

Chapter 1: Introduction and background to the study

"The 30-year journey just travelled provides impressive evidence that the entrepreneurial revolution is for real. When I completed my doctoral program about 30 years ago, entrepreneurship research, curricula, and programs were basically nonexistent. My dissertation was to the best of my knowledge, the first one at Harvard Business School to have the word 'Entrepreneurial' in the title. One could count on one hand that the number of universities where such a course was taught, and these were a few elite graduate schools. The 'revolution' in higher education has changed all that. Today almost every university and college offers some form of entrepreneurial program."

- Timmons (1999: 13)

1.1 Introduction

Although South Africa has shown positive economic growth since 1994, it is evident that certain critical economic and social aspects and indicators have not been addressed to the full (Antonites, 2003: 1). Unemployment in particular still seems to be one of the major concerns with regard to economic growth. According to Van Tonder (2003: 8), the current unemployment rate implies that only approximately 13.5 million individuals are part of the economically active population in South Africa. It is imperative to create high levels of entrepreneurial activity within the country in order to reduce the unemployment figure. Timmons and Spinelli (2004: 37) agree, pointing out that entrepreneurial activity is a prerequisite for the success of economic growth, development, social well-being and political stability.

Entrepreneurship throughout the world is stirring a revolution that is reforming and revitalising economies; this is due to the establishment of new businesses and the growth of existing ones (Visser, 2002: 1). In Africa one can see a sluggish growth in large private sector enterprises and the strong need for retrenchment in the public sector. This has led to the acknowledgement that small-scale businesses are of particular importance for the economy (Friedrich, Glaub, Gramber & Frese, 2003: 2). The South African government has to a certain degree recognised the importance of developing a strong small, medium and micro enterprise (SMME) sector that could lead to promoting and achieving economic growth as well as the creation of wealth

and employment. The government's focus, over the past few years, on the training of entrepreneurs has to a certain extent been on the development of previously disadvantaged individuals, specifically women entrepreneurs (Van der Merwe, 2002: 48). Individuals who fall into this category are seen as being latecomers to the "game" of entrepreneurship and therefore do not have the adequate skills and knowledge to start and grow a business. According to Timmons and Spinelli (2004: 256), one significant difference between men and women is the under-representation of women pursuing higher education in business, engineering and science. Although education is not mandatory for new venture creation, it does provide one with the skills, contacts and opportunities vital for most successful businesses.

Orford, Wood, Fischer, Herrington and Segal (2003: 17) interviewed several South African entrepreneurs to obtain information on the main obstacles they face. The results of their study, as well as the entrepreneurial activity of South Africa compared with other countries, are captured in the Global Entrepreneurship Monitor (GEM) report. The results indicate that the lack of education and training is South African entrepreneurs' most frequently mentioned weakness; financial support is the second most frequently mentioned weakness. The interviewees thirdly mentioned cultural and social norms. These findings contribute to the restriction of entrepreneurship development in the country.

The purpose of this study is to address the frequently mentioned barrier, namely the lack of entrepreneurial training and education, by introducing the Women Entrepreneurship Programme (WEP). Furthermore, it will explain how the effectiveness of this training programme is measured. The WEP was developed specifically to promote and encourage women entrepreneurs in South Africa.

This chapter provides the background and literature review of the study. It sets out the problem statement, objectives, methodology and design of the study and the outline of Chapters 2 to 8. This is done to guide the flow of this study.

1.2 Background and importance of a study on women entrepreneurs

This study focuses on the training of women entrepreneurs in South Africa; it is therefore necessary to explain why such a study is undertaken. One reason for the interest in women entrepreneurship in South Africa could be the revitalising effect entrepreneurship has had on such a depressed economy in the past and may also have in the 21st century (Erwee, 1987: 153). This view is supported by Blignaut (2000: 37), who points out that the “new” economy also provides women who may have been out of the workplace for a while with a chance to step in and take advantage of exciting opportunities. Although women are making their mark as entrepreneurs in South Africa, they still seem to be under-represented in the formal sector.

According to Foxcroft, Wood, Kew, Herrington and Segal (2002: 9), there are still twice as many male entrepreneurs as female entrepreneurs. The findings of Orford *et al.* (2003: 11), in their GEM report of 2003, support these results, indicating that men are on average 2.3 times more likely to be involved in entrepreneurial activity in developing countries than women are. In South Africa in 2002 men were twice as likely as women to be involved in entrepreneurial activity, whereas in 2003 men were 1.9 times more likely than women to be involved in entrepreneurial activity. In 2004 men were 1.4 times more likely to be self-employed than women (Orford, Herrington & Wood, 2004: 16). The difference in the female and male rates was statistically significant in 2002 but not in 2003 and 2004. The overall difference between entrepreneurial activity rates of men and women in South Africa is largely due to the much higher opportunity entrepreneurial activity amongst men. Reasons for this could be barriers that women entrepreneurs face. On top of that, there are mutually reinforcing factors such as crime, low visibility and absence of business organisations which raise the barriers to entry and growth for businesses even more.

