

## Chapter 2: Entrepreneurial education and training

“Entrepreneurship education seems to be one of the most important fields of development for the fact that entrepreneurs are seen as the people who are driving the economies of countries and entrepreneurship is seen as the engine of growing economy in the millennium we are in.”

– Welsh (1993: 9)

### 2.1 Introduction

This chapter presents a review of existing research on entrepreneurial education and training with special reference to the current South African situation. One of the biggest challenges facing South Africa is the development and improvement of the knowledge and skills of its people, particularly amongst disadvantaged sectors of the population. Rwigema and Venter (2004: 522) point out that racially segregated education and training was a cornerstone of apartheid policy. Disproportionately low spending on education, coupled with a lack of adequate facilities and resources, has ensured that previously disadvantaged South Africans, including women, have not received proper education and training. The authors further stress that massive inequalities continue to plague education in South Africa and that some 30 % of the adult population is considered to be functionally illiterate (Rwigema & Venter, 2004: 522). A low skills base further compounds levels of illiteracy. The ratio of skilled workers to unskilled workers is 1:5, compared with 1:2 in most developed nations. South Africa’s crisis in education and training has implications for the country’s social growth, economic progress and global competitiveness.

The GEM report of 2001 showed that the higher the level of education of an individual, the greater the tendency to pursue entrepreneurial activities and the greater the probability of starting a new venture that progresses past the start-up stage (Driver, Wood, Segal & Herrington, 2001: 8). The results of the GEM report of 2002 are similar. Foxcroft *et al.* (2002: 6) emphasise that the long-term priority for increasing entrepreneurial activity is to improve access to and success in education.

The biggest concern is the lack of core skills among entrepreneurs, for example financial literacy, record-keeping and marketing.

The GEM report of 2003 indicates that the educational system could play a powerful role in helping to bring about an increase in entrepreneurial involvement of young adults, not only through formal teaching but also through the introduction of learners to positive role models with an entrepreneurial background (Orford *et al.*, 2003: 4). According to Van Vuuren, as interviewed and quoted by Ueckermann (2004: 1), South African entrepreneurs with some form of formal entrepreneurial education will be more likely to be successful than entrepreneurs who have had no education. This statement is supported by research that showed that seven out of 100 entrepreneurs without entrepreneurial education were successful, whereas, in the same study, 67 % of the 72% of participants who had completed some form of university certificate/diploma were successful in starting and running a business.

In this chapter a thorough investigation will be done on the different constructs of entrepreneurial education, training and learning. This chapter considers the importance of education and training to the economy and focuses on the particular value of entrepreneurship education and training. Some of the fundamental themes in the literature are reviewed, including the difficulties involved in categorising entrepreneurship education and training; the issue of whether or not entrepreneurship can be taught; the differences between entrepreneurial ventures and small business ventures; and the problems and difficulties of educating and training entrepreneurs. The final section of this chapter focuses on enhancing and constraining factors on entrepreneurial education and training as well as different types of interventions. This chapter emphasises the necessity for entrepreneurship training programmes for potential, start-up and already established entrepreneurs.

## **2.2 The constructs of education, training and learning**

Young (1997: 67) questions the relevance and value of a theoretical approach to a subject which deals almost exclusively with activity. He suggests that the experience and practical skills used by entrepreneurs are possibly not something that can be acquired through conventional teaching methods. Cooper, Bottomley and Gordon

(2004: 13) agree, stating that a skills-based programme requires a teaching and learning philosophy that encourages the development and practice of entrepreneurial skills. While different authors use the concepts of education, training and learning interchangeably, it is necessary to make some distinctions for the purposes of this study.

### **2.2.1 Education**

The Oxford Dictionary (2005) defines education as the theory and practice of teaching or information about or training in a particular subject. Van Heerden (1994: 5) states that education is the act or process whereby knowledge is provided, especially through formal teaching and instruction of mainly the theory of a specific concept. The education approach mostly involves the cognitive domain, which refers to the mental process of learning. This definition of education by Van Heerden is seen as the one that provides the most appropriate distinction between training and education. According to Bruner (1996: 20), the term education is used in three main senses: to indicate a process, a system and a goal. This process is often carried on within a system, and many people speak of education as if it were that system, for example, when saying that the government spends money on education. The system itself is not education: it is a system designed to promote the process of education, or an educational system.

### **2.2.2 Training**

According to the Oxford Dictionary (2005), training is defined as teaching (a person or animal) a particular skill or type of behaviour through regular practice and instruction. To train is to coach in or accustom to some mode of behaviour or performance (Bruner, 1996:20). It also means to make proficient through specialised instruction and practice to execute successfully. A training approach is, therefore, the more appropriate option for business, as it involves aspects such as to coaching or accustoming to some mode of behaviour or performance, or making proficient through specialised instruction and practice to execute successfully. For the purpose of this chapter, Stanger's (2004: 465) definition of training is presented and used throughout the study. The author states that entrepreneurial training is assumed to

mean an educational class or course imparting business or vocational (trade) knowledge and skills to entrepreneurs in any stage of the business life cycle.

### **2.2.3 Learning**

A learning approach, on the other hand, seems to be the highest level of knowledge transfer as it includes components of education and training. It is therefore necessary to elaborate on learning within the entrepreneurial training programme context. Learning can be defined as a process undergone to gain and acquire knowledge, comprehension, skill and mastery of execution and training through experience that leads to relatively permanent changes in behaviour (Bruner, 1996: 20).

Action learning is another concept that needs further explanation. McGill and Beaty (1992) in Antonites (2003: 135) define action learning as a process in which learners learn through experience by thinking through past events, seeking ideas that make sense of the event and could help them to find new ways of behaving in similar situations in future. Howell (1994: 15) defines the role of action learning in creating an “interrelationship” between the learner and his/her environment in order to become “active partners” in producing their reality. Action learning can only take place in an environment where not only teaching takes place but also learning. Leitch and Harrison (1999: 95) acknowledge the effectiveness of management and entrepreneurial training, in the action learning context, by referring to Porter and McKibben (1988), Limerick and Moore (1991) and Leitch and Harrison (1999). Howell (1994: 17) likewise provides empirical evidence in terms of actual and significant increases in work performance after the completion of an action learning process.

The above statements lead us to another construct that needs further explanation. This construct is known as outcome-based learning. According to Pretorius (2001: 126), outcome-based learning changes the learning culture by radically changing the ways in which knowledge, skills and values are mastered, and how learning processes are adapted and adjusted to achieve the chosen end product. Shepherd and Douglas (1996: 1) point out that many entrepreneurship educators are teaching

logical thinking when they should, in fact, be teaching entrepreneurial thinking, and argue that logical thinking can lead to incorrect and unworkable answers. They call for a shift in emphasis from teaching to learning, suggesting that an individual can really only learn when he or she performs the particular skill in an environment as close to real life as possible.

