of methodologies that they use. This result seems to indicate that respondents are possibly able to spot quality assurance problems.

Table 5.17 shows that the majority responses were to provide advice that was in the area of strategic planning. Table 5.17 also shows a low response rate for the other categories of this question, such as client/market focus (4.73%), financial focus (7.10%) and resources focus (4.14%). This can possibly also be ascribed to respondents limiting their answers to only one or two responses rather than the later mentioned responses being a reflection of the lack of ability of respondents to offer appropriate advice to clients. This deduction is supported by the higher responses for methodologies mentioned by respondents of a financial and client/market focus as indicated in Table 5.16.

#### 5.7.4 Likelihood of Respondents Following a Particular Practice Discipline

Question 14.4.1 – 14.4.5 requested that respondents indicate the likelihood of their following a particular practice discipline approach with the clients as mentioned in the case study. Table 5.18 presents the results of the likelihood of respondents following a particular practice discipline.

**Table 5.18 Likelihood of respondents following a particular practice discipline approach**

Practice discipline	Likelihood of following practice discipline approach							
	Very likely		Somewhat Likely		Somewhat Unlikely		Very unlikely	
	N	%	N	%	N	%	N	%
Advising	45	54.21	19	22.89	3	3.61	8	9.63
Coaching	25	30.12	24	28.91	7	8.43	19	22.89
Counselling	33	39.75	23	27.71	9	10.84	10	12.04
Consulting	33	39.75	20	24.09	5	6.02	15	18.07
Mentoring	36	43.37	19	22.89	9	10.84	8	9.63

Table 5.18 shows that respondents are more likely to follow an Advising approach than any of the other practice disciplines. This result seems to confirm the findings in paragraph 5.6.1 and 5.6.2, which indicated that respondents appear to be functioning more as Business Advisors than any of the other practice categories. Although Table 5.10 indicates that respondents are also likely to follow any of the other practice disciplines, none of the results thus far appear to support whether respondents have knowledge of the other practice disciplines.

#### 5.7.5 Reasons for Following/Not Following a Particular Practice Discipline when Dealing with Clients

The motivations that respondents provide for following or not following a particular practice discipline approach are an indication that the practitioner knows which circumstances best suit a particular approach. This knowledge allows the practitioner to provide meaningful and relevant support. Table 5.19 presents the reasons that respondents provided for either following or not following a particular practice discipline approach in providing assistance to the



clients as mentioned in the case study. The responses were coded into seven categories:

- Approach assists to address specific problems;
- Approach assists with development/re-skilling /handholding;
- Approach allows for joint exploration of solutions/alternatives;
- Approach can be used with other practice disciplines;
- Not appropriate approach to follow in this situation;
- Client not ready for approach;
- Practitioner unable to provide this service.

**Table 5.19 Reasons for following/not following a particular practice discipline approach**

Practice disciplines	Reasons for following or not following practice discipline													
	Approach assists to address specific problems		Approach assists with Development/ re-skilling/ hand-holding		Approach allows for joint exploration of solutions/ alternatives		Approach can be used with other practice disciplines		Not appropriate approach to follow for this situation		Client not ready for approach		Practitioner unable to provide this service	
	N	%	N	%	N	%	N	%	N	%	N	%	N	%
Advising	48	57.83	2	2.40	4	4.81	3	3.61	0	0	0	0	0	0
Coaching	19	22.89	16	19.27	7	8.43	2	2.40	13	15.66	6	7.22	2	2.40
Counselling	30	36.14	7	8.43	12	14.45	0	0	8	9.63	2	2.40	2	2.40
Consulting	38	45.78	2	2.40	4	4.81	1	1.20	12	14.45	0	0	1	1.20
Mentoring	21	25.30	2	2.40	16	19.27	3	3.61	8	9.63	4	4.81	1	1.20

The following deductions are made from the data in Table 5.19:

- Most responses indicated as reasons for following a particular practice discipline approach were in the advisor category, namely, approach assists to address specific problems. The response category, assists to address specific problems, also scored a larger response compared to the other response categories which can be an indication that practitioners are of the view that all the practice disciplines can assist to address specific entrepreneurial and business management problems;
- Coaching and mentoring are more development focused. Thus it was expected that the response category, approach assists with development/re-skilling/handholding, should have attracted more responses for the practice disciplines coaching and mentoring. The low responses for the mentoring practice discipline with regard to the response category, development/re-skilling/handholding, seem to indicate that respondents do not view mentoring as a development intervention;
- Coaching, counselling and mentoring have more to do with the involvement of the client in exploring alternatives and solutions. Thus a higher response rate in the response category, approach allows for joint exploration of alternatives and solutions were expected for the practice disciplines coaching, counselling and mentoring. The data in Table 5.19 fairly confirms this expectation;

The results in Table 5.19 indicate that although support practitioners might be cognisant to involve clients in the problem solving process, practitioners appear not to fully understand what the objective of each practice discipline is and might lack adequate knowledge of the practice disciplines to apply them appropriately to specific problem situations.

## 5.8 RESULTS OF STATISTICAL ANALYSES

The statistical analyses assisted with the testing of the hypotheses. The hypotheses seek to measure:

- the importance that support practitioners attach to different business issues (Ho1 – Ho3);
- the frequency of contact that support practitioners have with different venture types (Ho4 – Ho6);
- the frequency that support practitioners deal with different company problems (Ho7 – Ho9).

The hypotheses also seek to measure whether differences exist among support practitioners:

- for the total group (Ho1; Ho4; Ho7);
- between the different practice categories (Ho2; Ho5; Ho8);
- within each of the practice categories (Ho3; Ho6; Ho9).

The measurement of the different hypotheses was done by applying two statistical tests:

- Friedman two-way analysis test, which measured differences among the total group as well as differences within each of the practice categories;
- Kruskal-Wallis test which measured differences between the practice categories.

The statistical tests also served to determine the ranking of the different variables for the total group as well as within the categories.

### 5.8.1 Ranking The Importance Of Different Business Issues To The Venture

This section presents the results of the tests applied to measure differences in responses of the support practitioners' ranking of important business issues for

the total group, between the practice categories and within each practice categories.

#### 5.8.1.1 Testing for differences within the total group and their ranking of important business issues

The null hypothesis,  $H_0$ : All business issues are ranked with similar importance (no difference) by support practitioners (total group), is focused on in this section.

**Table 5.20 Means, standard deviations, rankings and significant differences of business issues in terms of importance (total group)**

Business issues	n	mean	Std dev	ranking	Differences between ranked business issues									
					1	2	3	4	5	6	7	8		
Customers	71	3.80	0.435	1										
Business plan	71	3.72	0.512	2										
Product/service of the company	71	3.66	0.631	3										
The entrepreneur/ team	71	3.54	0.694	4										
Making money	71	3.41	0.838	5										
Relationships within the company	71	3.39	0.707	6	*									
Funding	71	3.27	0.774	7	*	*								
Competition	71	3.14	0.883	8	*	*	*							
					* - indicates significance at 95% on how support practitioners rank business issues									

Table 5.20 indicate that support practitioners as a total group ranked customers as the most important business issue and competition as the least important business issue. Table 5.20 shows that significant differences at the 95% level (see also Table 5.22) were found on how support practitioners as a group ranked the following business issues in terms of importance:

- customers as a business issue is ranked significantly more important compared to the business issues, relationships within the company, funding and competition;
- business plan as a business issue is ranked significantly more important compared to the business issues, funding and competition;
- products/services as a business issue is ranked significantly more important compared to the business issue, competition.

Table 5.20 also indicate significant differences at the 95% level (see also Table 5.22) of how support practitioners as a group view the importance of the business plan compared to funding and competition.

Significant differences at the 95% level is also indicated in Table 5.20 (see also Table 5.22) of how support practitioners as a total group view the importance of the business issue products/services compared to competition.

#### 5.8.1.2 Testing for differences within and between the practice categories and their ranking of important business issues

This section focuses on the null hypotheses:

- Ho2: All business issues are ranked with similar importance (no difference) by the different practice categories
- Ho3: All business issues are ranked with similar importance (no difference) by the different practice categories

**Table 5.21 Ranking of business issues per practice category (where 1 is most important and 8 is least important)**

Business issues	Practice categories				Ranking for Total group
	Business Advisor	Business Counsellor & Coach	Business Consultant	Business Mentor	
Funding	8	6	7	3	7
Business plan	3	4	2	2	2
Products/ services	2	1	4	5	3
Relationships	6	7	6	6	6
Making money	4	5	2	7	5
The entrepreneur/ team	5	2	5	3	4
Customers	1	3	1	1	1
Competition	7	8	8	8	8

Table 5.21 indicate that all practice categories, except business counsellor and coach, ranked customers as the most important business issue. Table 5.21 shows that the business mentor category view funding as a more important business issue than any of the other practice categories. The business mentor category also differs with the total group in the ranking of funding as an important business issue. Table 5.21 further shows some agreement in the ranking of competition and relationships within the company as important business issues which seem to suggest that these business issues are viewed by support practitioners as less important.



**Table 5.22 Comparisons of the means and standard deviations of important business issues within and between the practice categories**

Business issues	Means and Standard deviations per practice category								Kruskal-Wallis	P-values between groups
	Business Advisor		Business Counsellor/ Coach		Business Consultant		Business Mentor			
	n	mean (std dev)	n	mean (std dev)	n	mean (std dev)	n	mean (std dev)		
Funding	27	3.11 (0.847)	7	3.14 (0.690)	12	3.25 (0.621)	26	3.45 (0.779)	4.30	0.2307
Business Plan	27	3.74 (0.446)	7	3.29 (0.756)	12	3.67 (0.651)	26	3.83 (0.381)	5.63	0.1309
Products/ services	27	3.78 (0.506)	7	4.00 (0.000)	12	3.67 (0.492)	26	3.46 (0.833)	4.67	0.1977
Relationships	27	3.56 (0.506)	7	2.86 (1.069)	12	3.42 (0.513)	26	3.38 (0.824)	3.34	0.3415
Making money	27	3.63 (0.629)	7	3.29 (0.756)	12	3.75 (0.452)	26	3.04 (0.824)	6.84	0.0771
The entrepreneur/ team	27	3.59 (0.501)	7	3.71 (0.756)	12	3.50 (0.674)	26	3.46 (0.884)	1.10	0.7775
Customers	27	3.89 (0.320)	7	3.57 (0.535)	12	3.75 (0.452)	26	3.83 (0.482)	4.81	0.1862
Competition	27	3.44 (0.641)	7	2.71 (1.380)	12	3.08 (0.669)	26	2.92 (0.999)	4.56	0.2073
P-value for total group: <0.0001		P-value <0.0235		P-value <0.1692		P-value <0.1745		P-value <0.0050		

Table 5.22 shows the means and standard deviations of the different business issues for each of the practice categories. The Kruskal-Wallis test was applied to measure differences between each of the respondent category groups and their ranking of important business issues. No significant differences were found between the groups and their ranking of the importance of each of the business issues (see table 5.22).

