

## CHAPTER 8

### 8 CONCLUSIONS, LIMITATIONS AND RECOMMENDATIONS

The findings of the chapters on entrepreneurship theory and the entrepreneurial process, namely that opportunity exploitation is the key creative activity of the entrepreneur, were compared with the perceptions of small business managers regarding their own creativity and their corresponding exploitation of opportunities through introduction of new services and products, new marketing concepts and changes of strategy. The implications of this for entrepreneurship development were consequently identified.

#### 8.1 Entrepreneurship theory (Chapter 2)

The literature study of the entrepreneurship theory indicated the importance of continuous venture growth for entrepreneurial performance. Innovation was found to be core to growth. Concepts related to innovation and growth in the entrepreneurship domain was opportunity exploitation. An analysis of definitions of entrepreneurship attempted to establish recognition in the domain of a relationship with creativity (or acts perceived to be creative i.e., acts that would ensure opportunity exploitation) and innovation and entrepreneurship.

The content analysis of the fifteen (15) definitions of entrepreneurship resulted in a majority (12 out of 15) that recognised opportunity exploitation as a key ingredient of entrepreneurship. However, only 3.9% of articles referred to “entrepreneurship and opportunity exploitation”, when tested quantitatively against the Proquest database. When the search was extended to combine the search concepts “innovation” and “opportunity exploitation” only 0.88% of items from a total of more than 10 000 references to “innovation” were found.

This could be indicative of a number of problems, inter alia,

- The entrepreneurial process of “opportunity exploitation” has yet to indicate its tangent points with the creative process
- There are too many factors that influence the exploiting of opportunities to scientifically connect/delimit the concept “creativity” uniquely in the entrepreneurship domain.

## **CONCLUSION**

From the above it could be concluded that although the entrepreneurship theory acknowledges “opportunity exploitation” as the creative act of the domain, in depth research on what exactly the act entails and especially the links of “opportunity exploitation” with creativity was largely under-researched.

## **8.2 Entrepreneurial Process (Chapter 3)**

In view of the findings of the literature study on the Entrepreneurship theory, it was decided to investigate the entrepreneurial process in relation to “opportunity exploitation”, in search of what the creative act entails. The literature study indicated that entrepreneurs identify opportunities, create ideas and decide on their actions on the basis of a mixture of creativity, rational analysis and intuition. The skills underlying the activities of the entrepreneurial process can be divided into:

- Business/management skills
  - Project management
  - Time management
  - Technical skills
  - Social skills
  - Decision-making/taking
  - Strategic thinking
  
- Entrepreneurial skills
  - Opportunity identification
  - Creative problem solving skills
  - Opportunity exploitation
    - Thinking skills

Morris and Kuratko (2002:30) developed an input-outcomes model, depicting the following key activities in the entrepreneurial process:

- Opportunity identification
- Development and refinement of the concept
- Assessment and acquiring of the necessary resources

- Implementation/Continuous growth maximisation

Van Vuuren and Nieman (1999:3), in their development of the construct “entrepreneurial performance” (E/P) included creativity as an entrepreneurial skill. A model of the entrepreneurial process developed by Bygrave as depicted in figure 3.3 (Carlock 1994:28) was found to be indicative of the majority of factors influencing the entrepreneurial process. However creativity is only mentioned as an environmental factor influencing innovation.

### **CONCLUSION**

The process models described in this chapter focused on the various actions that the entrepreneur undertakes. Although the literature referred to creative skills, the entrepreneurial process literature more often referred to entrepreneurial skills. This led to the conclusion that although creativity is acknowledged in the practice of entrepreneurship, the exact applications of creativity theory in the various entrepreneurial steps need more research, for example:

- How is the theory of creative problem solving applied in opportunity identification,
- How is the theory of overcoming mental barriers applied in acquiring the resources for your business, and
- How is idea generation and brainstorming applied in refining the business/marketing concept, etc.

The question arose that if another angle of investigation was taken, namely an attempt to identify the activities of the creative process and the link with each of the stages of the entrepreneurial process, more clarity with regard to what content is needed in an entrepreneurial training and development model would not be obtained.

### **8.3 Creativity and Innovation (Chapter 4)**

Although there are various approaches to the creative process the following number of steps in the creative process were identified:

- The preparation phase
- The discovery/incubation phase

- Eureka/insight/illumination phase
- The crystallisation / evaluation phase
- The implementation / elaboration phase

For the sake of entrepreneurial development the key needed, was the link between each of the activities (creation/synthesis/modification) applied in the creative process of preparing, incubating, insight, evaluation and implementation with the entrepreneurial process of opportunity identification, concept refinement, assessment and configuration of resources and continuous growth maximization. It was decided to investigate what is already being done in entrepreneurship training to address the above.