The last three decades have seen a remarkable increase in the number of studies of women entrepreneurs (Loscocco & Robinson, 1991; Moore & Buttner, 1997). Some of these studies compare men and women business owners (Evans, Leighton & Wharton, 1989), focusing on such topics as the different industrial and occupational concentrations of male and female entrepreneurs. Carter (2000: 328) agrees and

stresses that the aim of the majority of the studies was: “mainly to make comparisons with male entrepreneurs and to make women entrepreneurs visible.” Other studies of women entrepreneurship focus exclusively on women, analysing, among other things the reasons why women leave the mainstream labour market to pursue business ownership (Moore & Buttner, 1997; Tang, 1995; Shabbir & Di Gregorio, 1996). According to Smith-Hunter and Boyd (2004: 19), many studies focus on the barriers that women entrepreneurs face. Carter (2000: 328) suggests that in comparison with men, when women enter self-employment they do so with fewer financial assets, less experience in management and are under-resourced in terms of their human and social capital. Moreover, relatively few studies have focused on solutions that could address these barriers, such as provision of training and education. There is an urgent need to examine the training needs of women entrepreneurs and whether current service providers are looking after these needs.

Adhikary and Rai (1999: 29) point out that the informal sector in South Africa has grown enormously over the past ten years, illustrating why entrepreneurship is seen as an important career option for women as well as their male counterparts. The Ntsika Enterprise Promotion Agency (which is now known as the Small Enterprise Development Agency, SEDA) was established through the Department of Trade and Industry. The main function of SEDA is to expand, coordinate and monitor the provision of training, advice, counselling and any other non-financial services to small business in accordance with the National Small Business Support Strategy (Department of Trade and Industry, 2005). Workshops held by Ntsika Enterprise Promotion Agency in the late 1990s highlighted the most common barriers perceived by women entrepreneurs in South Africa (Adhikary & Rai, 1999: 30):

- Training programmes are outdated; courses offered by training institutions focus on training the traditional manager and not the entrepreneur.
- Exposure to media is very expensive.
- No database of women entrepreneurs by sector is available.
- There is replication and duplication of craft centres or groups in an area.
- There is no enquiry into failed businesses and the reasons for that failure.
- Women are not taken seriously in the business world.

Mallane (2001: 11) agrees with the above-mentioned barriers and stresses that it is important to do something about the challenges that have been carried into the new millennium in the area of gender and women entrepreneurship. These include research and policy issues, support structures and information provision:

- There is a need to establish business and support networks to ensure co-ordination and integration of services. There is a need to work on the gender sensitisation of public policy to ensure that its translation into action is done through building of skills and the empowerment of women. Perhaps the largest disparity between men- and women-owned enterprises is illustrated in the lack of gender desegregated government procurement data.
- There is a lack of a forum to address women entrepreneurs' problems and the initiative of Ms Lindiwe Hendricks, then Deputy Minister, on Women in Business must be applauded. Ms Lindiwe Hendricks established the South African Women Entrepreneurship Network (SAWEN) in June 2002.
- There is no journal on women entrepreneurship in South Africa, which could serve as the documentation of best practice and role-model promotion.
- There are very few support bases for aspiring women entrepreneurs and there have been limited studies on South African women in business.
- Prospective women entrepreneurs have often been humiliated when seeking business loans, as they are often not accepted without a co-signature because the husband has to co-sign the loan (Valla, 2001: 36).

In 2003 the Chair in Entrepreneurship at the University of Pretoria conducted a study on 174 women entrepreneurs in South Africa for a major bank. This was done to address some of women entrepreneurs' most severe barriers. This study consisted of a literature review, qualitative research in the form of focus groups and quantitative research in the form of a structured research questionnaire. The study focused on perceptions that women entrepreneurs had about financial institutions and the lack of access to financial assistance. One of the most important research findings was that 68 % of the women entrepreneurs stated that they would like to receive some form of entrepreneurial training and education from commercial banks (Van der Merwe & Nieman, 2003: 35).

Commercial banks, however do not believe that it is their responsibility to train and educate entrepreneurs in business, management and entrepreneurial skills. Therefore a Women Entrepreneurship Programme (WEP) was developed to cater for the above needs. Carter (2000: 331) suggests that the only way to encourage larger numbers of women into self-employment is to recognise that there is a clear need to widen access to business start-up and growth training and advice. Little emphasis is currently placed on the provision of after-care training and advisory service for the ongoing firms. Arguably, as many women lack the management experience and access to networks, they have a greater need for ongoing support.

1.3 Literature review

Defining entrepreneurship seems to remain a difficult task, as academics and researchers worldwide have not yet agreed on a definition. Several authors have contributed to the definition of entrepreneurship, including McClelland (1961), Gartner (1990), Bygrave and Hofer (1991), Timmons and Spinelli (2004) and Hisrich, Peters and Shepherd (2005). For the purpose of this dissertation two definitions of an entrepreneur will be used. The first definition, as used by the Chair in Entrepreneurship at the University of Pretoria (Nieman, 2000: 5), is:

"A person who sees an opportunity in the market, gathers resources and starts and grows a business venture to satisfy these needs. He or she takes the risk of the venture and is rewarded with profit if it succeeds".