The P-values indicated in Table 5.22 indicate whether significant differences exist between the categories for each variable. P-values that are smaller than 0.01 indicate that there are significant differences at the 99% level. P-values of lower than 0.05 indicate that there are significant differences at the 95% level.

The P-value  $<0.0001$  for the total group indicate a very high significance at 99% of how support practitioners rank the different business issues. This indicates towards high variations in the ranking of the importance of business issues within the total group of respondents.

The Friedman test was also applied to test for differences in the ranking of important business issues within each group (see Table 5.22). No significant differences within the business counsellor/business coach category was found (P-value =  $<0.1692$ ) as well as within the business consultant category (P-value = 0.1745). Significant differences were however found within the business advisor category (P-value = 0.0235) and within the business mentor category (P-value =  $<0.0050$ ).

Within the business advisor category, significant differences at the 95% significance level was found on how support practitioners within this category ranked the importance of the business issue customers, compared to the business issue, funding. This test result is in line with the test result for the total group and their ranking of these two business issues (see table 5.20).

Significant difference at the 99% significance level was found within the business mentor category on the ranking of the following business issues:

- customers was ranked significantly more important as a business issue compared to the business issue, making money;
- business plan was ranked significantly more important as a business issue compared to the business issue, making money.

This result shows a much higher variation within the business mentor category in the ranking of customers as an important business issue compared to making money, than variation within the total group (see Table 5.20) and the ranking of these two business issues. Based on the results showed in Table 5.22, it appears that support practitioners within the business mentor category view customers as a business issue, much more important than making money.

Within the business mentor category significant differences was also found at the 95% significance level on the ranking of the following business issues:

- customers as a business issue was ranked significantly more important compared to the business issue, competition;
- business plan as a business issue was ranked significantly more important compared to the business issue, competition.

This result is inline with the ranking within the total group of customers as a business issue compared to the business issue, competition and business plan as a business issue compared to the business issue, competition (see Tables 5.20 and 5.21).

#### 5.8.2 Ranking The Frequency Of Contact Between Respondents And Different Venture Types

This section presents the results of the tests applied to measure differences in responses of the support practitioners' ranking of their frequency of contact with

different venture types for the total group, between the practice categories and within each practice categories.

### 5.8.2.1 Testing for differences within the total group and their ranking of important business issues

This section focuses on the null hypothesis, Ho4: The frequency of contact with different venture types is the same for all support practitioners.

**Table 5.23 Means, standard deviations, rankings and significant differences of frequency of contact between respondents and different venture types (Total group)**

Venture type	n	Mean	std dev	Ranking	Significant differences between rankings				
					1	2	3	4	5
Start-up	71	3.27	0.925	1					
Pre-start	71	3.06	1.054	2					
Companies experiencing some type of trouble	71	2.83	0.985	3					
Growth companies	71	2.68	0.807	4	*				
Mature companies	71	2.20	0.965	5	*	*	*		
					*_- indicates significance at 95% on how support practitioners rank their frequency of contact with different ventures				

The ranking order in Table 5.23 indicate that respondents have more frequent contact with start-up ventures and less frequent contact with mature companies. Respondents also indicated that they have more frequent contact with companies experiencing some kind of trouble than with growth companies.

Table 5.23 indicate significant differences at the 95% level for:

- support practitioner contact with start-up companies was ranked significantly more important compared to contact with growth companies and mature companies;
- support practitioner contact with pre-start companies was ranked significantly more important compared to contact with mature companies;
- support practitioner contact with companies experiencing some type of trouble was ranked significantly more important compared to contact with mature companies.

#### 5.8.2.2 Testing for differences within and between the practice categories and with regard to their ranking of frequency of contact with different venture types

This section focus on the null hypotheses:

- Ho5: The frequency of contact with different venture types is the same between the different practice categories
- Ho6: The frequency of contact with different venture types is the same for support practitioners within each of the practice categories

**Table 5.24 Ranking of frequency of contact with different venture types per practice category**

Type of venture	Practice categories				Ranking for total group
	Business Advisor	Business Counsellor & Coach	Business Consultant	Business Mentor	
Pre-Start	2	5	2	2	2
Start-up	1	3	1	1	1
Growth companies	4	2	4	4	4
Mature companies	5	4	5	5	5
Companies experiencing some type of trouble	3	1	2	3	3

From Table 5.24 the following are clear:

- The rankings indicate that the business advisor, business consultant and business mentor categories have more frequent contact with start-up ventures.
- The business counsellor/business coach category has more frequent contact with companies experiencing some type of trouble.
- The business advisor, business consultant and business mentor categories reveal a similarity with the total group in their ranking of frequency of contact with different venture types.

**Table 5.25 Comparisons of the means and standard deviations of frequency of contact with different venture types within and between the practice categories**

Business issues	Means and Standard deviations per practice category								Kruskal-Wallis	P-values between groups
	Business Advisor		Business Counsellor & Coach		Business Consultant		Business Mentor			
	n	mean (std dev)	n	mean (std dev)	n	mean (std dev)	N	mean (std dev)		
Pre-start	28	3.26 (1.023)	7	2.43 (0.976)	13	2.83 (1.267)	27	3.17 (0.963)	5.46	0.1412
Start-up	28	3.37 (0.839)	7	2.71 (1.380)	13	3.17 (1.030)	26	3.42 (0.776)	2.01	0.5711
Growth companies	29	2.63 (0.792)	7	3.14 (0.690)	12	2.83 (0.718)	26	2.54 (0.884)	3.35	0.3409
Mature companies	27	2.19 (1.001)	7	2.57 (0.535)	13	2.33 (0.985)	25	2.04 (1.042)	2.72	0.4366
Companies experiencing some type of trouble	28	2.81 (0.962)	7	3.43 (0.787)	13	2.92 (0.996)	25	2.67 (1.050)	3.86	0.2769
P-value for total group: <0.0001	P-value <0.0002		P-value <0.4338			P-value <0.0733		P-value <0.0013		

Table 5.25 shows comparisons of the means and standard deviations of the different practice categories and their frequency of contact with different venture types. The P-value ( $<0.0001$ ) for the total group (see Table 5.25) shows that significant differences at the 99% level exist for the total group and their frequency of contact with different venture types. This means that support practitioners as a total group do not have the same frequency of contact with different venture types.

Table 5.25 shows that no significant differences were found between the different practice categories and their ranking of frequency of contact with different venture types.

The P-values for each of the practice categories (see Table 5.25) indicate that significant differences exist within the business advisor and business mentor categories with regard to the type of ventures they have more frequent contact with. Within the business advisor category significant differences at the 95% significance level was found the following:

- The mean ranked significantly higher for support practitioner contact with pre-start ventures compared to contact with mature companies.
- The mean ranked significantly higher for support practitioner contact with start-up companies compared to contact with mature companies.

Significant differences at the 95% significance level were also found within the business mentor category for the following:

- The mean ranked significantly higher for support practitioner contact with pre-start ventures compared to contact with mature companies.
- The mean ranked significantly higher for support practitioner contact with start-up ventures compared to contact with mature companies.



### 5.8.3 Ranking the Frequency of Contact with Different Company Problems

This section presents the results of the tests applied to measure differences in responses of the support practitioners' ranking of frequency of contact with different company problems for the total group between the practice categories and within each practice categories.

#### 5.8.3.1 Testing for differences within the total group and their ranking of frequency of contact with different company problems

This section focuses on the null hypothesis, Ho7: The frequency of contact with different company problems is the same for all support practitioners.

**Table 5.26 Means, standard deviations, rankings and significant differences of encountering different company problems that respondents are dealing with (Total group)**

Type of problems	N	mean	std dev	Ranking	Significant differences between rankings							
					1	2	3	4	5	6	7	
1 Funding	72	3.61	0.849	1								
2 Business planning	72	3.47	0.731	2								
3 Cash flows	72	3.26	0.904	3								
4 Financial management	72	3.24	0.880	4								
5 Marketing	72	2.94	0.886	5	*	*						
6 Human resources	72	2.38	0.911	6	*	*		*	*			
7 Product development	72	2.35	0.967	7	*	*	*	*	*			
					*- indicates significance at 95% on how support practitioners rank their frequency of contact with different ventures							

Table 5.26 shows the results for the total group of respondents and their frequency of encountering different company problems. The rankings in Table 5.26 show that most companies that seek assistance from respondents have a funding related problem. Business planning was indicated as the second-most type of assistance sought while product development was the type of assistance sought least.

While funding was ranked by the group as the least important business issue (see Table 5.20), the results in Table 5.26 show that respondents deal more frequently with funding related problems. The discrepancy between the support practitioners' view of what are important business issues within a venture and the actual problems they are required to deal with might negatively influence their service quality.

A discrepancy also exists between the ranking of products as an important business issue (see Table 5.20) and product development as a frequent problem (see Table 5.26). The reason for this discrepancy can possibly be that support practitioners view products/services as a business issue differently from product development as a company problem.

Respondents are consistent, however, in their ranking of the business plan as an important business issue (see Table 5.20) and business planning as a frequent problem (see Table 5.26). The fact that funding is not considered as an important business issue, however, might negatively influence the support practitioners' ability to consider all relevant issues in the compilation of business plans.

Table 5.26 shows that significant differences at the 95% level were found for the following:

- Support practitioner contact with funding related problems ranked significantly higher compared to contact with marketing, human resources and product development related problems.

- Support practitioner contact with business planning related problems ranked significantly higher compared to contact with marketing, human resources and product development related problems.
- Support practitioner contact with cash flow related problems ranked significantly higher compared to contact with product development related problems.
- Support practitioner contact with financial management related problems ranked significantly higher compared to contact with human resources and product development related problems.
- Support practitioner contact with marketing related problems ranked significantly higher compared to contact with human resources and product related problems.

#### 5.8.3.2 Testing for differences within and between the practice categories and their ranking of frequency of encountering different company problems

This section focuses on the null hypotheses:

- Ho8: The frequency of contact with different company problems is the same between the practice categories.
- Ho9: The frequency of contact with different company problems is the same for support practitioners within each of the practice categories.