Deakins (1996: 21) states that:

*“We do not understand how entrepreneurs learn, yet it is accepted that there is a learning experience from merely establishing a new enterprise. The learning process that is involved in business and enterprise development is poorly understood, yet programmes have been devised and interventions are made in business development... There is now a need for re-focusing research away from the emphasis on picking successful entrepreneurs or picking winners, to identifying key issues in the learning and developmental processes of entrepreneurship.”*

Cooper *et al.* (2004: 13) argue that the introduction of various teaching and learning techniques to facilitate entrepreneurial learning has helped to create bridges between theoretical knowledge and experience generated through practice. It is clear from the literature that the learning methods employed in entrepreneurship education and training programmes vary considerably from lectures, presentations and handouts to video and case-study based learning with group discussion and role-plays (Henry, *et al.*, 2003: 98). An experiential learning continuum is postulated in Table 2.1. At one extreme is the traditional low-involvement lecture, at which the student is passive and the transfer of knowledge is one way. Attempts to engage students in more active participation/learning through case studies mark a position further along the scale, while in-company projects are at the high-involvement end of the spectrum. The challenge for entrepreneurship teachers and trainers, therefore, is to find innovative learning methods that coincide with the requirements of potential entrepreneurs.

**Table 2.1: The experiential learning continuum in entrepreneurship education**

<b>Educational technique</b>	<b>Degree of interaction</b>	<b>Proximity to entrepreneur as source of learning</b>	<b>Opportunity for questioning re entrepreneurial situation</b>	<b>Involvement and depth of learning</b>
In-company project	Intense	“On the spot”	Very high	High, extremely active
Company visit guided by the entrepreneur	Medium	There, but only fleetingly	High	Moderate, active
Case study, with entrepreneur in class	Medium	As a visitor	Medium	Modest, active
Interactive class sessions	Medium	Remote	Medium	Modest, active
Case study, text/video only	Low	Remote	Low	Low, active
Lecture	Low, non-existent	Extremely remote	Low to non-existent	Low, passive

Source: Adapted from Cooper *et al.* (2004: 14)

The major challenge in relation to education and training is the appropriateness of curricula and training programmes as preparation for entrepreneurship in the outside world. Table 2.2 presents a grid of learning styles and pedagogical techniques that can be applied to prepare participants and students for learning in the outside world. In the active experimentation/reflective observation dimension, our understanding of entrepreneurial behaviour indicates a primary preference for action (Garavan & O’Cinneide, 1994a: 9). Opportunities and creative ideas must be followed through to activate entrepreneurship. Thus, an entrepreneur would be expected to favour active experimentation rather than reflective observation. It should be noted, however, that

action in the absence of reflection precludes learning (Kolb, Rabin & McIntyre, 1974: 24). In the abstract conceptualisation/concrete experience dimension, the ideal preference of the entrepreneur is not so distinct. In fact, the conflict between concrete experience and abstract conceptualisation leads to what Kolb *et al.* (1974) refer to as “creative tension”. To be creative, one must be free of the constraining focus of abstract concepts in order to experience anew. A creative person is able to coordinate each of the two models of learning. Thus, both abilities are important for entrepreneurs, with the balance between them dependent on whether problem finding or problem solving is more important for innovation. Garavan and O’Cinneide (1994a: 10) conclude by stating that the pedagogical methods which are best suited to an entrepreneurial learning style are those presented in quadrants three and four of the learning grid.

**Table 2.2: Conceptual grid of learning styles and pedagogical techniques**

<b>Concrete experience</b>	
<p><i>Quadrant 3: Active-applied</i></p> <p>Changes in skills and attitude</p> <p>Role-plays</p> <p>Management simulation</p> <p>Processing discussion</p> <p>T-group/encounter groups</p> <p>Learning diaries</p> <p>Field projects</p> <p>Management of learning groups</p> <p>Counselling</p>	<p><i>Quadrant 2: Reflective-applied</i></p> <p>Changes in application</p> <p>Motives</p> <p>Applied lectures</p> <p>Limited discussion</p> <p>Cases</p> <p>Role-plays</p> <p>Problem-orientated exams</p> <p>Programmed instruction with emphasis on skills</p>
<b>Active experimentation</b>	<b>Reflective observation</b>
<p><i>Quadrant 4: Active-theoretical</i></p> <p>Changes in understanding</p> <p>Focused learning groups</p> <p>Argumentative discussions</p> <p>Experiments/research</p> <p>Suggested readings</p> <p>Analysis papers</p> <p>Workshops, monitoring and coaching</p>	<p><i>Quadrant 1: Reflective-theoretical</i></p> <p>Change in knowledge</p> <p>Theory lectures</p> <p>Required readings and handouts</p> <p>Programmed instruction with emphasis on concepts</p> <p>Theory papers</p> <p>Content-orientated exams</p>
<b>Abstract conceptualisation</b>	

Source: Adapted from Randolph and Posner (1979: 463)

Volery (2004: 2) conducted research on universities and training institutions and found that a central premise of these programmes is that entrepreneurship is a learned phenomenon. That is, entrepreneurs are created by their experience as they grow and learn, being influenced by lecturers, parents, family, mentors and role models during their growth. He further argues that evidence shows that “practice by doing” induces the highest retention rates. Participants who actually write a business plan, take part in a game where they have to make some decisions or even set up a real business venture will learn much more than those attending traditional classroom lectures. Before this phenomenon is explained further, one should look at the field of entrepreneurship and the existing research within this field.

### **2.3 The field of entrepreneurship**

The field of entrepreneurship has a recognised scientific community that expresses itself through large numbers of conferences and scientific journals (Bruyat & Julien, 2000: 165). However, the question raised by Sexton (1988: 4) nearly 18 years ago is still relevant: “Is the field of entrepreneurship growing, or just getting bigger?” As Gartner (1990: 16) asks: “Is entrepreneurship just a buzzword, or does it have particular characteristics that can be identified and studied?” Although it was possible in the 1980s to say the priority was to accumulate empirical data, it is now believed, by many others (Vesper, 1982; Brockhaus & Horwitz, 1986; Bruyat & Julien, 2000) that it is high time to develop theoretical tools to enable the field to progress. Bygrave and Hofer (1991: 15) rightly point out that good science has to begin with good definitions. Bruyat and Julien (2000: 166) have observed, “even though the field of entrepreneurship is to a large extent, formed... the problem of defining the word ‘entrepreneur’ and establishing the boundaries of the field have still not been solved”. A research field can only be built and win legitimacy if it is differentiated from neighbouring fields, as discussed in section 2.6 of this chapter.

At first there was limited research on this aspect of entrepreneurship, but since 1985 there has been an increased interest in entrepreneurial careers and education (Hisrich *et al.*, 2005: 17). This increased interest has been fostered by such factors as the recognition that small firms play a major role in job creation and innovation; an increase in media coverage of entrepreneurs; and the awareness that there are more

entrepreneurs than those heralded in the media. A further factor is the shift in employment as women become increasingly more active in the workforce, the number of families earning two incomes grows and the formation of new ventures by women entrepreneurs takes place at three times the rate of their male counterparts in the United States of America (USA).

In the 1980s the field of entrepreneurship exploded and spilled over into almost all the soft sciences and management sciences. According to Kent (1982) in Nieman, Hough and Nieuwenhuizen (2003: 7), the transition was marked by two events: the publication of the first-ever encyclopaedia outlining the state of the art in the field and the first major annual conference (The Babson Conference) dedicated to research in the new field. The authors add that it is interesting to note that the development of entrepreneurship as a discipline did not follow the same pattern as that of other disciplines. In fact, large numbers of researchers, each using a culture, logic and methodology established to varying degrees in their own field, began to take an interest in the field of entrepreneurship.