The second definition, as accepted in this study, is:

An entrepreneur is an individual with the ability to realise a specific vision of virtually anything – a definite human creative action. A differentiating factor defining the true entrepreneur is the entrepreneurial skills of creativity and innovation. The fundamental skill to "create", thus generating an idea, and the action of transforming it into a viable growth-orientated business, forms an unconditional and integrated prerequisite for entrepreneurship training programmes (Antonites, 2003: 3). The definitions of entrepreneur include the promise of growth and expansion and therefore it is essential that the owner of the entrepreneurial venture obtain the adequate skills and knowledge to ensure long-term success.

One can now ask how entrepreneurial South Africa is? Table 1.1 highlights the entrepreneurial activity rates in South Africa from 2002 to 2004. The GEM report of 2004 indicates the Total Entrepreneurial Activity (TEA) by measuring the proportion of a country's adults (aged 18 – 64 years) who are involved in starting or running new businesses. In 2004 the TEA index in South Africa was 5.4 % (4.3 % in 2003 and 6.3 % in 2002) compared with an average of 9.4 % in all 34 countries included in the 2004 survey, and 21 % in the developing countries included in the 2004 survey (Orford *et al.*, 2004: 3). This indicates that South Africa has a relatively low TEA rate compared with the other countries included in the above survey. Table 1.2 illustrates the most important factors that can be seen as contributors towards the country's low entrepreneurial activity.

Table 1.1: Entrepreneurial activity rates in South Africa (2002 – 2004)

Activity rate	2002	2003	2004
Total entrepreneurial activity rate	6.3	4.3	5.4
Necessity firm activity rate	2.3	1.5	2.4
Opportunity firm activity rate	3.2	2.9	2.8
Start-up activity rate	4.5	2.7	3.9
Established firm activity rate	1.1	1.1	1.4

Source: Orford *et al.* (2004: 13)

Table 1.2 is presented on the next page.

Table 1.2: Key factors associated with entrepreneurial activity

Demographic factors	Environmental factors
Age - People between the ages of 25 and 44 are more likely to be entrepreneurs than people younger than 25 and older than 44	Human capital - Lack of entrepreneurial capacity due to weaknesses in the education and training system to develop the skills and mindsets needed for entrepreneurship and the potential of the population for entrepreneurship
Race - White people are also more likely to be entrepreneurs than black Africans (However, the differences between white and black Africans largely reflect lower levels of education and a higher probability of being located in a rural area for black Africans compared with white Africans).	Government policies - the national legislative and policy environment Government programmes – Specific programmes, structures and institutions set up to support entrepreneurial businesses
Gender - Men are 1.4 times more likely to be self-employed than women	Financial support - Inadequate access to early stage finance, how well the financial community understands entrepreneurship and the entrepreneurs' capacity for financial management

Source: Own compilation as adapted from Orford *et al.* (2004: 3)

The most significant observations to be drawn from the table above are:

- The key to raising entrepreneurial activity rates lies in increasing the proportion of South Africans engaged in it, especially black people and women. Orford *et al.* (2004: 3) further advocate increasing the proportion of people who complete secondary school and continue to higher education and who believe that they have the skills, knowledge and experience to start a business. These two go

hand in hand, since higher levels of education are associated with significant increases in entrepreneurial self-confidence.

- According to the World Competitive Yearbook (2004), South Africa ranks 49th out of 60 countries on the human capital development factor. However, on the sub-index for education, South Africa ranks 55th.
- While there may be a range of contributing reasons for the low levels of entrepreneurial confidence in South Africa, the legacy of apartheid education does appear to be a prime candidate. It is also one area where the government could have a significant impact on the development of people with the skills and confidence to become entrepreneurs (Orford *et al.*, 2004: 28).

A further distinction must be made between entrepreneurs who are taking advantage of business opportunities and therefore start a business due to a gap that was seen in the market (these are normally pulled towards entrepreneurship - opportunity entrepreneurs), and people who start businesses because they do not have any other employment options (these are pushed towards entrepreneurship - necessity entrepreneurs). This will be further explained in Chapter 4 of this study. According to the GEM report, Orford *et al.* (2004: 12) found that in South Africa necessity entrepreneurial activity accounted for about 45 % of total entrepreneurial activity, which is higher than in previous years and is relatively high compared with other countries. Out of the 34 countries, South Africa ranked ninth (9th) in the necessity entrepreneurial activity index and 29th in the opportunity entrepreneurial activity index. Among the developing countries which are included in the GEM report in 2003, South Africa has the weakest performance when it comes to entrepreneurship and business start-ups.