Type of assistance	Practice categories				Ranking: Total group
	Business Advisor	Business Counsellor & Coach	Business Consultant	Business Mentor	
Funding	1	1	1	1	1
Marketing	5	6	5	5	5
Business planning	2	3	2	2	2
Human resources	7	5	6	6	6
Cash flows	4	1	4	3	3
Product development	6	7	7	7	7
Financial management	3	4	3	4	4

Table 5.27 shows that all practice categories ranked funding as the company problem they most frequently deal with. This ranking corresponds with the ranking for the total group, which is an indication that clients are either seeking start-up capital or capital for one or other operational requirement. Almost a similar type of ranking between the total group and each practice category was obtained for business planning (except for the business counsellor/business advisor category). The ranking of funding and business planning appears to be a reflection of what is happening in practice where clients who are in need of funding are often required to submit business plans to financial institutions together with their funding applications.

Table 5.27 indicates that the business counsellor/coach group is the only group which ranked cash flows as the problem they most frequently encounter. This result might be an indication that the business counsellor/coach group provide their clients with assistance to deal with internal financial issues rather than the provision of assistance to apply for funding.

**Table 5.28 Comparisons of the means and standard deviations of frequency of encountering different company problems within and between the practice categories**

Business issues	Means and Standard deviations per practice category								Kruskal-Wallis	P-values between groups
	Business Advisor		Business Counsellor & Coach		Business Consultant		Business Mentor			
	N	mean (std dev)	n	mean (std dev)	n	mean (std dev)	n	mean (std dev)		
Funding	28	3.86 (0.448)	7	3.00 (1.414)	12	3.82 (0.405)	26	3.44 (1.044)	5.61	0.1324
Marketing	29	3.00 (0.861)	7	2.57 (0.976)	13	3.09 (0.539)	26	2.92 (1.038)	2.10	0.5517
Business planning	29	3.64 (0.559)	7	2.86 (1.215)	11	3.45 (0.688)	27	3.48 (0.714)	4.13	0.2482
Human resources	28	2.18 (0.905)	7	2.71 (1.113)	13	2.45 (0.820)	25	2.44 (0.917)	2.50	0.4744
Cash flows	28	3.25 (0.887)	7	3.00 (1.155)	13	3.36 (0.674)	27	3.28 (0.980)	0.81	0.8481
Product development	28	2.32 (0.945)	7	2.29 (1.113)	13	2.36 (0.809)	25	2.36 (0.898)	0.16	0.9835
Financial management	28	3.36 (0.826)	7	2.71 (1.254)	13	3.36 (0.674)	25	3.16 (0.898)	2.38	0.4979
P-value for group: <0.0001		P-value <0.0001		P-value <0.6319		P-value <0.0013		P-value <0.0001		

Table 5.28 shows that no significant differences were found between the different practice categories in relation to the type of problems they are dealing with.

The P-value (0.0001) for the total group (see Table 5.28) shows significant differences at the 99% level for the total group and their frequency of encountering different company problems. The P-values for the different practice categories (see Table 5.28) also indicate significant differences at the 95% level within the business advisor and business mentor categories and their ranking of frequency of contact with different company problems. This result is an indication that support practitioners within these two practice categories have a high variation between them in terms of the type of problems they deal with. Table 5.28 also shows significant differences at the 95% level for support practitioners within the business consultant category and their ranking of frequency of contact with different company problems.

Table 5.28 further indicates differences at the 95% significance level within the business advisor category for the following:

- The mean ranked significantly higher for support practitioner contact with funding related problems compared to contact with marketing, human resources and product related problems.
- The mean ranked significantly higher for support practitioner contact with business planning related problems compared to contact with human resources and product development related problems.
- The mean ranked significantly higher for support practitioner contact with marketing related problems compared to contact with human resource related problems.
- The mean ranked significantly higher for support practitioner contact with financial management related problems compared to contact with human resources and product development related problems.

Within the business consultant category significant differences at the 95% significance level were found for the following:

- The mean ranked significantly higher for support practitioner contact with funding related problems compared to contact with human resource and product development related problems.

Within the business mentor category significant differences at the 95% significance level were found for the following:

- The mean ranked significantly higher for support practitioner contact with funding related problems compared to contact with human resource and product development related problems.
- The mean ranked significantly higher for support practitioner contact with business planning related problems compared to contact with human resource and product development related problems.
- The mean ranked significantly higher for support practitioner contact with cash flow related problems compared to contact with human resource and product development related problems.

## 5.9 SUMMARY

This chapter presented the findings of the field research as well as the results of the statistical analyses.

## CHAPTER 6 DISCUSSION OF FINDINGS

### Chapter Outline

6.1 Introduction

6.2 Preliminary discussions  
and investigations

6.3 The knowledge areas  
that are relevant to  
entrepreneur and small  
business support  
practitioners

6.4 Discussion of the field  
research findings

6.5 Proposition findings

6.6 Hypotheses findings

6.7 Summary



## 6.1 INTRODUCTION

This chapter discusses the key findings of the study. A discussion is first offered of the findings of the preliminary investigation and then of the relevant knowledge areas as found in the literature. A further discussion is then offered of the findings of the field research with regard to the biographical data of respondents, the education and training of respondents as well as the findings of the propositions and hypotheses.

## 6.2 PRELIMINARY DISCUSSIONS AND INVESTIGATION

The preliminary discussions and investigation revealed the following:

- No generally accepted appointment criteria or monitoring and evaluation criteria for support practitioners exist.
- No specific education and training programmes for support practitioners exist.
- There is general dissatisfaction with the recently established SAQA Business advising qualifications.
- There appears to be general confusion within the industry as to the different support practitioner categories, that is, business advisors, business counsellors, business consultants, business coaches and business mentors. This confusion seems to be in terms of the support practitioner knowledge, skills and competence requirements as well as the outcome expectations of the various practitioner categories.

These preliminary findings obtained from an exploratory literature review and interviews with five industry experts indicated and identified the key knowledge areas for support practitioners and thus also the need for this study. The industry experts (see paragraph 5.2) although not representative of the industry was drawn from key employing organisations within South Africa and are respected within their respected fields of expertise. The unique contribution of this study therefore is also the fact that the knowledge areas for support practitioners are

identified and these knowledge areas in turn can be used to develop standards within the support practitioner industry.

### 6.3 THE KNOWLEDGE AREAS THAT ARE RELEVANT TO ENTREPRENEUR AND SMALL BUSINESS SUPPORT PRACTITIONERS

This study identified three knowledge areas that are relevant to support practitioners:

- Entrepreneurship;
- Business management;
- Practice disciplines.

The emphasis on the collective importance of the above-mentioned knowledge areas is a unique contribution of this study as the available literature seems to be discussing each knowledge area in isolation. This study therefore emphasises that support practitioners need education and training in all three knowledge areas if they are to provide meaningful support to entrepreneurs and small businesses. The main areas of learning for each knowledge area are highlighted in the following sections.

#### 6.3.1 Entrepreneurship Knowledge

This study (see Chapter Two) discussed the following key entrepreneurship learning areas:

- Entrepreneurship orientation and characteristics;
- Understanding the need to grow;
- Venture life cycle stages and challenges;
- Failures and turnarounds.

The importance of each of the above-mentioned issues is recognised in the literature. This study emphasises the importance of support practitioners

possessing knowledge in the above-mentioned learning areas if they are to provide meaningful support. The implication of lack of entrepreneurship knowledge is that support practitioners would not be able to assist clients with such issues as idea and opportunity evaluations as well as being able to identify which life cycle stages ventures find themselves in so that appropriate support can be provided.

### 6.3.2 Business Management Knowledge

This study (see Chapter Two) highlighted the following business management learning areas that are relevant to support practitioners:

- Differences between entrepreneurship and small business;
- Differences between entrepreneurial and managerial mindsets;
- Differences between entrepreneurial and administrative focus.

Knowledge of the business management learning areas is emphasised as important in this study. Support practitioners need to understand the different requirements for entrepreneurial and small business ventures to ensure appropriate interventions.

### 6.3.3 Knowledge of the Practice Disciplines

Chapter Three identified five practice disciplines:

- Business advising;
- Business counselling;
- Business coaching;
- Business consulting;
- Business mentoring.

Each of the practice disciplines is discussed in terms of:

- its definition and nature;

- its role;
- its requirements.

Other learning areas relevant for support practitioners with regard to the practice disciplines are:

- knowledge of models as intervention tools;
- benefits of the practice disciplines;
- similarities and differences between practice disciplines;
- the suitability of each practice discipline for the different venture life cycle stages.

The practice disciplines are distinguished from the practice categories which refer to the labels that practitioners are commonly known by. The practice categories do not necessarily indicate what type of service is rendered or can be expected of that particular practice category. Although similarities exist between the different practice disciplines, it is important for practitioners to know which practice discipline is best suited for a particular situation.

## 6.4 DISCUSSION OF THE FIELD RESEARCH FINDINGS

### 6.4.1 Biographical Data of Respondents

Support practitioners who render services in six of the nine provinces of South Africa participated in the study (see Table 5.1). The fact that no practitioners within the North West Province, Free State and Northern Cape participated in the study may be ascribed to a lack of support service organisations and support practitioners in those provinces.

The majority of respondents were from the Northern Province, Gauteng and Western Cape, which might also be an indication of the increased efforts in those provinces with regard to entrepreneur and small business support.

Noteworthy aspects from the biographical data of respondents as obtained from the study are outlined below:

- Only 22.89% of respondents (see Table 5.2) were 30 years old and younger, which indicates that the majority of the respondents possess some level of work and life experience and this in turn can positively influence their ability to provide meaningful support.
- 55% of respondents indicated that they were either previous owners or directors of businesses (see Table 5.2). This result should be a positive indicator of the ability of support practitioners to provide meaningful support. The questionnaire did not, however, enquire into the nature of the previous business experience and directorships of respondents. It is nevertheless possible that the previous business experience and directorships of respondents as indicated in the study were more limited to being self-employed individuals who rendered professional services to businesses. The results of the industry experience (see Table 5.4) also suggest that respondents lack experience of industries such as construction, retail, wholesale, transportation, mining, consumer services, hospitality and manufacturing, which confirms the suspicion that the nature of services rendered by support practitioners are mostly within the area of professional services. These types of services fall more within the practice disciplines of advising and consulting.
- Table 5.2 shows that some respondents do not to have an adequate level of formal education (3.16% do not have either std 10 or matric and 14.45% have only std10/matric). Although this percentage appears to be small it is still of concern that individuals without formal education are recruited as support practitioners. This finding reinforces the need to develop industry standards.
- The need for industry standards is also reinforced by the finding that 64.47% of the formal qualifications of respondents are business management type qualifications (see Table 5.2) compared to entrepreneurship type (1.31%) and practice discipline type (1.31%).