Progress in research, as in the understanding of entrepreneurs, can be divided into five periods, as shown in Table 2.3. It is appropriate to consider the link between research and teaching within the field of entrepreneurship, as there would appear to be a correlation between the theoretical rigour of research conducted and the theoretical rigour of courses designed (Henry *et al.*, 2003: 88). If theoretically rigorous research is not conducted, then the content of entrepreneurship courses may suffer. Boshoff and Van Vuuren (1992: 372) divide entrepreneurial theory and research into three main categories: firstly the entrepreneur and his/her actions and qualities; secondly, the entrepreneurial process; and thirdly the factors involved in increasing the development of entrepreneurs and entrepreneurial activity.

This study focuses on the third factor and aims to undertake the challenging issue of entrepreneurial development by focusing on an entrepreneurial training programme.

**Table 2.3: Research trends in entrepreneurship**

<b>Period and topics</b>	<b>Perspective</b>	<b>Authors and researchers</b>
1. What entrepreneurs do 1700 – (1950)	From an economic perspective	Cantillon; Say and Schumpeter
2. Who entrepreneurs are 1960 – (1980)	From a behaviourist perspective	Weber; McClelland; Rotter and De Vries
3. What entrepreneurs do and the trainability of entrepreneurs 1980-	From a management science perspective (finance, marketing, operations, human resources) and from an education perspective	Drucker; Mintzberg; McClelland; Gibb; Hisrich and Peters; Kuratko and Hodgetts
4. What support is needed by entrepreneurs 1985-	From a social perspective, including economists, geographers and sociologists	Gartner; Welsh; Bygrave and Reynold
5. What entrepreneurial activities are, and what competencies are required to perform them 1990-	From an entrepreneurship perspective	Timmons; Vesper and Brockhaus
6. Entrepreneurial cognition, heuristics, biases and risk propensity. Opportunity recognition and the decision to start new ventures 1995-	From a psychological perspective (How/what entrepreneurs think)	Baron; Mitchell; Haley; Krueger; Simon and Shepherd

Source: Own compilation as adapted from Fillion (1991: 7)

The field of entrepreneurship has developed to such an extent that it is necessary to take note of the growing value of entrepreneurship as a subject of study.

This is predicated on the following key factors:

- The challenge to higher education to meet the demands of economic and social change through relevant, professionally-orientated, new academic provision at the postgraduate level. The need for greater attention to entrepreneurship in university business education was cited by Mitra (2002: 192);
- The increased quantity of academic research, suggesting that new knowledge, based on empirical evidence, has been developed to demonstrate the differences between start-up ventures and mature organisations; that a common core of knowledge is being established through an accumulation of studies; and that the quality of writing and research has legitimised the subject within academia (Hills & Morris, 1998: 43);
- The need for graduates, mature students, working professionals, managers and other employees to acquire and develop a wide array of up-to-date entrepreneurial skills, competencies, and a knowledge base; to be entrepreneurial in both business and non-business settings; to take advantage of ‘downshifting’ and ‘spin-off’ opportunities and to consider non-traditional career alternatives in a rapidly changing economic and social environment (Garavan & O’Cinneide, 1994a: 13).

The field of entrepreneurship, and in particular the study of its archetype (the entrepreneurial venture), is undoubtedly one of the most complex in the social sciences. It therefore offers a considerable challenge to researchers in the 21<sup>st</sup> century. Bruyat and Julien (2000: 177) state that: *“If we are to take up this challenge, we will have to borrow methods and tools from other disciplines and fields, and we will undoubtedly have to invent new ones. At the same time, we must be careful not to dissipate our efforts.”* The next section deals with the reasons why this challenge must be taken up and how entrepreneurship can contribute to economic growth.

## **2.4 Entrepreneurship and economic development**

While the relationship between entrepreneurship and economic growth is multi-faceted and complex, entrepreneurial capability is a necessary ingredient in a country’s capacity to sustain economic growth (Driver *et al.*, 2001:6). Hisrich and

O’Cinneide (1985: 1) clearly indicate that, while entrepreneurship is essential in any country for birthing new ideas, creating new enterprises and nurturing the economy, it is particularly important in areas where there is high unemployment. Indeed, academics, politicians and policy makers now accept the potential contribution that entrepreneurship can make to an economy (Bruyat & Julien, 2000: 166). Dana (2001: 405) agrees that entrepreneurs contribute to industrialisation as well as to economic growth; they improve living standards, while tax revenues from their enterprises contribute to a nation’s treasury. De Faoite, Henry, Johnston and Van der Sijde (2003: 431) further note that skills and knowledge, as developed through training and education, are one of the few areas in which a country can engineer a competitive advantage. This view is supported by Ulrich (1997: 1), who suggests that the importance of entrepreneurial education is derived from the importance of the entrepreneur throughout the economic system.

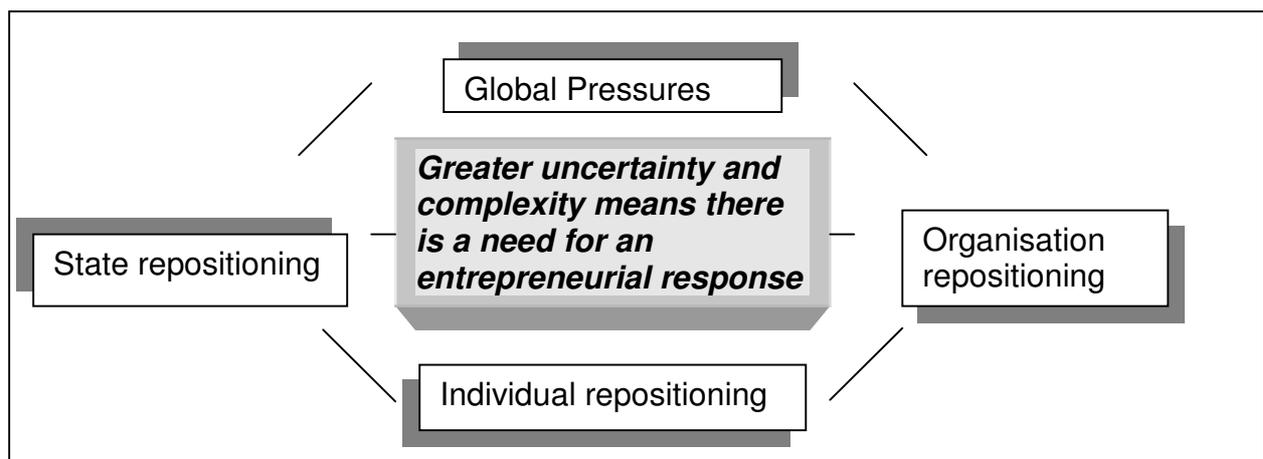
Henry *et al.* (2003: 3) agree with the following authors that, historically, economists have associated entrepreneurship with profit orientation, capital investment and risk (Cantillon, 1755; Say, 1803; Schumpeter, 1934), supporting the view that it is responsible for economic expansion (Weber, 1930; Schumpeter, 1965; Cole, 1965). According to Schumpeter (1961: 23), nearly all supporters of the capitalistic system would agree that the encouragement of successful innovation and entrepreneurship is beneficial for the continued health and long-term growth of a nation’s economy. Schumpeter (1947; 1949) in Dana (2001: 405) perceived economic development as the basis for reinterpreting a vital process that had been crowded out of neo-classical economic analysis by the static general equilibrium theory. As he saw it, the function of the entrepreneur was to revolutionise patterns of production by exploiting an invention or innovation.