The number of entrepreneurs per 100 adults in South Africa amounts to about a third of the number in Thailand, the leading country in the GEM index. The low degree of entrepreneurship applies both to opportunity- and to necessity-driven entrepreneurship, though the lag behind other countries is much higher when it comes to opportunity-driven entrepreneurship. Foxcroft *et al.* (2002: 6) connect the weak entrepreneurship performance to four factors:

- The high transaction cost of tax compliance, in particular for young firms;

- Weak support structures, in particular business development services which are not accessible or suffer from low quality;
- Insufficient access to credit, in particular micro-finance; and
- Inadequate technical support structures, in the form of training and education, especially for informal businesses.

These observations are supported by the evidence presented by Djankov, La Porta, Lopez-de-Silanes and Shleifer (2000: 7), who indicate that the cost of registering a formal business in South Africa is comparatively high. It amounts to 0.366 % of annual Gross Domestic Product (GDP) per capita. In Canada, it is 0.014 %, in New Zealand 0.004 % and in Chile 0.116 %. These indicators suggest that government in South Africa is creating more obstacles to entrepreneurship than governments in other countries. More emphasis should be placed on effectively setting up support structures for entrepreneurship. Meyer-Stamer (2003: 7) agrees that these problems are compounded by a confused concept of entrepreneurship and entrepreneurship promotion. This author has worked with local communities since the year 2000, and observed four approaches to entrepreneurship, three of them obviously wrong:

- Purchase a business plan, submit it for funding, obtain funding and spend the funds for a BMW or bakkie, but have no products or customers.
- Purchase a business plan, submit it for funding, obtain funding, use that money just like a wage, and the “business” collapses once the funds are used up.
- Go through a skills course, use the skills to produce something, try to find customers for the product, but cannot find customers.
- The only promising approach is the fourth one: Understand the behaviour and the problems of people, identify the market opportunity, match it with your skills and the skills obtained in a training programme and then write your own business plan and come up with a product or service for which there is a real demand.

One can now ask the question: “Why are some entrepreneurs so much more successful than others in starting and growing ventures?” According to Baron and Markman (2000: 106), previous efforts to answer this question have generally focused either on the personality traits or susceptibility to various cognitive errors of individual entrepreneurs, or on such external factors as the number of competing

businesses. It is suggested that skills needed to start and grow a venture can readily be enhanced through appropriate training and that entrepreneurs who take advantage of such opportunities may reap important benefits.

When focusing on the South African situation, the evidence from the GEM report suggests that two factors explain the relatively low levels of entrepreneurial self-confidence in South Africa. Firstly, South Africans are less likely to know an entrepreneur who can serve as a role model or example. Secondly, problems in South Africa's educational system are widely recognised. Entrepreneurs should be taught the business and management skills involved in starting and running a business; for example they should be taught how to write their own business plans and identify their own opportunities. Since the early 1980s, evaluation studies on entrepreneurship education and training have received increased attention in the literature (Friedrich *et al.*, 2003: 2). These authors quoted several researchers, such as Gibb (1993: 9), who states that the lack of clear consensus on the definition of entrepreneurship and small business contributes to the confusion in the existing research on training. Nieman (2001: 2) states that entrepreneurship education should be directed at the preparation of individuals who can be change agents for the next decade, simultaneously providing the much-needed entrepreneurs required in South Africa.

1.4 Defining constructs in the study

It is necessary to define certain constructs used in the title as well as throughout the chapters of this study. The title of this study is: Measuring the effectiveness of the Women Entrepreneurship Programme (WEP), as a training intervention, on potential, start-up and established women entrepreneurs in South Africa. In the title, the constructs that must be defined are: potential women entrepreneurs, start-up women entrepreneurs and established women entrepreneurs. In the GEM report of 2003, Orford *et al.* (2003: 9) distinguishes these entrepreneurial firms by age. Potential entrepreneurs are those who are making a leap towards entrepreneurship by gathering information and obtaining resources to start a business in the near future. Start-up entrepreneurs are firms that have not yet paid wages and salaries for more than three months. Firms older than 42 months (3.5 years) are regarded as

established entrepreneurs. It is also significant to note that the word “women” was used rather than “female” due to the fact that all the latest academic journals and publications refer to women entrepreneurs.

The word “effectiveness” is used throughout this study. The reason why effectiveness is used and the word “impact” to a lesser extent is the definition of effectiveness. The Oxford dictionary (2005) defines effectiveness as causing a performance, change or result, and this is in actual fact what is measured in this study.

1.5 The research problem

From the background of the study, it is clear that women entrepreneurs encounter problems, barriers and constraints. The literature study deals with the lack of training and education as a barrier to women entrepreneurs and how a training programme can solve these problems. The research problem deals with the Women Entrepreneurship Programme (WEP) and whether this programme will be effective in assisting women entrepreneurs to start and grow their own businesses. While the research problem is discussed in more detail in Chapter 6, the study sought to address the following research questions:

- Is the WEP effective in assisting start-up and already established women entrepreneurs to grow their businesses by means of improving their business performance?
- Is the WEP effective in assisting potential women entrepreneurs to start their own businesses?
- Is the WEP effective in assisting start-up and already established women entrepreneurs to start multiple businesses?
- Is the WEP effective in training potential, start-up and established women entrepreneurs?
- Will skills transfer take place after the completion of the WEP?
- Are there significant differences regarding the business performance between the women entrepreneurs who attended and completed the WEP (experimental

group) and the women entrepreneurs who did not take part in the WEP (control group)?