- The “other” type qualifications (see Table 5.2) that respondents possess with regard to the knowledge areas discussed in this study are entrepreneurship type (22.77%), business management type (31.68%) and practice discipline type (31.68%). This finding suggests that respondents are at least trying to make up for their lack in formal qualifications in the different knowledge areas by attending either short courses or workshops. However, if the number of qualifications of each knowledge area is compared with the number of respondents, it appears that some respondents might lack knowledge in one or all of the different knowledge areas as discussed in this study. This deduction is made taking into account the fact that this was an open-ended question (see item 7, Annexure 1), where some respondents indicated that they possessed more than one “other” type of qualification.

#### 6.4.2 Measuring the Level of Education and Training that Support Practitioners Possess of each of the Knowledge Areas

This section discusses the findings of the study with regard to support practitioners’ possession of relevant education and training qualifications in entrepreneurship, business management and the practice disciplines.

The study proposes that three areas of knowledge are relevant to support practitioners, namely, entrepreneurship knowledge, business management knowledge and knowledge of the practice disciplines (see Chapters Two and Three).

The majority of respondents appear not to have received education or training in entrepreneurship or any of the practice disciplines (see sub section 5.2.2). The majority of the education and training qualifications possessed by respondents are business management type qualifications (see sub section 5.2.2). The number of business management type qualifications (64.47%) held by

respondents as a group, however, appear to be low if compared with the total number of the sample (see sub section 5.2.2). This low number of qualifications in all three the knowledge areas among support practitioners suggest that some respondents might not possess any education or training qualification in one or all of the three knowledge areas. This finding supports the finding of the preliminary discussions and exploratory review that no specific education and training programmes for support practitioners exist.

The education and training qualifications that support practitioners possess suggest the following:

- The entrepreneurship and business management type qualifications that respondents possess are basically the same as the programmes that are aimed at entrepreneurs and small business owners. Although the knowledge that such programmes provide are important for practitioners, it is suggested that practitioners need to receive education and training that will equip them to identify and develop entrepreneurial potential and skills, impart business management knowledge and through the practice disciplines ensure that effective transfer of knowledge takes place.
- The practice discipline qualifications that practitioners possess are mainly in the area of business advising, counselling, coaching and mentoring. These qualifications also appear not to be specifically developed for entrepreneur and small business support practitioners. This deduction is supported by the findings of the study with regard to:
  1. the inability of respondents to assign appropriate roles and tasks to clients (see sub section 5.6.1);
  2. the lack of knowledge of intervention methodologies aimed at determining the nature of problems that companies experience (see sub section 5.6.2);
  3. the limited advice that support practitioners would offer to clients (see sub section 5.6.3).

The type of education and training qualifications that respondents possess seems to support the finding of the initial discussions and exploratory literature review that no specific qualifications exist for entrepreneur and small business support practitioners. This finding highlights the need to develop specific education and training programmes for entrepreneur and small business support practitioners.

## 6.5 PROPOSITION FINDINGS

### 6.5.1 Proposition 1: Support practitioners lack entrepreneurship knowledge.

Entrepreneurship knowledge was measured in terms of knowledge of entrepreneurial considerations and characteristics, knowledge of screening tools and methodologies and knowledge of factors/elements of viability.

#### 6.5.1.1 Knowledge of entrepreneurial considerations

Entrepreneurial considerations have to do with factors that practitioners would take into account when evaluating or determining that an individual has the potential to become an entrepreneur. If the study's results are measured against the available literature on entrepreneurship considerations (Wickham, 2002:54), it would appear that respondents focus more on personal motivation factors when having to evaluate an individual's potential to become an entrepreneur (see sub section 5.4.1). Factors such as industry knowledge, general management skills and human relations skills appear to be ignored. This inability to do a proper assessment of an individual's entrepreneurial potential supports the lack of entrepreneurial knowledge.

The implications of lack of knowledge of entrepreneurial considerations are outlined below:

- Respondents might prematurely and subjectively make decisions about an individual's entrepreneurial potential as they would not have taken into account all relevant factors.



- Potentially successful aspirant entrepreneurs might be put off and discouraged from starting ventures.
- Lack of knowledge may result in support practitioner assessments that encourage and support individuals who show motivation but fall short in the other important factors.
- The lack of focus on all the factors that are essential to determine entrepreneurial potential can contribute to failure rates.

#### 6.5.1.2 Knowledge of entrepreneurial characteristics

The results of this study with regard to knowledge of entrepreneurial characteristics (see Table 5.10) show that respondents lack knowledge of five of the six dominant themes as discussed by Timmons (1999:221). None of the five characteristic themes such as leadership, opportunity obsession, risk tolerance, creativity/adaptation and achievement motivation scored a response rate higher than 30%. This result might either be ascribed to the way respondents interpreted the case study or to the fact that respondents do not consider the five characteristic themes (as mentioned above) as entrepreneurial.

48.19% of the responses with regard to entrepreneurial characteristics were in the “other” category (see Table 5.10). This result also points either to a lack of knowledge of entrepreneurial characteristics or to the fact that respondents consider mostly other types of characteristics when evaluating entrepreneurship characteristics. The “other” characteristics included characteristics mentioned by respondents which could not be coded into the six categories identified by Timmons (1999), such as saving money to start a business, attending a training course or the ability to do financial calculations.

The low number of responses for entrepreneurial characteristics (see Table 5.10) seems to suggest that some respondents were either unable to identify more

than one characteristic or more than one characteristic type. This again points to a possible lack in knowledge.

The implications of lack of knowledge of entrepreneurial characteristics are:

- an inability to assess adequately the potential of an individual to succeed;
- an inability to assess the learning areas of the aspirant entrepreneur;
- an inability to provide adequate support to the entrepreneur;
- wasting time and resources by supporting individuals who might not have the ability to succeed as entrepreneurs;
- not providing adequate support to individuals who might have the potential to succeed as entrepreneurs.

#### 6.5.1.3 Knowledge of screening tools/methodologies

There is consensus in the relevant literature that a good idea does not necessarily result in a viable business opportunity (Timmons, 1999; Wickham, 2001; Hisrich & Peters, 2002). It is therefore essential for support practitioners to have knowledge of how to screen and evaluate business ideas and opportunities.

This study has found (see Table 5.11) that respondents lack knowledge of screening tools/methodologies to evaluate business ideas. The screening tools/methodologies that respondents are applying appear to be biased towards SWOT analyses, problem-solving and feasibility studies. This bias can be ascribed to the nature of the business management type education and training of respondents. Respondents appear therefore to be partially equipped to address business management issues but seem to be lacking knowledge of entrepreneurship intervention tools/methodologies aimed at idea screening and evaluation.

Respondents also appear to be lacking knowledge about tools/methodologies that would assist them with the application of the practice disciplines such as

knowledge of interview techniques, intervention process methodologies and models of intervention. Knowledge of practice discipline tools/methodologies is required to ensure that effective transfer of knowledge takes place.

The implications of lack of knowledge of screening tools/methodologies are outlined below:

- Premature focus on issues such as the entrepreneur and business plan might cause support practitioners to take inappropriate decisions with regard to the viability of a business idea.
- Failure to screen business ideas adequately might result in support practitioners either wasting time on opportunities that have very little chance of succeeding, or support practitioners might disregard opportunities that have the potential to succeed.
- Support practitioners might lack structure in the intervention process.
- Support practitioners might follow unclear and undetermined objectives and outcomes during their intervention.

#### 6.5.1.4 Knowledge of crucial factors/elements of viability

Knowledge of factors/elements of viability enhances the ability of support practitioners to evaluate the viability of a business opportunity. When measured against the Venture Opportunity Criteria (Timmons, 1999:119) the knowledge of support practitioners with regard to factors/elements of viability was again found lacking (see Table 5.12). The categories where respondents showed the greatest weakness were in the areas of personal criteria, management team issues, fatal flaw issues and harvest issues. These results could be an indication that respondents are either not aware of these viability or evaluation criteria or ignore these criteria when they consider viability.

The lack of knowledge with regard to factors/elements of viability is of particular concern as the majority of respondents indicated that funding and business

planning are most often or often the reason for companies seeking their assistance (see Table 5.27). This would mean that respondents would limit their intervention to only those issues for which they are initially approached for assistance without doing proper evaluations of what the problem situation is or what assistance is really needed. This deduction would support the suspicion that business plans are regarded mainly as a means to obtain finance rather than a meaningful guide and indicator of the viability and performance of the business.

The implications of lack of knowledge with regard to factors/elements of viability are outlined below:

- No strategy might be followed in evaluating or screening an opportunity, which can result in an inability to determine whether or not a business idea will translate into a viable opportunity.
- Important issues might be overlooked or ignored, which can negatively affect the future viability of the venture.
- Support practitioners might suffer an inability to assist entrepreneurs in determining whether their intended ventures are of high or low potential and thus worth pursuing.
- Support practitioners might suffer an inability to assist entrepreneurs to respond to environmental changes as they occur.
- Support practitioners might suffer an inability to assist entrepreneurs to identify and analyse gaps that the venture can exploit.

In view of the above discussion the proposition that support practitioners lack entrepreneurship knowledge is supported.

#### 6.5.2 Proposition 2: Support practitioners lack business management knowledge.

This discussion focuses on the respondents' knowledge of different industries and business planning knowledge.

#### 6.5.2.1 Knowledge of different industries

In the reference to the respondents' business experience (see sub section 6.4.1) it was already stated that the majority of respondents have professional industry experience and lack experience in industries such as construction, wholesale, retail and transport.

Although the survey did not enquire into the industries which respondents are servicing, it appears that respondents render professional type services to all the different industries. This deduction is supported by the results shown in Table 5.27 which indicates that respondents deal mostly with companies seeking finance, business planning, cash flow and financial management assistance. The professional services that respondents render to the different industries also appear to be of a generic nature as the results shown in Table 5.27 indicate that respondents have limited experience within the other industries.

The implications of lack of industry knowledge are outlined below:

- The lack of industry experience might prevent respondents from rendering focused and specific support in areas such as product development, marketing, and so on, within a specific industry.
- The lack of industry experience can result in a failure to understand and assist with practical problems that companies within a particular industry experience.
- Advice and assistance of a generic nature might be offered to clients where more industry specific interventions are required.