How easy can it be to teach an individual to invent a creation that will bring about economic equilibrium? In contrast to the innovator described by Schumpeter, Kirzner (1973; 1982) in Dana (2001: 405) argues that an entrepreneur might simply identify an opportunity for profit, rather than create one. The Kirznerian entrepreneur, therefore, could benefit from education in general and managerial training in particular, without necessarily requiring the skills to be innovative. Reynolds, Bygrave, Autio, Cox and Hay (2002: 40), however, suggest that education is a key

element (prerequisite) in the framework conditions that enhance economic growth through entrepreneurship. According to Ahwireng-Obeng (2003: 3), entrepreneurship development is compatible with the concept of economic development – fundamental changes in the economic, social and cultural fabric of the individual and society. It extends beyond the narrow focus on providing economic, financial and physical resources necessary for enterprise development and encompasses the development of human capital, social capital and cultural capital in addition to financial and physical capital – the basic human assets and resources required for sustainable economic empowerment, wealth creation and national progress.

In the watershed work of McClelland (1961) entitled *The Achieving Society*, the hypothesis was that achievement motivation is partly responsible for economic growth and the need to achieve. His aim was not to prove that the need to achieve is the only determinant of economic growth, but that the appearance or the high presence of it plays a role in economic growth. Entrepreneurship is seen to bring benefits at both the macro and micro levels of economic development. Gibb and Cotton (1998: 8) support the idea of a macro-micro spectrum of benefits which can be gained from entrepreneurship and illustrate these in terms of the various changes and pressures at the global, societal, organisational and individual levels (graphically illustrated in Figure 2.1).

**Figure 2.1: Entrepreneurship education and the changing world**



Source: Adapted from Gibb and Cotton (1998: 8)

At the global level, the reduction of trade barriers, together with the advancements in telecommunication, technology and transportation, all combine to provide more opportunities as well as more uncertainties in the world. Timmons and Spinelli (2004: 82) support the latter by pointing out that in a free enterprise system, changing circumstances, chaos, confusion, inconsistencies, lags or leads, knowledge and information gaps and a variety of other vacuums in an industry or market spawn opportunities. These authors add opportunities are situational, which means that some conditions under which opportunities are spawned are idiosyncratic, while at other times they are generalisable and can be applied to other industries, products or services.

According to Gibb and Cotton (1998:8), at the societal level, privatisation, deregulation, new forms of governance, mounting environmental concern and the growing rights of minority groups are all presenting society with greater complexity and uncertainty. At the organisational level, decentralisation, downsizing, re-engineering, strategic alliances, mergers and the growing demand for flexibility in the workforce all contribute to an uncertain climate. Finally, at the individual level the individual is now faced with a wider variety of employment options, the probability of ending up with a portfolio of jobs, more responsibility at work and more stress. In addition, on a personal level, today's individual may be a single parent with more responsibility for managing credit and securing finances for their future (Gibb & Cotton, 1998: 8-9). Given the above, it is apparent that, at all levels, there will be a greater need for people to have entrepreneurial skills and abilities to enable them to deal with life's current challenges and an uncertain future.

Although South Africa still offers certain positive conditions (lowest living cost for employees, lowest electricity costs for businesses and relatively low income tax levels), it ranks lowest in terms of the employment rate, life expectancy, the level of economic literacy, the general skills level of employees, foreign direct investment, infrastructure and foreign exchange reserves (World Competitiveness Yearbook, 2003). Pahn (1993: 8) suggests that in South Africa there are too few people with entrepreneurial qualities, leading to a situation where the South African economy performs poorly because only a very limited number of people succeed as entrepreneurs.

According to Sarasvathy (2003: 2), entrepreneurship creates value in society that is disproportionate to its role within the economy, and that persists over longer periods of history than any other functional area in business. In other words, entrepreneurship creates positive externalities in benefits that accrue beyond the spatial, temporal and popular contexts in which it occurs. Scase (2000: 12) found that there is a very positive impact that new business creation can have on employment levels. Small firms can also have a competitive advantage over large firms. Sunter (1998: 2) calls for entrepreneurial development and highlights its importance: *“It is only through the creation of millions of enterprises that millions of jobs will be created”*.

## **2.5 The relationship between employment and entrepreneurship education and training**

De Faoite *et al.* (2003: 431) emphasise the importance of education and training within economic development, and state that it is well documented in the literature. For example, education has been identified as a critical factor in preventing future high levels of long-term unemployment, and there is evidence of a strong correlation between education level achieved and high income over a lifetime. There is also evidence of a positive relationship between education and training programmes and the number of venture start-ups (Garavan & O’Cinneide, 1994b: 17). Research undertaken by Webb at Babson College in the USA demonstrated that students who participate in such programmes are more likely to start their own business. Webb used an experimental design with control groups. Of those who took an entrepreneurship education training programme, 21 % had started a business as full-time employment compared with 14 % of the control group members who did not take such a programme (Garavan & O’Cinneide, 1994b: 17).

According to Foxcroft *et al.* (2002: 5) the key factor which influences whether or not an entrepreneur progresses beyond the start-up phase is education. These authors add that the entrepreneur’s level of education also seems to have an impact on the average number of jobs she/he creates. Entrepreneurs without a matric employ on average 0.7 people, compared with three people for entrepreneurs with matric and 2.9 people for entrepreneurs with tertiary education. Entrepreneurs with matric

therefore have more than four times the number of employees employed by those without a matric, suggesting that matric education has a significant impact on an entrepreneur's ability to grow the business and to create jobs.

Driver *et al.* (2001: 12) report an overall lack of entrepreneurial elements in the education system in South Africa. Negative attitudes towards entrepreneurship; entrepreneurial role models; confidence, initiative and creativity; entrepreneurship as a career choice; and a negative attitude towards failure all contribute towards the lack of a South African entrepreneurial culture. Many of these elements could be impacted upon by education, but are absent from the general education systems. These authors also confirm the general low levels of business skills and the absence of entrepreneurial education in general. There exists some confusion between entrepreneurship and small business management, which will be dealt with in the next section of this chapter.

## **2.6 Entrepreneurship versus small business management training and education**

Hazeltine and Falk (1999: 5) postulate that, while there is an overlap between entrepreneurship and small business management, there are enough differences to justify studying these two phenomena separately. Solomon, Winslow and Tarabishy (1998: 3) agree, stating that entrepreneurship and small business management constitute two different educational subjects. These authors suggest that education in small business management traditionally has to do with providing the student with management know-how relating to the setting of goals, leading, planning, organising and controlling from a small business perspective. Entrepreneurial education, on the other hand, focuses on action orientation, primarily embodied in teaching students how to develop a business plan (Pretorius, 2001: 22).