### **CONCLUSION**

A content analysis of definitions of the concept “creativity” indicated the following acts as key to the realisation of the concept in the entrepreneurship domain:

- Creation (usually seen in the context of a business, but could be extended to the creation of an opportunity)
- Synthesis (building up separate elements into a connected whole/system – putting together an opportunity)
- Modification (adapting/changing resources/processes etc. to develop a business concept).

#### **8.4 Entrepreneurship training and development (Chapter 5)**

To design a strong curriculum, the popular perspective is that one must first determine the desired outcomes. De Clerq, Crijns & Ooghe (1997:15) studied the topics that are dealt with in entrepreneurship education in twenty-five leading business schools in the USA. The results of this study indicated that creativity was mainly linked to the creation of a business venture and that innovation was dealt with as a separate issue where the management of change seemed to be the core issue.

Antonites (2003:211) in his creativity, innovation and opportunity finding (CIO) action learning model, emphasises thinking through reflection and action, supported by experience. It was furthermore found that the model, inter alia,

- Ensured the acquisition of skills with feasible opportunity finding as the primary point of convergence,
- Addressed the entrepreneurial skills: creativity, innovation and opportunity finding directly, as part of an entrepreneurship training programme,
- Established pertinent differentiation to understand the exact variance between an “idea” and an “opportunity”, within an entrepreneurial and market context, and
- Accentuated the feasibility and realism of market related opportunities.

### **CONCLUSION**

From the literature study on the training and development of entrepreneurs it was concluded that despite great advancements being made, the linkages between the creative process and its activities with all the activities of the entrepreneurial process has as yet not been made and that it seemed as if the value of the creative process in the phases other than opportunity identification has not been fully explored as evident in the learning contents as well as training models where the theory of creativity is taught but application is halted at the opportunity identification/finding stage.

### **8.5 Empirical research (Chapters 6 and 7)**

The descriptive statistics confirmed that three factors were tested. These three factors were identified as:

- Perception of own creativity
- Perception of business’ innovativeness
- Implementation-outcome orientation.

### **CONCLUSION**

In view of the theory indicating that innovation is core to entrepreneurship with acceptance that creativity, although it does not cause innovation, certainly contributes to the development of new ideas, a relationship between the factors tested, was expected. The factor score covariance between factors 1 (perception of own creativity) and 2 (perception of business’ innovativeness) was 0.211 and the scale inter-correlations 0.266 which indicated a low level of underlying dimensions but confirmed Nystrom’s (as quoted by Ivanyi and Hofer 1999:1001) opinion that creativity cannot generate innovation, nor does innovation automatically establish creativity.

This means that the link between creativity and innovation in the entrepreneurship domain has to be developed before development of creativity would be successful.

Hypothesis H1 South African small business persons do not perceive themselves to act creatively.

Hypothesis H1a South African small business persons perceive themselves to act creatively.

In view of Bandura's (1978:243) findings on self-efficacy, i.e., personal assessment of capability to accomplish certain outcomes provides a formula for successful action and the South African Innovation Survey (Oerlemans *et al* 2001) as well as the Global Entrepreneurship Monitor's (Foxcroft *et al.* 2002) findings of a lack of innovation in South African businesses compared to other third world countries, it was hypothesised that South African entrepreneurs would not perceive themselves to be creative.

#### **CONCLUSION**

The sample mean for this factor of 4.0346, and standard deviation of only 0.5563 however, led to the rejection of the null hypothesis. This finding has significant implications for the training and development of entrepreneurs, since the question may be posed whether South African small business owners would be prepared to undergo training in creativity because they might think that they do not need this kind of training.

Hypothesis H2 South African small business persons do not perceive their businesses to be innovative.

Hypothesis H2a South African small business persons perceive their businesses to be innovative.

#### **CONCLUSION**

The mean for this factor of 3.798 indicated that the null hypothesis could not be accepted. The fact that the score on innovativeness of businesses was lower than that of perceived creativity is an indication that an implementation gap may exist and confirms the problems currently experienced with entrepreneurship in South Africa

namely that South Africa ranks lowest of all developing countries participating in the overall measurement of entrepreneurship (Foxcroft *et al.* 2002).