#### 6.5.2.2 Knowledge of business planning

The results reported in Table 5.13 show that very low response rates were received for business plan elements such as industry analysis, description of

venture, organisation/production planning, and risk management. With regard to the functions of the business plan (Table 5.14), low responses were also received for the categories determining viability and financing tools. These results of responses with regard to business plan elements and business plan functions indicate that respondents might lack business planning skills. This lack in business planning skills is of particular concern as 72.37% of respondents indicated that they deal either most often or often with pre-start ventures and 78.67% of respondents indicated that they deal either most often or often with start-up ventures. The fact that business planning is a crucial factor within both pre-start and start-up ventures and the fact that the results show an apparent weakness in the knowledge of respondents with regard to business planning suggest that respondents do not provide adequate support in this regard to their clients.

The implications of lack of business planning knowledge are:

- an inability to assist the entrepreneur or small business to articulate clearly what the vision and objectives of the venture are;
- an inability to assist the entrepreneur to focus on all essential issues or aspects impacting on the venture such as the products/services, technology, customers, etc.;
- an inability to determine the viability of a venture;
- an inability to assist with the development of business plans that can provide guidance to the entrepreneur in organising his/her planning activities;
- an inability to assist with the compilation of business plans that can attract the required funding for the venture;
- an inability to identify all the risks and opportunities and thus causing the venture to be under-prepared to meet future challenges.

In view of the above discussion the proposition that support practitioners lack business management knowledge is supported.

6.5.3 Proposition 3: Support practitioners lack knowledge of the practice disciplines.

The case studies served to determine the respondents' knowledge of entrepreneurship, business management and the practice disciplines. It is acknowledged that the type of case study could have had an influence on the type of responses received. The focus, however, was to establish whether respondents use any approaches, methodologies or models as described in the literature and whether they are able to motivate why they would prefer to use a certain approach above another.

It was already determined that respondents lack education and training in the practice disciplines. This fact already implies limited knowledge of the practice disciplines. The results (see Table 5.15) further indicate that practitioners might be having a task interaction rather than a personal interaction focus (as discussed in Chapter Three) and would suggest that respondents are more comfortable with the practice discipline approaches such as advising, consulting and mentoring (see Table 5.6). This suggestion is supported by the fact that respondents indicated that they are more commonly known as business advisors (69.87%), business consultants (34.93%) and business mentors (32.53%). These three categories, apart from the functions of referrals and provision of basic advice, require either expert knowledge in a particular field or generalist management knowledge. The results of this study have shown, however, that respondents have limited business management knowledge, which would thus have a negative impact on the respondents' ability to provide adequate support with regard to business advice and business consulting. Respondents also lack industry experience in construction, retail, wholesale, transport mining and hospitality (see Table 5.4) and this suggests that they would not be able to fulfil effectively advising, coaching and mentoring functions within these industries. This result should be of particular concern as most of the small business initiatives in the country at this stage are geared towards the construction, retail and hospitality/tourism industries.

Coaching and counselling focus more on the use of models of intervention, which implies the use of a set structural approaches and greater involvement with the client in the seeking of solutions or alternatives to problems. Counselling has a reactive and problem-solving focus while coaching has a more goal orientated, development and performance focus. The results in Tables 5.15, 5.16 & 5.17 seem to indicate that respondents have a limited focus on counselling and coaching. The results of the findings on the likelihood that respondents would follow a particular approach (see Table 5.18) seem to further support lack of coaching and counselling knowledge as respondents indicated that they would more likely follow the other practice disciplines (advising, consulting and mentoring) when dealing with clients.

The literature (Agar & Witzel, 1997; Simon & Kumar, 2001; Bagshaw & Bagshaw, 2002; Adams, 2003; Gibbons, 2004a) suggests that within all the practice disciplines the ability to focus on personal issues such as developing relationships and imparting knowledge are key skills to have. The survey results show that with all the questions that required responses to indicate the nature of interventions and where respondents had to provide explanations for their answers (see Tables 5.15, 5.16, 5.17 & 5.18), very few responses were received that would suggest that respondents give attention to personal issues, relationships or imparting knowledge. It would also appear from the responses that respondents are not sure which practice discipline is more appropriate than another for a particular situation. Based on this finding it must be assumed that respondents lack knowledge in the different practice disciplines, especially with regard to knowledge on how to impart or transfer knowledge and learning as well as focus on behavioural aspects that can support entrepreneurial and small business learning.

The implications of lack of practice discipline knowledge are:

- an inability to know which practice discipline is better suited for a particular situation (provision of appropriate support);



- the implementation of an incremental interventionist approach with unclear and undetermined outcomes and objectives;
- an inability to assess the development and learning needs of the entrepreneur;
- an inability to determine priority areas of interventions;
- an inability to develop a holistic picture of the challenges and opportunities of the venture;
- an inability to impart and/or transfer knowledge to the entrepreneur and business;
- an inability to attend to internal organisational issues within ventures such as relationships and other human relations issues;
- an inability to provide appropriate support to prevent start-up failures.

In view of the above discussion the proposition that support practitioners lack knowledge of the practice disciplines is supported.

## 6.6 HYPOTHESES FINDINGS

The hypotheses sought to measure:

- the importance that support practitioners attach to different business issues (Ho1 – Ho3);
- the frequency of contact that support practitioners have with different venture types (Ho4 – Ho6);
- the frequency that support practitioners deal with different company problems (Ho7 – Ho9).

The hypotheses also sought to measure whether differences exist among practitioners:

- for the total group (Ho1, Ho4, Ho7);
- between the different practice categories (Ho2, Ho5, Ho8);
- within each of the practice categories (Ho3, Ho6, Ho9).

### 6.6.1 Important Business Issues

The enquiry into how respondents rank different business issues provides an indication of which business issues they are more likely to focus on but, equally importantly, which business issues they are more likely to ignore. The ranking for the total group (see Table 5.21) indicates that the business issues, namely, customers, business plan and products/services, were ranked first, second and third respectively. A surprising result was the low ranking that respondents as a group and respondents within each of the practice categories (except business mentors) assigned to the business issue, funding (see Table 5.21). This result means that it is possible that respondents ignore funding as an important business issue and may not give enough attention to funding related issues when supporting ventures.

The fact that funding as a business issue was ranked so low by respondents appears to conflict with the ranking respondents assigned to pre-start and start-up ventures (that often require funding). Respondents ranked pre-start and start-up ventures as venture types that they have more frequent contact with (see Table 5.24). It appears that respondents pay more attention to other business issues than funding when dealing with pre-start and start-up ventures.

The low ranking that respondents assigned to funding as a business issue also appears to be in conflict with the high ranking that respondents (for the total group and also within each of the practice categories) assigned to funding as a company problem they frequently encounter (see Table 5.24). These results show that although respondents deal more frequently with funding related problems they do not regard funding as an important business issue. This dichotomy in how practitioners view funding as a business issue and their having to deal with funding related problems might negatively impact on the respondents' ability to provide support.

Within the total group significant differences were found in the ranking of the following issues:

- Customers were ranked as significantly more important compared to relationships within the company, funding and competition.
- The category “business plan” is ranked as significantly more important compared to funding and competition.
- Products/services are ranked as significantly more important than competition.

Significant differences in the ranking of the importance of business issues indicate a preference for some business issues above others. It appears that respondents as a group do not regard business issues such as relationships within the company, funding and competition as important business issues.

The fact that significant differences were found within the total group for the business issues, customers and business plan as compared to competition, might be ascribed to respondents’ lack of business knowledge. Respondents, it appears, are not able to realise that there is interconnectedness between all of the different business issues.

The significant differences in the ranking of the business plan compared to funding and competition are difficult to explain as both funding and competition are elements that are contained in the business plan. This result might again indicate that respondents do not really grasp the equal importance of the different business issues to the venture and might as a result only pay limited attention to some business issues (such as funding, competition and relationships within competition) in preference to others (such as customers, business plan and products/services).

Significant differences were found between respondents within the business advisor and business mentor practice categories and their rankings of important

business issues (see Table 5.22). The significant differences within each of these practice categories, however, show similarity with the total group so that it is difficult to arrive at any other meaningful deductions with regard to their ranking of important business issues and the ranking of that for the total group.

No significant differences were found in the rankings of business issues between the different practice categories.

Table 6.1 provides a summary of the findings of the hypotheses with regard to the measurement for significant differences of important business issues.

**Table 6.1 Hypotheses findings: important business issues**

<b>Hypotheses</b>	<b>Findings</b>
Ho1: All business issues are ranked with similar importance by support practitioners (total group).	Reject Ho1. Accept Ha1: All business issues are not ranked with similar importance by all support practitioners (there is a different ranking).
Ho2: There is no difference between the different practice categories and their rating of different business issues.	Accept.
Ho3: There is no difference between respondents within each of the practice categories and their ranking of different business issues.	Reject Ho3 for the business advisor and business mentor practice categories. Accept Ha3: All business issues are not ranked with similar importance by support practitioners within the business advisor and business mentor practice categories. Accept Ho3 for the business counsellor/coach and business consultant practice categories.

## 6.6.2 Contact with Different Venture Types

Table 5.24 shows that respondents ranked their contact with pre-start and start-up ventures higher than their contact with other venture types. Significant differences for the total group were found in the rankings for:

- respondent contact with start-up companies compared to growth companies and mature companies;
- respondent contact with pre-start companies compared to mature companies;
- respondent contact with companies that experience some kind of trouble compared to mature companies.

These results highlight the importance of appropriate education and training programmes for support practitioners especially also in view of the findings of successive South African GEM Reports (Driver *et al.*, 2001; Foxcroft *et al.*, 2002; Orford *et al.*, 2003; Orford *et al.*, 2004):

- high failure rates of start-ups;
- low education levels within the country.

In view of the GEM Reports there appears thus to be a need to ensure that practitioners are able to assist individuals to gain the knowledge and develop the skills they require to build sustainable ventures. The pre-start and start-up venture life cycles are the venture stages that pose difficult challenges to entrepreneurs with regard to such issues as entrepreneurial orientation, opportunity analyses, business planning and obtaining resources. Individuals are required to make critical decisions with regard to themselves, their families and the ventures they hope to develop. Support practitioners must therefore not only be knowledgeable of the different venture life cycle challenges (knowledge of entrepreneurship and business management) but also have knowledge of how to deal with personal and development challenges that individuals face (knowledge of practice disciplines). Support practitioners should be able to provide these

different services themselves or at the very least be able to identify the type of assistance required and then know where to refer individuals to other relevant professionals.