Laukkanen (2000:27) stresses that the field itself customarily differentiates entrepreneurship and small business ownership: the former stressing new business and wealth creation, the latter being more occupied with management and business function know-how in a small-firm context. Colton (1990) in Falkäng and Alberti

(2000: 104), distinguishes between enterprise education and small business and entrepreneurship education and training:

*“The major objectives of enterprise education are to develop enterprising people and inculcate an attitude of self-reliance using appropriate learning processes. Entrepreneurship education and training programmes are aimed directly at stimulating entrepreneurship, which may be defined as independent small business ownership or the development of opportunity-seeking managers within companies.”*

As seen in Chapter 1, it is extremely difficult to find a single definition for the construct of entrepreneurship. Mill (1848: 4) provided one of the earliest definitions of entrepreneurship and suggested that risk bearing was the major feature that separated entrepreneurs from managers. The Hunter Centre for Entrepreneurship at the University of Strathclyde in Glasgow follows the Harvard Business School and Howard Stevenson definition. According to that definition the following elements must be included in the definition of entrepreneurship (Cooper *et al.*, 2004: 12):

- Opportunity recognition in pursuit of wealth creation;
- An ability to identify, access and harness resources that facilitate wealth creation;
- An ability to assess and take appropriate and acceptable risk; and
- The persistence to see things through to completion.

Such a definition would readily apply to the starting up, running and growing of a new business.

Kaufmann and Dant (1998: 7) categorise entrepreneurship on the basis of different contemporary representative definitions found in the literature. These authors indicated that three perspectives could be determined:

- Definitions stressing the characteristic traits or qualities supposedly possessed by entrepreneurs, including risk taking, leadership, motivation, ability to resolve crises, creativity, low level of risk aversion, decision-making ability and more.
- Definitions stressing the process of entrepreneurship and its result, including the creation of new enterprise, introduction of new combinations of production factors and new, unique and valuable combinations of resources in an uncertain and ambiguous environment.

- Definitions focusing on the activities entrepreneurs perform, including connecting to new markets, overcoming market deficiencies, creating and managing contractual arrangements and input transforming structures, supplying resources lacking in the marketplace, and activities to initiate, maintain and develop profit-orientated business, to fill currently unsatisfied needs and to take operational control of the organisation.

It is therefore concluded that a broad definition of entrepreneurship exists and that it cannot be limited to the discipline of starting a business only.

A small business, on the other hand, can be defined as a distinct business whose size lies below specified thresholds – the National Small Business Act (1996) specifies that the number of employees determines whether the business is micro, very small or small (Rwigema & Karungu, 1999: 107):

- A small business can employ up to fifty people.
- A very small business employs no more than ten.
- Micro or survivalist businesses are usually one-person operations, though they could employ up to five persons.
- The total annual turnover, as well as the total gross asset value, also determines whether the business is micro, very small or small.

According to Rwigema and Venter (2004: 6), not all small businesses are entrepreneurial, as many are started with limited growth ambitions. By contrast, entrepreneurs usually aim for high-potential ventures. Nieman *et al.* (2003: 10) agree indicating that small business owners are individuals who establish and manage their businesses for the principal purpose of furthering personal goals and ensuring security. Wickham (2001: 24) and Nieman *et al.* (2003: 10) indicate that there are three characteristics that distinguish the entrepreneurial venture from the small business:

- 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.

- Potential for growth: Owners of small businesses are not necessarily interested in growth as an objective. They see themselves as successful when their businesses are profitable, whereas entrepreneurial ventures, however small they start, revel in parenting rapidly growing, innovative businesses.
- Strategic objectives or a broad vision: The entrepreneurial venture will usually set itself strategic objectives in relation to: market targets, market development, market share and market position.

Baum, Locke and Smith (2000: 293) argue that founders and managers of small businesses may face different levels of ambiguity and thus require different competencies. For example, founders may need higher opportunity skills, whereas individuals who assume the top role of an existing small company may need more leadership and managerial skills.

Entrepreneurship and small-enterprise training can be approached from different angles. For the purpose of this study it is, however, accepted that a difference exists between entrepreneurship and small business management with regard to the emphasis on the training of entrepreneurs. At this stage it is necessary to plough deeper into the two constructs: entrepreneurial education and entrepreneurial training.

## **2.7 Entrepreneurial education**

In the earlier periods of the development of the field of entrepreneurship, many authors used the constructs “entrepreneurship education” and “enterprise education” interchangeably (Henry *et al.*, 2003: 15). Garavan and O’Cinneide (1994a: 4) point out that the term “entrepreneurship education” is commonly used in Canada and the USA but is much less commonly used in Europe. The preferred term in the United Kingdom (UK) and Irish context is “enterprise education”. The authors add that the major objectives of enterprise education are to develop enterprising people and inculcate an attitude of self-reliance using appropriate learning processes. Timmons (1999: 32) argues that entrepreneurship education, on the other hand, should convince students to become actively involved in entrepreneurship, help them to

understand the dynamic nature of the world of entrepreneurship and should slow down reality shock by means of formal and informal tuition.

Dainow (1986: 110) conducted a survey of the entrepreneurship education literature for a ten-year period, from 1974 to 1984, in order to assess the state of the art. He identified a need for more systematic collection and analysis of data, and more varied methodologies to build a stronger empirical base. Gorman, Hanlon and King (1997: 61) conducted a survey of the literature from 1985 to 1994, assessing progress over that period and offering inputs for future research.

A three-stage model of the evolution of entrepreneurship education is suggested by Leitch and Harrison (1999: 83). The first, and earliest, approach characterised entrepreneurship education as simply a sub-set of general management education; the second approach reacted to this as entrepreneurship grew in importance as a focus for academic debate, and was based on the argument that entrepreneurship education must be qualitatively different from conventional large company-based management. The third stage in the evolution of approaches to entrepreneurship education is an emerging reconceptualisation of the field, based in part on a renewed interest in the nature and role of leadership in changing organisational structures, which provides the basis for the reintegration of management education and entrepreneurship education.

Jamieson (1984: 9) has suggested a three-category framework by which to organise entrepreneurship education. He distinguishes between education *about* enterprise (awareness raising of entrepreneurship); education *for* enterprise (preparing for business start-up); and education *in* enterprise (growth and development training), and in so doing recognises the roles different types of education have to play:

- The first category, education about enterprise, deals mostly with awareness creation and has the specific objective of educating students on the various aspects of setting up and running a business, mostly from a theoretical perspective. Indeed, enterprise modules within business and other courses at undergraduate or postgraduate level which seek to foster skills, attitudes and values appropriate to starting, owning, managing or working in a successful business enterprise would be included in this category.

- The second category, education for enterprise, deals more with the preparation of aspiring entrepreneurs for a career in self-employment, with the specific objective of encouraging participants to set up and run their own business. Participants are taught the practical skills required for small business set-up and management and the courses are often geared towards the preparation of a business plan. Business start-up schemes and start-your-own-business programmes would be examples of this type of entrepreneurship training.
- The third category, education in enterprise, deals mainly with management training for established entrepreneurs and focuses on ensuring the growth and future development of the business. Management development and growth training programmes, as well as specific product development and marketing courses, might fit into this category.