- Are there significant differences regarding skills transfer between potential, start-up and established women entrepreneurs?
- Are there significant differences regarding business performance between women entrepreneurs in different provinces in South Africa?
- Does the WEP satisfy the training needs of the experimental group?
- Does the WEP meet the expectations of the experimental group?

1.6 Purpose of the study

The purpose of the study is to measure the effectiveness of the WEP on women entrepreneurs and whether it can equip them with the knowledge and skills to start and grow their own businesses. This study will also make agencies, government, financial institutions and other role players aware of the WEP. The main purpose, however, will be to inform other women entrepreneurs about the programme and provide them with training; more specifically, to investigate and explore the following:

- Literature on existing entrepreneurial training and education;
- Literature on the objectives, content, design and duration of existing entrepreneurship training programmes;
- Literature on women entrepreneurs in South Africa;
- The design, content and structure of the WEP; and
- Measuring the effectiveness of the WEP on potential, start-up and established women entrepreneurs.

The purpose of the WEP is furthermore to provide technical, business management and entrepreneurial training to women entrepreneurs. Two training models are examined and integrated to form a new model in Chapter 3. This model will then serve as the platform used to develop the WEP. The first model is the Entrepreneurial Performance Education Model (E/P model) as developed by the Chair in Entrepreneurship, at the Department of Business Management, at the University of Pretoria (Van Vuuren & Nieman, 1999: 6). This model was actually tested and validated for the first time in 1997 (Van Vuuren, 1997: 593). It is

concerned with the elements that drive entrepreneurial performance and was developed to guide syllabi and curriculum development. The four elements evident in the E/P Model are:

- Entrepreneurial performance;
- Performance motivation;
- Entrepreneurial skills; and
- Business skills.

These elements will be presented and examined further in Chapter 3. Antonites (2000: 21) elaborated on the E/P Model to develop the Entrepreneurship training model (Table 1.3) which forms the framework of WEP and focuses on the acquisition of entrepreneurial and business skills.

Table 1.3: The Entrepreneurship training model

Entrepreneurial Performance (E/P)	Performance motivation (M)	Entrepreneurial Skills (E/S)	Business Skills (B/S)
Establishment of own business	Motivation	Risk propensity	General management skills
Growth in net value of business	Role models	Creativity and Innovation	Marketing skills
Recruitment of employees		Opportunity identification	Legal skills
Increasing productivity levels		Role model analysis	Operational skills
Increasing profitability		Networking	Human resource management skills
			Communication skills
			Business plan compilation
			Financial management
			Cash flow management

Source: Adapted from Antonites (2000: 21)

The second model was developed by Pretorius (2001: 131) and is known as the Entrepreneurial Education model (E/E model). This model considers not only the content of entrepreneurial education programmes but also the context in which such programmes are operated by the facilitators and the approaches that they use. The model identifies five constructs relevant to entrepreneurial education aimed at increasing start-ups and also indicates the relevance of the programme context. The E/E Model was validated in 2001 and the constructs include (Pretorius, 2001: 132):

- Entrepreneurial success themes;
- Business knowledge and skills;
- Business plan utilisation;
- Learning approaches; and
- The facilitator and the programme context.

Pretorius, Van Vuuren and Nieman (2005: 422) integrated the two models (Van Vuuren & Nieman, 1999 and Pretorius, 2001) to introduce the newly developed model: Educate for Entrepreneurial Performance (E for E/P). The Entrepreneurial Training Model (Antonites, 2001) and the E for E/P model (Pretorius, Van Vuuren & Nieman, 2005) are explained further in the literature review in Chapter 3.

1.7 Effects of training

To measure the effectiveness and impact of a training programme, Kirkpatrick (1967: 98) suggests measurements on four different levels: Reaction measures (do they like it?); learning measures (do they understand it?); behaviour measures (can they do it?); and results/success measures (does it make a difference?). In this study, assessing training effectiveness of the WEP will be done in line with these suggestions:

- Reaction measures will be used to find out trainees' satisfaction with the training programme. This evaluation will be done at the completion of the training programme and will consist of a number of questions about the course that participants will rate according to their level of satisfaction.

- Learning measures and behaviour measures will assess the effect of the training on the entrepreneurial factors. Learning measures will also be used to assess the gain in training specific skills, increasing knowledge and changing attitudes.
- Behaviour measures will be conducted to find out whether the participants were able to apply these skills to job situations.
- Post-training success measures will be used to measure training outcomes in terms of economic factors such as profits, costs, productivity and quality.

According to May, Moore and Zammit (1990: 172), this type of evaluation, although potentially useful, has not been conducted frequently. The apparent problem with results evaluation is the large number of variables that the researcher must identify and isolate in order to establish that a given result was indeed attributable to the training programme, as opposed to other corporate activities. Donkin (2004: 18) mentions that attempting to calculate return on investment is a step beyond the Kirkpatrick model and usually involves some hard measuring. The author suggests that the first step is to work out the desired results, such as increased output, more sales or reduced staff turnover or increased turnover. The next step is to quantify the costs associated with these issues.