This study found (see sub section 6.5, 6.6 & 6.7) that support practitioners lack knowledge in entrepreneurship, business management and the practice disciplines. It is thus doubtful whether practitioners are able to provide meaningful support to their clients and thus able to assist with reducing start-up failure rates.

No significant differences were found between the practice categories and their ranking of frequency of contact with different venture types.

Significant differences were found within the business advisor and business mentor practice categories (see Table 5.25) in the ranking of frequency of contact with different venture types. Within the business advisor category significant differences were found:

- for respondent contact with pre-start ventures compared to contact with mature companies;
- for respondent contact with start-up ventures compared to contact with mature companies.

Within the business mentor category significant differences were also found:

- for support practitioner contact with pre-start ventures compared to contact with mature companies;
- for support practitioner contact with start-up ventures compared to mature companies.

The fact that business mentors spend significantly more time with pre-start ventures might be a consequence of the lack of industry standards which might lead to confusion or ignorance within the industry of what type of support and

services can be expected of each practice discipline. This result also shows that the labels that practitioners are commonly known by are not an indication of what type of service support practitioners within each of the practice categories actually render or are able to deliver.

Mentors as described in the relevant literature (Dunsby, 1997; Gibbons, 2004b; Gibbons, 2004c; Lyons, 2004) are regarded as experts in their field and it is expected of them to share their experience with protégés. This study has indicated that mentors are more suited to provide support to companies that are in the start-up, growth and mature venture life cycle stages (see Table 3.13). The fact that business mentors within this study spend significantly more time with pre-start ventures suggests that they are either not appropriately utilized or that they might lack the required knowledge to provide assistance to other types of ventures. The lack of industry experience (see Table 5.4) also suggests that respondents might not be equipped to provide a meaningful mentoring service to clients. These results seem to indicate that the business mentor label has been attached to support practitioners for convenience rather than the label being an indication of the knowledge and skills or the type of services that can be expected of the support practitioner.

Table 6.2 provides a summary of the findings of the hypotheses with regard to the frequency of contact of support practitioners with different venture types.

**Table 6.2 Hypotheses findings: frequency of contact with different venture types**

<b>Hypotheses</b>	<b>Findings</b>
Ho4: The frequency of contact with different venture types is the same for all support practitioners.	Reject Ho4. Accept Ha4: The frequency of contact with different venture types is not the same for all support practitioners.
Ho5: The frequency of contact with different venture types is the same between the practice categories.	Accept.
Ho6: The frequency of contact with different venture types is the same for support practitioners within each of the practice categories.	Accept Ho6 for business counsellor/coach and business consultant categories. Reject Ho6 for business advisor and business mentor categories. Accept Ha6: The frequency of contact with different venture types is not the same for the support practitioners within the business advisor and business mentor categories.

### 6.6.3 Dealing with Different Company Problems

Table 5.26 indicates that significant differences were found for the total group in the ranking of support practitioner contact with different company problems. Table 5.28 indicates that significant differences were also found within the business advisor, business consultant and business mentor categories and their ranking of contact with different company problems.

For the total group significant differences were found for the following:

- The mean for respondent contact with funding related problems ranked significantly higher compared to contact with marketing, human resources and product development related problems.
- The mean for respondent contact with business planning related problems ranked significantly higher compared to contact with marketing, human resources and product related problems.



- The mean for respondent contact with cash flow related problems ranked significantly higher compared to contact with product development related problems.
- the mean for respondent contact with financial management related problems ranked significantly higher compared to contact with human resources and product development related problems.
- The mean for respondent contact with marketing related problems ranked significantly higher compared to contact with human resources and product related problems.

Within the business advisor category significant differences were found for the following:

- The mean for respondent contact with funding related problems ranked significantly higher compared to contact with marketing, human resources and product related problems.
- The mean for respondent contact with business planning related problems ranked significantly higher compared to contact with human resources and product development related problems.
- The mean for respondent contact with marketing related problems ranked significantly higher compared to contact with human resource related problems.
- The mean for respondent contact with financial management related problems ranked significantly higher compared to contact with human resources and product development related problems.
- The mean for respondent contact with cash flow related problems ranked significantly higher compared to contact with product development and human resource related problems.

Within the business consultant category significant differences were found for the following:

- The mean for respondent contact with funding related problems ranked significantly higher compared to contact with human resource and product development related problems.

Within the business mentor category significant differences were found for the following:

- The mean for respondent contact with funding related problems ranked significantly higher compared to contact with human resource and product development related problems.
- The mean for respondent contact with business planning related problems ranked significantly higher compared to contact with human resource and product development related problems.
- The mean for respondent contact with cash flow related problems ranked significantly higher compared to contact with human resource and product development related problems.

Table 5.27 shows that there is a similarity between support practitioners for the total group as well as between support practitioners within each of the practice categories and their ranking of funding as a problem they most frequently encounter. The dichotomy between the ranking of funding as a business issue and funding as a company problem most frequently encountered has already been discussed (see sub section 6.8.1).

The type of company problems that practitioners have more frequent contact with such as funding, business planning and cash flows (see Table 5.27) corresponds with the problems that companies experience that are within the pre-start and start-up venture life cycle stages. However, the significant differences that were found in the rankings for funding, business planning and cash flow related problems compared to company problems such as human resources and product

development suggest that respondents render a limited service to their clients. It appears that the type of service and support that respondents render are mostly in the areas of funding and business planning. This deduction further supports the previous statement that support practitioners perform more advising roles than any of the other practice disciplines.

Table 6.3 provides a summary of the findings of the hypotheses with regard to frequency of contact with different company problems.

**Table 6.3 Frequency of contact with different company problems**

<b>Hypotheses</b>	<b>Finding</b>
Ho7: The frequency of contact with different company problems is the same for all support practitioners.	Reject Ho7. Accept Ha7: The frequency of contact with different company problems is the same for all support practitioners.
Ho8: There is no significant difference between the practice categories and the type of problems they are dealing with.	Accept.
Ho9: The frequency with which support practitioners encounter different company problems is the same within each of the practice categories.	Accept Ho9 for the business counsellor/coach category. Reject Ho9 for the business advisor, business consultant and business mentor practice categories. Accept Ha9: The frequency of contact with different company problems is not the same for support practitioners within the business advisor, business consultant and business mentor practice categories.

## 6.7 SUMMARY

This chapter discussed the key findings of the study with regard to the biographical data, education and training of support practitioners as well as the findings with regard to the propositions and hypotheses.

## CHAPTER 7 CONCLUSIONS AND RECOMMENDATIONS

### Chapter Outline

7.1 Introduction

7.2 Key findings of the study

7.3 Conclusions drawn from  
the findings

7.4 Implications of  
conclusions

7.5 Contribution of this study

7.6 Recommendations

7.7 Limitations of the study

7.8 Suggestions for further  
research

7.9 Summary

## 7.1 INTRODUCTION

The main findings of the conclusions are presented.

This study was concerned with:

- an investigation into the nature of entrepreneur and small business support;
- the determination of the knowledge requirements for entrepreneur and small business support practitioners; and
- an investigation into the knowledge that support practitioners possess.

The following research questions were investigated:

- What is the nature of the entrepreneur and small business support environment?
- What are the knowledge requirements for entrepreneur and small business practitioners?
- Do support practitioners possess the required knowledge requirements to provide meaningful support to entrepreneurs and small businesses?

The study also focused on the following investigative questions:

- Do support practitioners possess knowledge of entrepreneurship?
- Do support practitioners possess knowledge of business management?
- Do support practitioners have knowledge of the practice disciplines?
- Are there any differences between practitioners within the different practice categories and the type of problems and type of companies they are dealing with as well as their attitude with regard to important business issues?

The approach followed in the study is outlined below:

- Preliminary discussions were held with industry experts attached to different employing organisations and an exploratory literature review was undertaken. The preliminary discussions and exploratory literature review

revealed that there is a dearth of industry standards as well as education and training programmes with regard to entrepreneur and small business support practitioners.

- The literature review focused on the entrepreneurial and small business learning requirements as well as the different practice disciplines. The purpose of the literature review was to identify the learning aspects within each of the three knowledge areas.
- Field research was undertaken by means of a questionnaire that was administered to a sample of support practitioners attached to different employing organisations. The purpose of the field research was to establish whether support practitioners possess the required knowledge criteria, that is, entrepreneurial knowledge, business management knowledge and knowledge of the different practice disciplines.

This chapter further presents the key findings of the study, conclusions based on the findings, implications of the conclusions, benefits of the study as well as recommendations.

## 7.2 KEY FINDINGS OF THE STUDY

- No generally accepted standards for the education and training, recruitment and performance management of support practitioners exist in South Africa.
- This study identified three knowledge areas relevant to support practitioners namely, entrepreneurship, business management and the practice disciplines, and has identified some major learning aspects within each of the different knowledge areas. Table 7.1 indicates the major learning aspects within each of the knowledge areas for support practitioners to provide meaningful support to entrepreneurs and small businesses.