De Faoite *et al.* (2003: 432) state in summary that entrepreneurship education provision has been categorised as:

- The implementation of enterprise or straightforward awareness raising;
- Distinctly different from management training;
- Differentiated from business and personal skills development; and
- Specific to the particular stage of the business life cycle.

In the USA, entrepreneurship education has been pursued extensively for several decades, extending through a wide variety of different models inside and outside of education (Le Roux, 2003: 10). In Canada, interest and activity in this area has also expanded in recent years, while in Asia major experiments are taking place in several countries including India, Malaysia and the Philippines (Gibb, 1993: 12).

Van Aardt, Van Aardt and Bezuidenhout (2000: 3) believe that South Africans in general are not educated for becoming entrepreneurs but for entering the labour market as employees: consumers of existing jobs instead of creators of new jobs. The GEM report of 2004 provides strong evidence of the importance of education to entrepreneurial activity. Over three-quarters of black Africans and coloured people have not completed secondary school and fewer than 5 % of black Africans and coloured people have higher education. In contrast, 50 % of Indians and 71 % of

whites have a matric and 30 % of whites have higher education (Orford *et al.*, 2004: 20). Highly skewed access to education and continued differences in the quality of education depending on schools' pre-1994 status (black African, coloured, Indian and white) are therefore likely to be part of the explanation for the fact that previously disadvantaged groups lack confidence and skills to start businesses. Le Roux (2003: 1) supports this statement and suggests that the earlier one starts with entrepreneurship education the better the result will be.

Many researchers in South Africa are placing more emphasis on the fact that entrepreneurship education should be included in all the school systems. According to Orford *et al.* (2004: 4), the curriculum in private schools does include entrepreneurship, but it does not appear to be widely taught across government schools. Preliminary research suggests that entrepreneurship education can have a significant positive influence on four areas crucial to entrepreneurship:

- Learners' self-confidence about their ability to start a business;
- Learners' understanding of financial and businesses issues;
- Learners' desire to start their own business; and
- Learners' desire to undertake higher education.

### **2.7.1 Can entrepreneurship be taught?**

Despite a considerable range in the quality of previous studies, it is clear that the empirical research on entrepreneurship education seems still to be in an exploratory stage (Falkäng & Alberti, 2000: 102). The debate has been going on for a long time, but the fact remains that the success of an entrepreneur has been directly linked to education. Timmons and Spinelli (2004: 67) identify a myth about entrepreneurs that has persisted over time. This myth suggests that entrepreneurs are born, not made. Timmons and Spinelli (2004: 67), together with Orford *et al.* (2004: 19), suggest that the reality is rather that entrepreneurs can be created. This is done by developing entrepreneurial self-confidence, developing the ability to identify entrepreneurial opportunities and increasing personal knowledge of running and managing a business. According to Nieman *et al.* (2003: 12), these findings indicate that entrepreneurship can be developed by education and can be learned. In addition, a

focus on teaching learners to become employers rather than employees will contribute to increased levels of entrepreneurship in a society.

Jack and Anderson (1998: 17) have suggested that teaching of entrepreneurship is a bit of an enigma, since the actual entrepreneurial process involves both art and science. The “science” part, which involves the business and management functional skills, appears to be teachable using a conventional pedagogical approach. However, the “art” part, which relates to the creative and innovative attributes of entrepreneurship, does not appear to be as easily teachable as the “science” part, and cannot be taught in the same way. Shepherd and Douglas (1996: 1) argue that there is a need to teach both the art and the science elements. These authors conclude that since the spirit of entrepreneurship may not be innate in every person, or may require awakening and enhancing, business education should teach not only the various business disciplines but also the essence of entrepreneurship. However, for them the gap between what is art and what is science is much wider. They depict science as something that is selective, analytical, sequential and fixed, while they describe art as generative, provocative, impulsive and without constraint. While they do not suggest that the essence or art of entrepreneurship is completely unteachable, they suggest that those involved in delivering entrepreneurship and business courses have largely neglected this area.

Garavan and O’Cinneide (1994a: 3) state that while many of the aspects of entrepreneurship can be taught, it also requires a certain flair or attitude towards taking risks. There is, and always will be, a role for the gut feeling in entrepreneurship, and indeed that is what may distinguish the successful entrepreneur from the unsuccessful one. That said, however, there is clearly a major role and need for entrepreneurship education.

The next logical question could be: “How can entrepreneurship courses be taught and delivered for a wide range of learners with disparate profiles and needs?” Hills and Morris (1998: 31) identify three conceptual models for entrepreneurship programmes – the business plan, the business life cycle and the business functions models. Each is distinctive, in that the business plan model attempts to create and realise specific business objectives in particular contexts; the business life cycle

model emphasises different stages of business activity; and the business functions model extends the scope of management studies. In essence these models can be said to relate entrepreneurial behaviour – and associated skills and attributes – to the distinctive organisational characteristics and task environment of the small firm, as well as to personal attributes.

McClelland (1961: 12) was convinced that entrepreneurial skills can be taught, and developed training programmes for business people that were designed to increase their achievement motivation. Cooper, Hornaday and Vesper (1997: 13) agree and point out that from a historical perspective the first entrepreneurial programme was taught at the Harvard Business School as early as 1947. Vesper's (1982: 326) USA based study of university professors demonstrated an overwhelming consensus that entrepreneurship can be taught. Supporting this view, Kantor (1988: 13) claims that, in his study of 408 entrepreneurship students in Ontario, most students believed that the majority of entrepreneurial traits and abilities could be taught, with abilities perceived as being more teachable than traits.

Most of the empirical studies conducted indicate that entrepreneurship can be taught and that education can enhance entrepreneurship. Therefore one must agree with Timmons and Spinelli (2004: 67) that the belief that entrepreneurs are born, not made, is a myth. Extrapolating this to entrepreneurial skills, this study implies that entrepreneurial performance can be enhanced through learning and experience, as indicated in Chapter 3.

### **2.7.2 Difficulties in entrepreneurship education**

Accommodating diversity, disparity and stakeholding requires a holistic approach to the study of entrepreneurship and the delivery of entrepreneurship programmes. In developing an entrepreneurial, holistic management approach, the basic task is to encourage managers and other students to learn in a variety of ways and from different sources. Entrepreneurs who may need to be taught pose a different challenge. Style, content and form all require a different, creative and adaptive approach from the traditional reductionist and analytical one espoused by management studies (Mitra, 2002: 197). Table 2.4 illustrates that entrepreneurial

education is unique and sometimes difficult to execute. Pretorius (2001: 65), identifies some difficulties and stresses that do not depend on how knowledgeable one is on completion of the programme, but rather on what will be achieved with that knowledge.

**Table 2.4: General difficulties associated with entrepreneurship education**

Difficulty	Description
Public image of entrepreneurship	Entrepreneurship has not been promoted as a career option as have other occupations, especially in some cultures. Many people do not want to establish their own businesses.
Definition of entrepreneurship	The concept of what entrepreneurship really entails and the relevant attributes are still vague and inadequately defined.
Teachable nature of some aspects of entrepreneurship	Some aspects of entrepreneurship are more difficult than other aspects to teach, such as perseverance and risk tolerance.
Duration	Entrepreneurship programmes are often of very short duration.
Mental aspects and ability of facilitator	Facilitator and trainer commitment and mental preparation are often not sufficient to transfer competencies to learners.
Odds perception of survival	The failure rate of start-up businesses is a reality that every upcoming entrepreneur must face.
Complexity of the entrepreneurial process	The process that a start-up business follows is complex and not necessarily comprehensively understood.
Inappropriate learning methodologies	Theoretical training may be insufficient
Skills based	Entrepreneurship is skill and competency based, while most programmes give this aspect insufficient attention.