Therefore, to measure the effectiveness of the WEP even further, this study will also make use of the key performance measures that were adopted from a study conducted by Kalleberg and Leicht (1991: 148) on 400 entrepreneurs; these are:

- Primary performance measures (number of employees, growth in employees, number of customers, sales/turnover and value of capital assets);
- Proxy performance measures (geographical range of markets – national versus international markets, formal business and VAT registration);
- Subjective measures (including the ability of the business to meet business and domestic needs – confidence in running a business); and
- Entrepreneurial performance measures (the desire to start a business or the desire for growth and the ownership of multiple businesses).

The determining and measurement of the effectiveness of the WEP will be discussed further in Chapters 6 and 7. The reason why the measurement levels of Kirkpatrick (1967) and Kalleberg and Leicht (1991) are used in this study is due to the literature

study revealing that other authors in studies of effectiveness most frequently used these levels. Some of these authors include, Carter (2000: 330), Friedrich *et al.* (2003: 4) and Henry, Hill and Leitch (2003: 98).

The WEP provides post-care training to the participants after their completion of the programme, in the form of business mentors and advisors. Carter (2000: 331) states that the continuation of self-help groups, or peer mentoring, after formal programmes have finished, is an innovative and low-cost means of providing ongoing support to new firms. Van Auken (1999: 30) stresses that training programmes which aim to assist in successful business formation and warn potential business owners of the obstacles to launching a business can lead to better launch strategies that may improve post-launch performance.

1.8 Research objectives

The primary and secondary objectives of the study are presented below.

1.8.1 Primary objective

The primary objective of the study is to:

Measure the effectiveness of the WEP, as a training intervention, on potential, start-up and established women entrepreneurs in South Africa.

1.8.2 Secondary objectives

The secondary objectives of the study are to:

- Determine whether the training content of the WEP has an effect on women starting their own businesses;
- Determine whether the training content of the WEP has an effect on women entrepreneurs growing their businesses;
- Determine which entrepreneurial, as well as business, skills and knowledge the experimental group learned and gained after they completed the WEP;
- Compare the experimental and control groups approximately six months after the intervention has taken place;

- Determine whether there are significant differences regarding skills transfer between women who already have businesses and those who recently started businesses and those who are potential business owners;
- Determine whether the WEP satisfied the training needs of the experimental group;
- Determine whether the WEP met the expectations of the experimental group;
- Determine whether there are significant differences regarding business performance between women entrepreneurs in different provinces in South Africa.

1.9 Hypotheses

The following hypotheses were formulated out of the research objectives:

Null hypothesis (H1o): The WEP, as a training intervention, is not effective in assisting start-up and established women entrepreneurs to grow their own businesses.

Alternative hypothesis (H1a): The WEP, as a training intervention, is effective in assisting start-up and established women entrepreneurs to grow their own businesses.

The following secondary hypotheses are stated for the study:

H2o: The WEP, as a training intervention, is not effective in assisting women entrepreneurs to start their own businesses.

H2a: The WEP, as a training intervention, is effective in assisting women entrepreneurs to start their own businesses.

H3o: There are no significant differences regarding business performance between the experimental and control groups six months after the experimental group completed the WEP.

H3a: There are significant differences regarding business performance between the experimental and control groups six months after the experimental group completed the WEP.

- H4o: The experimental group has not gained entrepreneurial, as well as business, skills and knowledge after the completion of the WEP.
- H4a: The experimental group has gained entrepreneurial, as well as business, skills and knowledge after the completion of the WEP.
- H5o: There are no significant differences regarding skills transfer between potential, start-up and already established women entrepreneurs.
- H5a: There are significant differences regarding skills transfer between potential, start-up and already established women entrepreneurs.
- H6o: The WEP did not satisfy the training needs of the experimental group.
- H6a: The WEP satisfied the training needs of the experimental group.
- H7o: The WEP did not meet the expectations of the experimental group.
- H7a: The WEP met the expectations of the experimental group.
- H8o: There are no significant differences regarding business performance between women entrepreneurs in different provinces in South Africa.
- H8a: There are significant differences regarding business performance between women entrepreneurs in different provinces in South Africa.

1.10 Research methodology

The study consists of a literature review and an empirical study. The literature review aims to survey the background of entrepreneurial education and training and the range of current training programmes, as well as the effect of training on women entrepreneurs. It will provide an insight and understanding into the research problem as well as the necessary background to guide the empirical part of the study.

The empirical part of the study will focus on the WEP and specifically on how to measure the effectiveness of the training intervention. The WEP focuses on the most important needs identified by the respondents in the 2003 study already mentioned in the background to this study. The empirical method is embedded in an experimental design. Zikmund (1997: 307) defines the experimental design as one

that exists as a method based on the manipulation of a variable with the sequential testing of causal relationships among variables.