**Table 7.1 Major aspects of learning of each knowledge area for support practitioners**

<b>Knowledge area</b>	<b>Major learning aspects</b>
Entrepreneurship	<ul style="list-style-type: none"> <li>• Entrepreneurial considerations</li> <li>• Differences between entrepreneurial and small business ventures</li> <li>• Idea and opportunity evaluation</li> <li>• Venture life cycle stages and their challenges</li> </ul>
Business management	<ul style="list-style-type: none"> <li>• Elements of the business plan</li> <li>• Functions of the business plan</li> <li>• Business planning</li> </ul>
<b>Practice disciplines</b> 1. Business advising  2. Business counselling  3. Business coaching  4. Business consulting  5. Business mentoring	<ul style="list-style-type: none"> <li>• Referrals</li> <li>• Information sharing</li> <li>• Entrepreneurship</li> <li>• Business management</li> <li>• How to give advice</li> <li>• Entrepreneurship</li> <li>• Business management</li> <li>• Problem identification</li> <li>• Problem evaluation</li> <li>• How to provide counselling</li> <li>• Entrepreneurship</li> <li>• Business management</li> <li>• Goal setting</li> <li>• Intervention methodologies</li> <li>• How to coach</li> <li>• Entrepreneurship</li> <li>• Business management</li> <li>• Expert knowledge of business issues such as product development, marketing, business re-engineering, etc.</li> <li>• How to consult</li> <li>• Entrepreneurship</li> <li>• Business management</li> <li>• Knowledge of operating a business within one or more industries</li> <li>• How to mentor</li> </ul>



- The study found that respondents might lack knowledge in all of the three knowledge areas. The possible major knowledge gaps that practitioners might experience who participated in this study are shown in Table 7.2

**Table 7.2 Major learning gaps of support practitioners**

<b>Knowledge areas</b>	<b>Learning gaps</b>
Entrepreneurship	<ul style="list-style-type: none"> <li>• Idea testing</li> <li>• Opportunity evaluation</li> <li>• Differences between entrepreneurial and small business ventures</li> </ul>
Business management	<ul style="list-style-type: none"> <li>• Business plan elements</li> <li>• Function of the business plan</li> <li>• Business planning</li> <li>• All functions of business</li> </ul>
Practice disciplines	<ul style="list-style-type: none"> <li>• Purpose of each practice discipline</li> <li>• How to execute each practice discipline</li> <li>• When to apply each practice discipline</li> <li>• Intervention methodologies</li> </ul>

- No specific education or training qualifications exist that are aimed at support practitioners. The present qualifications that support practitioners complete are mostly generic and are aimed at entrepreneurs and small business owners.
- Support practitioners appear to possess mostly business management education qualifications and very few support practitioners received formal education in entrepreneurship and any of the practice disciplines.
- The study found that support practitioners are recruited from various education and work experience backgrounds.
- The majority of support practitioners appear to have a professional background such as accountancy or engineering.

- Support practitioners are known by different practice category labels (business advisor, business counsellor, business coach, business consultant, business mentor). The most common practice category label that respondents to this study are known by is business advisor.
- Support practitioners who indicated that they are more commonly known as business mentors appear to be lacking industry experience.
- Support practitioners seem to be working mainly with pre-start and start-up ventures as well as companies experiencing some kind of trouble. Support practitioners appear to have less contact with growth companies. These findings seem to concur with the Antonites and Watson (2004) study that found that “entrepreneur mentors” in South Africa deal more with start-up and survivalist businesses. This issue is further discussed in the next section.
- The companies that experience some kind of trouble that are assisted by support practitioners appear to be those that are stuck in either the pre-start or start-up venture life cycle stages.
- Support practitioners appear not to follow structured intervention methodologies and models when providing assistance to clients.
- Support practitioners are more likely to follow an advising approach when assisting clients than any of the other practice disciplines.
- Support practitioners seem to view business issues such as customers, business plan and marketing as significantly more important than funding.
- The most frequent type of assistance that support practitioners provide appears to be concerned with obtaining funding and business planning. This finding also appears to agree with the Antonites and Watson (2004) study that found that “entrepreneur mentors” provided services mainly in respect of business plans and financial management.

### 7.3 CONCLUSIONS DRAWN FROM THE FINDINGS

The main conclusions associated with the findings are the following:

- The findings of the study concur with the Pretorius, Nieman and Van Vuuren (2005) Integrated Model for Entrepreneurial Education. This model highlights the role of the facilitator in entrepreneurship education. The entrepreneur and small business support practitioner is in actual fact a facilitator who is responsible for the one-on-one education of their clients. “If the facilitator can impact on the participant in such a way that the attitudes and behaviours are modified, the programme will most probably lead to more start-ups” (Pretorius, *et al.*, 2005:423).
- The exploratory interviews revealed that industry standards were lacking. Due to the lack of industry standards no clear criteria exist as to what knowledge support practitioners should have to be able to provide meaningful support to entrepreneurs and small businesses. The lack of industry standards might also result in the lack of recruitment criteria as well as a lack of monitoring and evaluation criteria for support practitioners. Industry standards will ensure that tacit as well as learned knowledge, skills and competencies of practitioners are considered to determine their ability and suitability to provide the required support.
- The exploratory interviews revealed that specific education and training programmes for support practitioners are lacking. The exploratory findings seem to be supported by the respondents’ suggested lack of knowledge in all of the three knowledge areas which can possibly be ascribed to the generic education and training programmes that respondents are exposed to. Another explanation for this finding can be that the collective importance of all three knowledge areas has not yet been recognised within education and training programmes that are aimed at support practitioners. A lack of knowledge in one or all of the knowledge areas can have an influence on the nature and manner of support provision.
- The respondents’ suggested lack of knowledge in all three knowledge areas can possibly also be ascribed to the lack of orientation and development programmes for support practitioners within the industry.

- The practice category label that support practitioners are known by do not give an indication of either the type of services that can be expected from them or their ability to provide support. The fact that clients may not know what type of service to expect from different categories of support practitioners may lead to frustrations with regard to unfulfilled or unrealistic expectations of service delivery.
- It appears that support practitioners render mainly advisory type services for business planning purposes. This deduction is confirmed by the type of ventures that support practitioners most frequently deal with and the fact that the majority of support practitioners indicated that they have professional industry experience. The focus on business planning and advisory issues appears to confirm that practitioners might ignore entrepreneurial and/or practice discipline issues when rendering support. The consideration of entrepreneurial issues ensures that idea, opportunity and entrepreneur screening and evaluation are performed which in turn contributes to the rendering of appropriate services. The consideration of the practice disciplines ensure that appropriate interventions for a particular need in accordance with a particular venture life cycle stage is provided.
- The objective of the services that support practitioners render to clients appears to be mainly to assist clients to obtain funding. Business issues such as product development and human resources seem not to be a major focus. This finding suggests that support practitioners that participated in the study are not often approached for product development and human resource services. It is also possible that small businesses might seek such assistance from other professionals and organisations. A further explanation for this finding can also be ascribed to the fact that respondents might have only indicated the initial request for assistance in the questionnaire as they would have to take into account issues such as product development and human resources when they investigate the reason(s) for seeking funding or completing business

- planning tasks. This type of approach corresponds with an advisory approach and further suggests that practitioners perform less of the other practice discipline functions in providing support.
- The study found that support practitioners who are known as business mentors might lack industry experience. It would then appear that the type of service that business mentors render are limited to advice on business planning issues and providing assistance to obtain funding. The literature (Dunsby, 1997; Garvey & Alred, 2000; Gibbons, 2004a) suggests that mentors should have experience within the industries they operate. It appears that at least with regard to practitioners who participated in this study, industry experience is lacking. It is however unclear to what extent the lack of industry experience influence the ability of the practitioners to provide assistance to their clients as this enquiry was not a focus within this study. It appears that practitioners might be performing a mainly advisory role (as found in this study) but are labelled as mentors and this labelling of advisory services as mentoring seems to contradict the literature requirements for mentoring.
  - This study identified counselling and coaching knowledge and skills as important to provide assistance to pre-start and start-up ventures. This is due to the guidance and development that is needed by the different entrepreneurship and business management sectors within these two venture life cycle stages. The study suggests that support practitioners lack knowledge of counselling and coaching and thus it is doubtful whether they are able to provide adequate support to their clients as their interventions would most probably lack structure and issues such as goal setting and personal development might be overlooked or ignored. It might also be possible that respondents have possibly miss-interpreted the question regarding methodologies and structures and thus did not indicate the intervention methodologies they are following. A further explanation points to possible education and training needs of practitioners.

- The fact that respondents within all practice categories indicated a very low frequency of contact with growth companies (see Table 5.24) seems to suggest that industry does not have much success in assisting and developing ventures to progress beyond the start-up venture life cycle stage. Another explanation for this finding might be that growth companies might be seeking assistance from other support organisations or professionals such as banks, attorneys, private consultants and accountants.
- A major weakness within the industry that can be deduced from the findings is the need for education and training programmes that are specifically aimed at support practitioners. Although it is acknowledged that support practitioners might possess certain innate knowledge, skills and competencies, the findings do suggest that the lack of specific education and training programmes aimed at support practitioners can have an influence on their perceived lack of knowledge, skills and competencies of the three knowledge areas discussed in this study.

#### 7.4 IMPLICATIONS OF CONCLUSIONS

The main implications that are derived from the conclusions are the following:

- The lack of generally agreed knowledge criteria for support practitioners will result in education and training institutions continuing to offer generic type programmes to support practitioners. It is suggested that such education and training programmes will continue to focus on the three knowledge areas, entrepreneurship, business management and the practice disciplines in isolation of each other. It is suggested that education and training programmes which do not recognise the collective importance of the three knowledge areas will not add much value to the learning and preparation of practitioners to provide meaningful support. It is suggested that education and training programmes that deals collectively with the three knowledge areas will place emphasis on the

“how to” and “who with” in terms of entrepreneurial learning (Gibb, 2002:253). It is further suggested that knowledge criteria for support practitioners should have the same requirements as pointed out by Gibb (2002: 253) with regard to entrepreneurial learning, which is the organisation of knowledge around personal and organisation developmental processes as well as the appropriate integration of knowledge.

- Industry standards will ensure that the emphasis is placed on the knowledge requirements of support practitioners rather than the practice category label they are commonly known by. It is suggested that the determination of industry standards will contribute to the professional and career development of support practitioners. Standards will also ensure that minimum criteria of service delivery are set.
- Recruitment criteria will continue to be lacking within the industry and result in each employing organisation continuing to develop its own criteria. Although it can always be expected of each employing organisation to develop its own recruitment criteria, the determination of standards will at least ensure that there is some conformity within the industry.
- The monitoring and evaluation of support practitioners would continue to be lacking within the industry which will result in the success of interventions being not properly assessed.
- Relevant orientation and development programmes for support practitioners will continue to be lacking.
- Clients would not be able to determine what type of services they can expect from different support practitioners which may result in unfulfilled expectations. A specific approach with regard to practice category labelling can lead to specialization and differentiation between practitioners. It is however debatable whether such specialization and differentiation between practitioners will contribute to more effective services to entrepreneurs and small businesses. Specialization and

- differentiation between different categories of practitioners might however contribute to targeted education and training programmes for support practitioners.
- Education and training programmes need to incorporate knowledge of intervention strategies and intervention models to enable support practitioners to do proper evaluations of business ideas, business opportunities and entrepreneurial orientation. Such strategies and intervention models will ensure that the prospect of providing appropriate assistance is enhanced and that support practitioners are able to facilitate learning from a variety of approaches (Gibb, 2002:254).
  - Education and training programmes need to incorporate the imparting of knowledge of all the practice disciplines to enable support practitioners to identify and evaluate the learning requirements of their clients and also be able to know which methodologies and interventions will be best suited for a particular problem situation. It is suggested that appropriate education and training programmes will develop and equip support practitioners to fulfil the role of “teacher”. A key role of the “teacher” is to develop the students’ ability to give wider meaning to their experiences and allow exploration of personal “theories” that underpin their behaviour and understanding of certain situations (Gibb, 2002:254). Intervention strategies for pre-start and start-up companies need to be developed to ensure that support practitioners provide relevant and focused assistance to clients within these two venture life cycle stages. Such strategies could also ensure that companies do not get stuck in the pre-start and start-up venture life cycle stages.
  - Support practitioner interventions need to be monitored and evaluated to ensure effectiveness and efficiency in service delivery.
  - Support practitioners need to be competent in all three knowledge areas so that they are always able to identify the type of assistance that is required and be able either to provide such assistance themselves or know where the required assistance can be obtained. The major benefits



of addressing the knowledge areas of practitioners are shown in Table 7.3. The elements/factors mentioned in Tables 3.11 and 3.14 should also be taken into account when determining the areas of learning of practitioners.