Table 2.4 continued...

Difficulty	Description
Environmental perspective and context	There is a mistaken perception that all people exhibit entrepreneurial tendencies but at a different intensity, and their choice to become entrepreneurs is rather a function of their environment.

Source: Adapted from Pretorius (2001: 56)

Cooper *et al.* (2004: 12) mention that some academic faculties give little credibility to entrepreneurship as an appropriate area of study. Many elite business schools remain steeped in the teaching of business and management in the context of large, national and international businesses. A focus on entrepreneurial behaviour and the development of newer and smaller businesses is less readily accepted. The major problem in treating entrepreneurship education as synonymous with management education has been the transfer of traditional pedagogical approaches which, while relevant in the large-firm context, risk leaving students ill-prepared for employment in a more entrepreneurial environment. When entrepreneurship is offered as a core elective subject, it is often delivered in an “about” entrepreneurship mode as opposed to a “for” entrepreneurship mode. The focus is on information giving, and teaching concentrates on the economic contribution of entrepreneurship and aspects of government policy. This is less likely to prepare students for the world of work and render them more employable than the “for” entrepreneurship approach, with its emphasis on developing practical skills.

## 2.8 Entrepreneurial training

According to Antonites (2003: 31), entrepreneurial training acts as a facilitator for entrepreneurial activities, with the main focus being on stimulating entrepreneurial activity and performance. For the purposes of this study, the training programmes for entrepreneurs can be referred to as interventions. The trainability of entrepreneurs is accepted and supported by McClelland (1969: 1), Gibb (1993: 3), Welsch (1993: 14), Van Vuuren (1997: 1), Hisrich and Peters (1998: 19), Kuratko and Hodgetts (1998: 10), Nieman (2001: 1), Pretorius and Van Vuuren (2003: 515), Van der Merwe and Nieman (2002: 35), as well as Antonites (2003: 31).

Foxcroft *et al.* (2002: 48) conducted a study on the education and training of entrepreneurs in South Africa and summarised it as follows:

- Informal training: Many people were prevented from acquiring skills by discrimination in the past; basic literacy and numeracy are often low; and there is a lack of business training material specific to South Africa and in any case most is directed at the highly literate.
- Formal training: general shortage of business skills such as how to keep records, budget, manage cash flow, maximise trade credit and write a business plan. Training is too generic, there is seldom any follow-up and it is not sufficiently practical.

According to Nieman (2001: 445), the main areas of concentration in entrepreneurial training should be business skills, technical skills and entrepreneurial skills:

- Business skills training covers all the conventional management training areas in a business.
- Technical skills training should address the ability to use knowledge or techniques of a particular discipline to attain certain ends.
- Entrepreneurial training involves the birth and growth of a business enterprise and should foster, among other entrepreneurial traits, creativity and innovation, risk propensity and need for achievement. Entrepreneurial skills are defined by Wickham (1998: 41) as the skills which enhance entrepreneurial performance. He adds that a skill is simply knowledge which is demonstrated by action.

These skills are further explained in Chapter 3.

It is therefore at this stage important to refer to the entrepreneurial process and to indicate which business, technical and entrepreneurial skills are needed to prepare participants or students to go through the stages of this process when starting their own business. The process has four distinct phases:

- a) Identification and evaluation of the opportunity;
- b) Development of the business plan;
- c) Determination of the required resources; and
- d) Management of the resulting enterprise. Table 2.5 highlights the aspects of the entrepreneurial process as seen by Hisrich *et al.* (2005: 38).

**Table 2.5: Aspects of the entrepreneurial process**

<b>Identify and evaluate the opportunity (Entrepreneurial skills)</b>	<b>Develop a feasibility study and business plan (Timmons &amp; Spinelli, 2004: 403) (Entrepreneurial and business skills)</b>	<b>Resources required (People - Team) (Technical skills)</b>	<b>Manage the enterprise (Business skills)</b>
Opportunity assessment	Cover page	Determine resources needed	Develop management style
Creation and length of opportunity	Executive summary	Business plan	Understand key variables for success
Real and perceived value of opportunity	Industry analysis – describe products/services and growth plan	People (Team)	Identify problems and potential problems
Risk and returns of opportunity	Market research	Capital	Implement control systems
Opportunity versus personal skills and goals	Economics of the business	Other stakeholders	Develop growth strategy
Competitive environment	Marketing plan	Determine existing resources	Planning, organising, and leading
	Design and developmental plan	Identify available suppliers	
	Manufacturing and operational plan	Develop access to needed resources	
	Management plan		
	Financial plan		
	Action plan		
	The offering		
	Addendum		

Source: Adapted from Hisrich *et al.* (2005: 38)

Although these phases proceed progressively, no one stage is dealt with in isolation or is totally completed before work on another phase occurs. For example, to successfully identify and evaluate an opportunity (phase 1), an entrepreneur must have in mind the type of business desired (phase 4). The entrepreneurial process, as indicated by Wickham (2001: 37), consists of four elements: the entrepreneur; opportunity; resources; and organisation. The entrepreneur forms the hub and core element in any entrepreneurial process. Baron and Shane (2005: 9) state that there is a growing consensus in the field that viewing entrepreneurship as a process that unfolds over time and moves through distinct but closely interrelated phases is both useful and accurate. They identify the key phases in the process to be: recognition of an opportunity; deciding to proceed and assembling the essential resources; launching a new venture; building success; and harvesting the rewards.

### **2.8.1 Enhancing and restraining factors of entrepreneurial training**

There are always factors that will influence the outcome of training, whatever the subject may be (Pretorius, 2001: 44). Timmons and Spinelli (2004: 259) refer to some attributes that would be hazardous to the success of entrepreneurs. The factors listed in Table 2.6 may act to either enhance or hinder the success of the entrepreneur. Pretorius (2001: 44) continues by stating that the aim of any training programme should thus be to focus on the factors that may enhance the chances of success, while eliminating factors that may hinder success.

Table 2.6 is presented on the next page.

**Table 2.6: Eight areas of attitudes and behaviours that threaten the success of entrepreneurs**

Area	Attitude or behaviour or thinking pattern
Invulnerability	Thought pattern of people who feel nothing disastrous could happen to them. They are likely to take unnecessary chances and unwise risks.
Machismo	Foolish head-to-head competition and irrational takeover battles, as well as over-confidence, in order to prove themselves superior and/or impress others.
Anti-authoritarian	Resenting control and an attitude of "no one can tell me what to do".
Impulsivity	Facing a moment of decision, certain people feel they must do something, do anything and do it quickly. They act without exploring the consequences.
Outer control	This is the opposite of the internal locus of control characteristic. People with the outer-control trait feel they can do little, if anything to change circumstances.
Perfectionist	Perfectionism is described as the enemy of the entrepreneur. The time and cost implications of attaining perfection invariably result in the opportunity window being slammed shut by a more decisive and nimble competitors. (Being a perfectionist and having high standards are not the same, however.)
Know it all	Entrepreneurs who think they have all the answers usually have very few and would not obtain assistance from other people.
Counterdependency	An extreme and severe case of independence that negatively impacts on progress. These entrepreneurs often end up accomplishing very little.