The above finding can be attributed to a myriad of reasons. Nieuwenhuizen, Groenewald and Nieuwenhuizen (2003:4), remark that although entrepreneurs understand the importance of innovation, they often view the risk and the high investment that the development of innovative products or services requires as out of proportion to the profit potential.

Hypothesis H<sub>3</sub> South African small business persons do not report a high implementation orientation with regard to creativity and innovation.

Hypothesis H<sub>3a</sub> South African business persons report a high implementation orientation with regard to creativity and innovation.

### **CONCLUSION**

The scale mean was below the median scale position of 3, namely 2.9. 41.7% of the respondents indicated that they did not agree with the statements on implementation-outcome orientation, 17.3% neither strongly agreed, not disagreed and 41.05% strongly agreed, therefore the null hypothesis, namely that South African business owners do not report a high implementation-outcome orientation was accepted. Given the high perception of creativity and innovativeness a higher than 2.9 scale mean was expected.

This is a very significant finding in the South African context and indicative of a need for serious attention in training and development programmes to be given to experiential aspects of creativity and innovation. The implementation-outcome orientation which was below the median of 3 on the Likert scale, compared to the high perception of own creativity, may support the view, that South African business owners have a low drive/motivation to implement. The causes of this low drive to implement might partially originate in the exceptionally high perception of own creativity, but needs further investigation.

In this regard Cochran's (as quoted by Antonites 2003:50) observation that a demotivating situation could originate within the achievement motivational framework, should a constant incompatibility arise between the expectations or the potential out

come (as perceived by the entrepreneur) and the true results of the outcome, needs to be taken into account.

## **8.6 Implications for Training and Development of entrepreneurs**

The primary concern for someone with an entrepreneurial career anchor is to create something new, involving the motivation to overcome obstacles, the willingness to run risks, and the desire for personal prominence in whatever is accomplished. The motivation of the entrepreneur is critical when placed within the entrepreneurial performance (E/P) perspective with the aim to integrate motivation as a driving force in the increase of entrepreneurial performance. Entrepreneurial performance as discussed has as a result the aim to increase for instance: the profitability, productivity, the net value and growth of the venture (Antonites 2003:45). The negative relationship between the implementation-outcome perceptions of the study may be an indication of some shortcomings in the respondents' motivation and correspondent proactiveness which may impact on their openness and readiness for training and development programmes.

High achievers realise that there are obstacles within themselves and in their environment that may block their advancement. They think of such obstacles as "personal blocks" and "environmental blocks" and try to avoid or overcome them. These blocks occur when progress of achievement-directed activity is blocked or hindered in some way. Persons who wish to improve their entrepreneurial performance must be made aware of the existence of certain obstacles they will have to overcome. The overarching high scores of the respondents in this study pertaining to their creativity and innovativeness whilst other research studies such as the Global entrepreneurship monitor (Foxcroft *et al.* 2002), the World competitiveness report (2003) and the South African innovation survey (Oerlemans 2003) indicate the opposite, indicate a need to investigate the reasons underlying a weak implementation-outcome orientation and possible training and development interventions to address this.

It will be crucial to take the major differences among the various cultures in South Africa into account in this process. Antonites (2003:91), identifies the following generic cultural barriers in South Africa:



- Individuals have to go to school, after that study at a university or college and find a job in the public/private sector (cultural mindset). Entrepreneurial endeavour is not a feature of such a cultural group.
- The unknown is unsafe and therefore risk averseness is the rule. Although calculated, entrepreneurship entails a certain level of risk-taking.
- An expectation is created in certain cultures, which prescribes that one has to be practical and think economically before your ideas can be generated.
- To ask a question, or to question an issue, is impertinent and unacceptable.

The black South African cultures scored significantly higher on their perception of own creativity and businesses' innovativeness and lower on the implementation-outcome orientation. It was found that people in low uncertainty avoidance and individualistic cultures had a higher level of internal locus of control and innovativeness than people in collectivistic and high uncertainty avoidance cultures (Jung *et al.* 2001:43). Jung's *et al.* (2001:50) recommendation that research on entrepreneurial self-efficacy use a more indigenous perspective is also supported since the South African black cultures might have a collectivistic nature but not necessarily high uncertainty avoidance. The possibility of overrated personal capabilities, combined with external locus of control might result in a retarded entrepreneurial orientation and needs to be investigated.

The high percentage of necessity entrepreneurs in South Africa is an indication that this career anchor might be lacking in a large number of small business owners. The literature study furthermore indicated that entrepreneurial skills, business skills as well as motivation need to receive attention in a curriculum for training entrepreneurs.