**Table 7.3 Knowledge areas of practitioners and benefits of addressing these knowledge areas**

<b>Support practitioner knowledge areas</b>	<b>Benefits of addressing the knowledge areas</b>
<p><b>Entrepreneurship knowledge:</b></p> <ul style="list-style-type: none"> <li>• entrepreneurial characteristics</li> <li>• screening tools/methodologies for business ideas</li> <li>• evaluation of business opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• ability to recognise, develop and support entrepreneurial behaviours</li> <li>• ability to properly screen business ideas for potential opportunities</li> <li>• ability to screen and evaluate business opportunities</li> </ul>
<p><b>Business management knowledge:</b></p> <ul style="list-style-type: none"> <li>• business plan elements</li> <li>• business plan functions</li> </ul>	<ul style="list-style-type: none"> <li>• ability to provide expert support in the business planning process</li> </ul>
<p><b>Practice discipline knowledge:</b></p> <ul style="list-style-type: none"> <li>• knowledge on how to impart learning</li> <li>• knowledge on building relationships</li> <li>• knowledge on intervention models</li> <li>• advising skills</li> <li>• consulting skills</li> <li>• counselling skills</li> <li>• coaching skills</li> <li>• mentoring skills</li> </ul>	<ul style="list-style-type: none"> <li>• ability to encourage and support entrepreneurial and small business learning on a personal and institutional level</li> <li>• ability to pay attention to both task and behaviour issues</li> <li>• ability to provide organised and structured support</li> <li>• ability to assist with problem solving e.g. turnarounds and decline phases</li> <li>• ability to focus on performance and development issues</li> </ul>

## 7.5 CONTRIBUTIONS OF THE STUDY

This study makes the following contributions to the entrepreneur and small business support practitioner industry:

- The knowledge requirements for practitioners are identified and discussed which could form the basis for setting standards within the industry.
- The weaknesses identified could assist with the improvement of education and training programmes for support practitioners as well as the improvement of entrepreneur and small business support interventions in general.
- A model of the support practitioner problem environment (Figure 4.2) was developed which indicates the cause and effect relationships of the different elements within this environment. This model can be used for further research such as the study of the different cause and effect relationships suggested in the model. This model also highlights the need to focus on the knowledge requirements of support practitioners.
- The benefits of each practice discipline to entrepreneurs and small businesses are identified and categorised (see Table 3.11). The table assists in addressing the perceived confusion that exists within the industry as to the purpose and contribution of each practice discipline.
- The similarities and differences between the practice disciplines are presented in Table 3.12. This information also assists with addressing the perceived confusion that exists within the industry. It suggests that certain overlaps but also distinct differences exist between the different practice disciplines.
- The suitability of the different practice disciplines for each venture life cycle stage was discussed (sub-section 3.10 and Table 3.13). This information can be used by support practitioners as an intervention tool. It suggests that knowing which practice discipline is more appropriate for a specific venture life cycle stage will ensure the provision of more relevant and meaningful support.

- The study presents an indication of the entrepreneurial, business management and practice discipline knowledge that is required by support practitioners (see Table 3.14). The data contained in Table 3.14 can be used to compile industry standards for both recruitment and performance management purposes. It suggests that support practitioners require a specific knowledge set which can be used as an indicator to determine the practitioner's ability to provide the required support.
- The implications indicate the consequences of addressing the various issues that are raised in the conclusions.
- The study also presents the benefits that can be attained if the learning areas of support practitioners are addressed (see Table 6.1). It suggests that there are definite benefits for the industry in general in addressing the different learning needs of practitioners and that this will ensure more meaningful support.

## 7.6 RECOMMENDATIONS

This study makes especially three recommendations:

1. The first recommendation is that the three SAQA Business Advising qualifications be reviewed. The motivation for the establishment of these qualifications can be understood in the light of the drive in the country to upgrade skills and to give recognition for learning based on experience. However, these qualifications should have a much stronger focus on the knowledge criteria as identified in this study if the purpose of these qualifications is to equip individuals to provide meaningful support to entrepreneurs and small businesses.
2. The second recommendation of this study is mainly that attention be given to formulate standards for the entrepreneur and support practitioner industry. The potential benefits of formulating industry standards can thus be summarised as follows:

- Industry standards could lead to the development of appropriate education and training programmes for practitioners.
  - Industry standards could lead to objective measures for measuring learning and development needs of practitioners.
  - Industry standards could lead to objective measures for determining the competencies and performance of practitioners.
  - Industry standards could provide employing organisations with guidelines for the employment of practitioners.
  - Industry standards could ensure that the services and focus of practitioners within the different practice categories (Advisors, Counsellors, Coaches, Consultants and Mentors) are clarified, which should give those who seek assistance a better idea of what type of service to expect from a particular practice category practitioner.
3. The third recommendation is that all three knowledge areas namely, entrepreneurship, business management and practice disciplines should collectively form part of education and training programmes aimed at support practitioners.

## 7.7 LIMITATIONS OF THE STUDY

This study was aimed at firstly determining the knowledge requirements of entrepreneur and small business support practitioners. This was done through a literature review. The study, however, did not measure scientifically to what extent the knowledge areas discussed in this study as well as the underlying learning criteria of each knowledge area equip support practitioners to provide meaningful support.

The focus of the literature review was guided by the transcendental model which depicts the nature of the support practitioner environment (see Figure 4.2). The

starting point for developing the transcendental model (Figure 4.2) was the goal “developing sustainable ventures and reducing start-up failure rates”. This goal was derived from successive SA GEM reports. It is however possible that if another goal was used as the starting point for developing the model that the nature of the support practitioner environment as depicted in Figure 4.2 might show some differences. This is however an issue that could be the subject for further research.

The study did not measure the effectiveness of support practitioners who do comply with the knowledge criteria, as that would require involving the clients of practitioners as well as critically analyze for example reports, written advice and/or business plans produced by support practitioners for their clients. Such a research project should be undertaken in future.

The study did not enquire into the types of industries that the clients of support practitioners belong to. Such information would have allowed for correlations to be drawn between the industry experience of the practitioners and the industry types they most frequently deal with.

The study did not distinguish between the terms “company” and “venture”. This could possibly have caused term confusion with the interpretation of questions.

The study did not discuss the macro level issues which might have an influence on the support environment (such as policies, structures, institutions, globalisation, etc.) in detail. This lack of discussion might give the impression that macro level issues are not important knowledge requirements for support practitioners. The value of macro level issues to the knowledge base of practitioners can be a focus of further research.

This study used as its point of departure the argument of Stewart and Hamlin (1992) that knowledge forms the foundation for skill and competence

development and thus the study concentrated on measuring whether practitioners possess the required knowledge criteria. It is assumed that practitioners who possess the required knowledge criteria would at least possess the foundation for further skills and competency development in order to provide meaningful support.

The conceptual framework makes certain assumptions with regard to cause and effect relationships which affect the environment within which the support practitioners function. These are also not measured in this study and can be undertaken in future research.

A limitation (especially with regard to reliability) that might have had an influence on the findings is the fact that the findings are based on a convenience and not a random sample due the failure to obtain name lists from employing organisations. The limitation with regard to reliability should however be minimal as the researcher did not have any control over who would participate although the researcher could only forward questionnaires to employing organisations that were willing to participate.

## 7.8 SUGGESTIONS FOR FURTHER RESEARCH

Based on this study, the following aspects can be considered for further research:

- The stratified research model (Figure 4.3) suggests that practices and events on the actual level lead to the intended and unintended outcomes on the empirical level. This leads to especially two specific research questions:
  1. This study tested only whether practitioners had the knowledge as suggested by the literature. A further research question, however, still remains: Are practitioners who possess all three areas of

learning, namely, entrepreneurship, business management and knowledge of the practice disciplines, more able to provide meaningful support than those who lack knowledge in these areas?

2. To what extent do practitioners who possess the knowledge criteria exhibit skills and competencies in the provision of support?

- Research into the cause and effect relationships of the support practitioner problem environment model (Figure 4.2) can be undertaken.
- Research can also be undertaken to establish whether the nature of the support practitioner environment will differ if a different goal is used as the starting point for developing the model.
- Research into whether knowledge of macro level issues such as globalisation, policies and structures contribute to support practitioners providing meaningful assistance to entrepreneurs and small businesses in South Africa can be undertaken.
- Research aimed at investigating to what extent differentiation between practice category labels will benefit service delivery (if at all) can be undertaken.
- Employing organisations can undertake in house research and evaluate their support practitioners' actual client interventions to determine the competency levels of practitioners with regard to the three knowledge areas identified and discussed in this study.
- Further research can be undertaken to measure the extent to which the knowledge areas, entrepreneurship, business management and the practice disciplines as well as the underlying learning criteria within each knowledge area equip support practitioners to provide meaningful support.

## 7.9 SUMMARY

The provision of meaningful support to entrepreneurs and small businesses appears to be an imperative for the reduction of start-up failures and the promotion and growth of sustainable ventures. This imperative focuses the attention on the abilities of practitioners to provide entrepreneur and small business support. This focus of attention is especially critical as one-on-one entrepreneur and small business support is developing into a fast growing industry. The growth in the support practitioner industry in turn gives rise to the need for industry standards to ensure that practitioners possess the required knowledge competencies and also ensure that entrepreneurs and small businesses are provided with meaningful support.

It is hoped that this study will contribute to the determination of such standards that can lead to equipping practitioners with the relevant knowledge that will enable them to contribute meaningfully to the objective of reducing start-up failure rates as well as enabling practitioners to promote and develop sustainable ventures.



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