Source: Adapted from Timmons and Spinelli (2004: 259)

The need for entrepreneurial training in South Africa is a given, as elucidated in Chapters 1 and 2, but there still seem to be problems relating to entrepreneurial training programmes. Carrier (1999: 4) summarises the problematic situation and suggests that the following need to be transformed:

- Courses offered by training institutions that focus on training the traditional manager and not the entrepreneur;
- Lack of skills training for growth-oriented (thus primarily opportunity-driven) business;
- The lack of models directly addressing creativity, innovation and opportunity-finding issues;
- Failure to differentiate between a business idea and an opportunity in a training context;
- Over-emphasis on the pre-entrepreneurial phase of actively seeking business opportunities (an accentuation of feasibility and realistic market-related opportunities is rather needed);
- Lecturing as a teaching method; this is an approach that often reveals more about the teacher than about the subject taught.

In general most programmes pay sufficient attention to the knowledge aspects but are weak on the skills and attitudinal aspects that are crucial to the success of any potential or start-up entrepreneur. Training programmes will be examined in detail in Chapter 3.

### **2.8.2 Types of intervention**

Deakins (1999: 181) notes that there are considerable differences in the ways in which intervention can occur. To begin with, he suggests that businesses, whether new or established, can be supported through either part-funded consultancy or through longer-term relationships. With part-funded consultancy, businesses can avail themselves of general or expert advice and support at various stages of their development, the costs of which are subsidised by public funds. In the longer-term type of support identified by Deakins (1999: 182), businesses can avail themselves of a range of support, from mentoring and training at the start-up stage to more in-depth diagnostic services as the business develops. The Women Entrepreneurship

Programme, as explained in Chapter 5, is supported through a long-term relationship.

Adopting a more comprehensive perspective, Bridge, O'Neill and Cromie (1998: 241) identify the various types of intervention in terms of the particular policies and stage of business development to which they are related. There is clearly a wide range of interventions that can be used to support the creation and development of new business, from inception right through to growth and eventual decline (highlighted in Table 2.7). Gorman *et al.* (1997: 56) conducted a survey on entrepreneurship education literature and found that certain categories had to be adopted. One of the categories adopted was that of the target market of each course or programme. The authors point out that their underlying assumption when using audience segmentation was that educational objective, subject matter and pedagogical approach might be expected to vary, depending on the nature of the target audience. In their survey the authors differentiate between education and training targeted at the pre-startup, which appears to involve the aspiring entrepreneur, and the post-startup phase, consisting of the established entrepreneur or small-business owner. Many others agree with Bridge *et al.* (1998) on the statement that there are different types of interventions depending on the stage of the business life cycle. These authors, including McMullan and Long (1987); Monroy (1995); O'Gorman and Cunningham (1997) and Van der Sijde, Van Tilburg, Henry, Sygne and Asplund (1997) in Henry *et al.* (2003: 92), identify more specifically how the training needs of an individual will vary according to a particular stage of development, such as awareness, pre-startup, start-up, growth and maturity.

Table 2.7 is presented on the next page.

**Table 2.7: Intervention types**

Stage of Business	Policy Field or Need	Intervention/Instrument
Pre-start	Ideas  Small-business know-how Know-who networks Counselling	Spin-off ideas, technology transfer, ideas generation workshops  Small-business skills training Networking, access points Pre-start counselling
Start-up (external)	Customers Suppliers  Advice/consultancy  Business plan information  Premises	Purchasing initiatives Sourcing initiatives and directories  Business expertise provision, training, counselling, research Databases/business planning Incubators, science parks
Start-up (internal)	Finance  Market/administration expertise Financial management	Grants, loans, business partners, business angels Training services  Advice/counselling, mentoring
Established	New ideas  Specialist guidance and investments	Ideas generation workshops, spin-off ideas, technology transfer  Guidance services, including banks, venture capitalists, accountants

Table 2.7 continued...

Stage of Business	Policy Field or Need	Intervention/Instrument
Growth	Market opportunities/exports  Product development Strategic approach Management skills and finance	Trade missions, export advisers Market/technical information Development courses Salary support, subsidies, grants
Decline	Confidence, customers, money  Strategic review and planning	Mentors Advice and guidance
Termination	Legal/other advice	Advice and counselling
Other dimensions	Business sector Business support environment	Sectoral initiatives/training Information and education
All of the above stages	Information on small business needs	Research coordination, research databases

Source: Adapted from Bridge *et al.* (1998: 242)

## 2.9 Conclusion

The development and growth of entrepreneurs is recognised as a source of major future employment. The government is keen to encourage educational programmes that focus on raising awareness and understanding of the entrepreneurial sector and that help individuals to identify employment opportunities in SMMEs. Though a good deal of recent research has tended to focus on the characteristics of the business and industry environment or the characteristics of the entrepreneurial opportunity itself, our understanding of entrepreneurship will not be complete unless we understand the motivation of the individuals (Collins, Hanges & Locke, 2004: 96).

Henry *et al.* (2003: 12) are of the opinion that entrepreneurship training can complement the early stage awareness-raising function of entrepreneurship education, as it provides the more practical skills that entrepreneurs require when they are ready to set up their business. Pretorius (2001: 223) maintains that much more can be gained through training than by way of support in the form of financial assistance, technical assistance and consulting support services. Ladzani and Van Vuuren (2002: 156) agree to a certain extent, stating that organisations wishing to develop entrepreneurship by education presuppose that the lack of training of entrepreneurs is the main reason for SMME failure. Hisrich and Peters (1995), in Ladzani and Van Vuuren (2002: 158), believe that training plays a pivotal role in supporting emerging entrepreneurs. For example, although a business may have the needed finance, its failure is probable without financial controls. In the same manner, a business may have access to the markets, but ignorance about how to market products and services poses a serious obstacle to success. Pretorius *et al.* (2005: 424) argue that the transfer of the requisite knowledge and skills is, therefore, the easiest part of training and is incorporated in most training programmes. Changing the behaviour to engage in the start-up process is what really matters and is what is lacking as a pronounced outcome of most programmes. While there has been much debate in the literature as to whether entrepreneurship can be taught, most commentators believe that at least some elements associated with the subject can be developed and enhanced via education and training (Henry *et al.*, 2003: 107).

This chapter described the constructs of training, education and learning and why they are important for entrepreneurship development. The field of entrepreneurship, economic development and creating employment in South Africa was explored. A distinction was made between entrepreneurial education and entrepreneurial training, and this forms the theoretical framework of this study. The next chapter focuses on entrepreneurship training models and programmes.

The primary focus of this study, however, is specifically on entrepreneurial training for women entrepreneurs. Chapters 4 and 5 investigate this topic further, providing a thorough literature review on women entrepreneurs and their training needs.