The experimental design of the study involves the treatment of the independent variable as the WEP with an experimental group (WEP delegates) and a control group (women entrepreneurs not participating in WEP). The treatment (independent variable) was conducted in a controlled research environment (non-laboratory), thus striving towards a consistent environment.

1.10.1 Sample selection and size

For the selection of the target group out of the population it is important to describe the deciding elements that determined the profile of the selected target group. The determining factors that were taken into consideration when the sample was selected are known as the sampling frame and include the following:

Determinant 1 – Already established, start-up or potential women entrepreneurs;

Determinant 2 – Women entrepreneurs with high-growth or potential high-growth ventures;

Determinant 3 – Women whose training needs matched the training content of the WEP.

The sample of the study consists of 180 women entrepreneurs. The sample includes respondents from seven different provinces and every ethnic group in South Africa. This is done by running the WEP with six different groups (± 20 trainees per group) in the various provinces. One part of the total group consists of an experimental group (116 respondents), while the other part is the control group (64 respondents). After six months the results of the experimental group will be compared with those of the control group. The control group are as far as possible similar to the experimental group in terms of age, experience, skills level and business owners, to name but a few factors. The ultimate desired outcome of this programme is for each participant to successfully establish and grow her business by means of preparing a business plan for the future.

1.10.2 Design of the study

As already indicated, this study will be based on an experimental design but will also focus on a survey design. The empirical study will consist of quantitative research, in which three different research questionnaires will be used to obtain information from respondents. The first questionnaire will be given to respondents before the actual training takes place to measure the respondents' level of knowledge and skills as well as training expectations and needs (this will be referred to as O₁). The second questionnaire will be given to respondents to measure their behaviours and attitudes directly after they have completed the programme (this will be referred to as O₂), and the third questionnaire, will measure the respondents' business performance six months after they have completed the programme (this will be referred to as O₃). The control group will only receive the first questionnaire (O₁) and the third questionnaire (O₃).

1.11 Importance and benefits of the study

The study presented explores entrepreneurship from an intervention perspective; essentially, this study is an exploration into the nature and effectiveness of the WEP and will also investigate other entrepreneurship education and training programmes. However, the main contribution of this study to effectiveness is represented by a focused longitudinal study in which both the tangible and intangible outcomes of the particular WEP cohort are examined. An aspect which enhances the findings of this study is the use of control and experimental groups which, given the nature of the field, are becoming more and more difficult to find. In 2001, Friedrich *et al.* (2003: 4) conducted a study by selecting 84 entrepreneurs; one part formed the experimental group, while the other part were the control group. After six months these authors compared the results of the experimental group with the control group and found that the experimental group had developed better in their business performance than the control group. These authors further report that as far as they have researched, no other entrepreneurial training in South Africa has been evaluated with a control group and an experimental group six months after the respondents were measured the first time. Therefore, the principal aim of the study is to make a valuable contribution in the area of entrepreneurship education and training. Finally, the ultimate benefit of

this study is to highlight key considerations for programme design and delivery and to offer some practical suggestions for improving overall programme effectiveness. In this respect, this study is expected to be of interest to both a national and an international audience which includes academic researchers, lecturers and fellow scholars in the field of entrepreneurship. In addition, the implications of the empirical work will be of particular interest to policy makers, sponsors and those involved in entrepreneurship education and training design, provision and funding.

1.12 Outline of the study

The study will be done in such a way that it follows a logical progression to build up to the specific research problem and objectives. The investigation starts with a thorough and broad literature review based on entrepreneurial education and training in general. It is further broken down into specific topics such as different training programmes, women entrepreneurs and their barriers with reference to education and training and lastly the WEP is discussed. The final section of this study refers to the measurement of the WEP and the research methodology and findings. A final conclusion and recommendations complete the study.

Chapter 1: Introduction and background to the study

This chapter comprises the introduction and background to the study. It discusses the importance and purpose of the study and defines the research problem. The objectives and hypotheses are clearly stated to guide the flow of the research. The chapter presents the research design, indicating how the experimental group and control group are tested. Finally, it outlines the classification of the experimental design and describes the benefits that this study will have for the reader and for South Africa as a whole.

Chapter 2: Entrepreneurial education and training

This chapter focuses on the literature review on entrepreneurial training and education. It starts by defining the terms education, training and learning as used in the study. It outlines the field of entrepreneurship and highlights important research

trends. It examines further the important relationship between entrepreneurship and economic development and growth, as well as the relationship between employment and entrepreneurial education and training. The next section deals with the differences between entrepreneurial ventures and small businesses. Entrepreneurial education and training are defined and explained, and the ongoing debate of whether entrepreneurship can be taught is dealt with and a point of view defended. Finally the chapter highlights the difficulties encountered in entrepreneurship education and the factors that enhance and constrain entrepreneurial training.