### **8.7 Limitations of the study**

The search for the unique delimitation of creativity in the entrepreneurship domain has alas, only started with this study. In order to develop experiential training and development programmes knowing the "how" will become critical and unfortunately the creative "how" of the various entrepreneurial activities and tasks has not been described fully as yet.

The underlying dimensions of creativity and innovativeness should have been clarified and better distinguished. This could have contributed towards a better understanding of the various tasks of continuous opportunity exploitation and the creative elements versus the innovative elements and implementation of both these dimensions.

More care should have been taken to ensure better representation of females in the sample.

### **8.8 Potential further research questions**

- What activities constitute the process of opportunity exploitation?
- Where are the boundaries of the creative process as opposed to the innovative process and the implementation process within the bigger opportunity exploitation process?
- Is it important to find these points?
- How do these processes influence the opportunity exploitation process i.e., which activities could be leveraged to create higher outputs/implementation?
- Which parts of each of these processes should be practically experienced in order to create self-efficacy with regard to implementation in the potential entrepreneur?
- What are the causes of the low implementation drive in South African small business owners? Is it:
  - A too high self-esteem,
  - A grounded perception that the investment would be out of proportion to the profit potential, or
  - Something else?
- Can training and development address the above ill of a low implementation drive, and if so, how?

### **8.9 Recommendations**

A major gap between perceived creativity and implementation-outcome orientation was established through the empirical research in this study. This may indicate a po-

tential lack of self-efficacy (i.e., the belief in personal capability to perform a specific task at a specific level of performance) with regard to the entrepreneurial task of innovation. Granted that there are various factors influencing venture performance, namely personality traits and general motives, personal competencies, situational specific motivation, competitive strategies and the business environment (Baum *et al.* 2001:293), it must be acknowledged that four of these have to do with the entrepreneur. Addressing entrepreneurs' self-efficacy with regard to their implementation-outcome orientation thus becomes crucial in all training and development programmes, not only creativity and innovation (entrepreneurial skills) but also the business skills.

The literature study pertaining to the training and development of entrepreneurs established that training models and content do not fully address the application of the creative process in all the steps of the entrepreneurial process but tend to focus and conclude with the finding of opportunities and the creation of ventures. This gap impacts on the success rate of newly established businesses. It is recommended that training and development models be extended to include the experiential application of creativity in the entrepreneurial process, including commercialisation of innovations.

If continuous business growth and opportunity exploitation, not only opportunity finding, is seen as core to entrepreneurship, further study and development of models to apply the various modes of creative behaviour, i.e., creation, modification and synthesis in the creative process in the running of a business, i.e., the activities of strategic planning, resource configuration, marketing etc. (i.e., the entrepreneurial process), is critical. An example that could be mentioned here is the utilisation of exports as financing tool for imports.

It is agreed that the CIO model developed by Antonites (2003:211) could serve as a successful instrument in entrepreneurship training, with a specific notion to creativity, innovation and opportunity finding as differentiating entrepreneurial skills. However, an extension of the last step, namely potential incubation and commercialisation, is recommended. Antonites, (2003: 213) indicates that this step does not form part of the formal training model and that the potential entrepreneur can move into a formal

incubator to further the whole production process or venture out on its own. The formulation of a proper business plan (in line with investor and/or financing requirements) forms part of the following module which could take place under situations of mentoring, tutoring or formal training.

Although a study indicated that small business owners prefer formal training as a method of development (Ligthelm & Morojele 2001:34), it must be acknowledged that formal training cannot address all ills. Therefore Antonites' suggested concept of moving into incubators corresponds with the concept of an integrated development model for entrepreneurs and is supported. The following development methods can be integrated in the entrepreneurial development process:

- Formal Education and Training (schools, colleges, technikons & universities),
- Information ( information centres e.g. libraries and business information centres),
- Mentoring/Role Modelling/Tutoring (also found in incubators),
- Networking (business fraternities, e.g. Business chambers) , and
- Linkages (with importers, exporters, buyers etc through trade exhibitions etc.).

It is however crucial that formal educational institutions take leadership in this regard and lead and manage this entrepreneurial development process within the National Skills Development Framework.

In conclusion, this study identified that the sample entrepreneurs see themselves as creative and their businesses as innovative. Unfortunately implementation of creativity and innovation lacks severely as seen in the lower implementation-outcome orientation. Is it possible then that the age old problem of implementation is the key to entrepreneurial success and education, rather than the cognitive development of the ideas? It seems that many answers exist, but if execution lacks, nothing happens. Implementation skills should therefore receive high priority in the training and development of entrepreneurs.