Chapter 3: Entrepreneurship training models and programmes

The main two focus areas of Chapter 3 are two entrepreneurship training models and various training programmes. The two entrepreneurship training models are compared, and then integrated to form the improved training model as used in the chapters that follow. The next section explains the objectives of entrepreneurship training programmes and discusses their design, content and duration. It investigates the range of other South African and international entrepreneurship programmes, their content and outcomes. The literature on how to measure the effectiveness of training programmes is examined. The final section of this chapter examines training programmes for women entrepreneurs and why there should be such programmes.

Chapter 4: Women entrepreneurs in South Africa

Chapter 4 focuses on the literature on women entrepreneurs in South Africa, and specifically the barriers that they face. The next section focuses on the most important reasons why women start their own businesses and their motivations, and presents a model of women entrepreneurship motivation. The following section discusses differences between male and female entrepreneurs as regards characteristics and needs. Barriers women face and previous analyses on the training needs of women entrepreneurs are explored, and an elaboration on the need for women entrepreneurship training programmes concludes the chapter.

Chapter 5: Women Entrepreneurship Programme (WEP)

Chapter 5 discusses the WEP in detail. The discussion consists of an overview and background to why this programme was developed for women in particular. It presents evidence and suggestions from a pilot programme which was carried out in 2003, and outlines the objectives, outcomes and contributions of the WEP. A figure illustrates the WEP design and content, showing all of the stages and steps that respondents go through in the programme. The section discusses the current strengths and weaknesses of the WEP and introduces the sponsors and partners of the programme, indicating each partner/sponsor's roles and responsibilities. The chapter finally focuses on measuring the WEP against the improved training model as developed in Chapter 3 of this study.

Chapter 6: Research design and methodology of the study

In this chapter the research problem, objectives and hypotheses are presented, as well as means of testing the hypotheses. The chapter discusses the research design and methodology in more detail, outlining the specific methods used to gather the empirical information. This chapter also looks at the reliability and validity of the study, and the design of the three questionnaires used to collect data. This chapter highlights previous measurements used and describes certain key performance measures used to measure the effectiveness of the WEP. Finally, the data processing and analysis are explained by means of the statistical techniques used. These tests include factor analysis, chi-square test, *t*-test, Wilcoxon matched-pairs test and Kruskal-Wallis One-Way ANOVA.

Chapter 7: Research findings

This chapter highlights the personal demographic data, followed by the business demographics as well as other descriptive statistics. The chapter then presents all the research findings obtained by means of descriptive research, reliability tests, factor analysis, chi-square tests, *t*-tests, Wilcoxon matched-pairs tests and the Kruskal-Wallis One-Way ANOVA. The results of this empirical study are provided in tabular format.

Chapter 8: Conclusion and recommendations

Chapter 8 summarises the study and its findings. This final chapter presents the WEP framework, conclusion and recommendations of this research study. The research objectives, hypotheses and WEP targets are revisited and the limitations of the study, contributions to the science and areas for further research are presented.

1.13 Abbreviations

The following abbreviations are used in this study:

- A: Approaches used by facilitator/s
- ABSA bank: Amalgamated Banks of South Africa
- APDF: Africa Project Development Facility
- AWCA: African Women Chartered Accountants
- BEE: Black Economic Empowerment
- BMDP: Business Development Management Programme
- B/P: Business Plan
- B/S: Business Skills
- BSSA: Business Skills South Africa
- BWASA: Business Women's Association of South Africa
- CIPRO: Companies and Intellectual Property Registration Office
- CITY: Community Improvement Through Youth Programme
- DTI: Department of Trade and Industry
- EDII: Entrepreneurship Development Institute of India
- EMS: Economic and Management Sciences
- ESDP: Entrepreneurial Skills Development Programmes
- EU: European Union
- E for E/P: Education for improved Entrepreneurial Performance
- E/E: Entrepreneurial Education
- E/P: Entrepreneurial Performance
- E/S: Entrepreneurial Skills
- F: Facilitator knowledge and motivation
- GDP: Gross Domestic Product
- GEM: Global Entrepreneurship Monitor

M:	Motivation
NAWA:	The National African Women's Alliance
NAWACO:	National Women in Agribusiness Cooperative
PEP Africa:	Private Enterprise Partnership for Africa
RDP:	Reconstruction and Development Programme
SA:	South Africa
SAIBL:	South African and International Business Linkages
SAWEN:	South African Women Entrepreneurs Network
SAWIC:	South African Women in Construction
SA-WISE:	Association of South African Women In Science and Engineering
SAWIMA:	South African Women In Mining Association
SEDA:	Small Enterprise Development Agency
SERDEF:	Small Enterprise Research and Development Foundation
SMMEs:	Small, Medium and Micro Enterprises
SWOT:	Strengths, Weaknesses, Opportunities and Threats
TEA:	Total Entrepreneurial Activity
UCT:	University of Cape Town
UK:	United Kingdom
UNIDO:	United National Industrial Development Organisation
UP:	University of Pretoria
USA:	United States of America
WEP:	Women Entrepreneurship Programme
WICT:	Women in Information Communication and Technology
WIN:	Women In Nuclear
WOESA:	Women in Oil and Energy of South Africa

1.14 Referencing technique

The Harvard Referencing technique is used in this study.