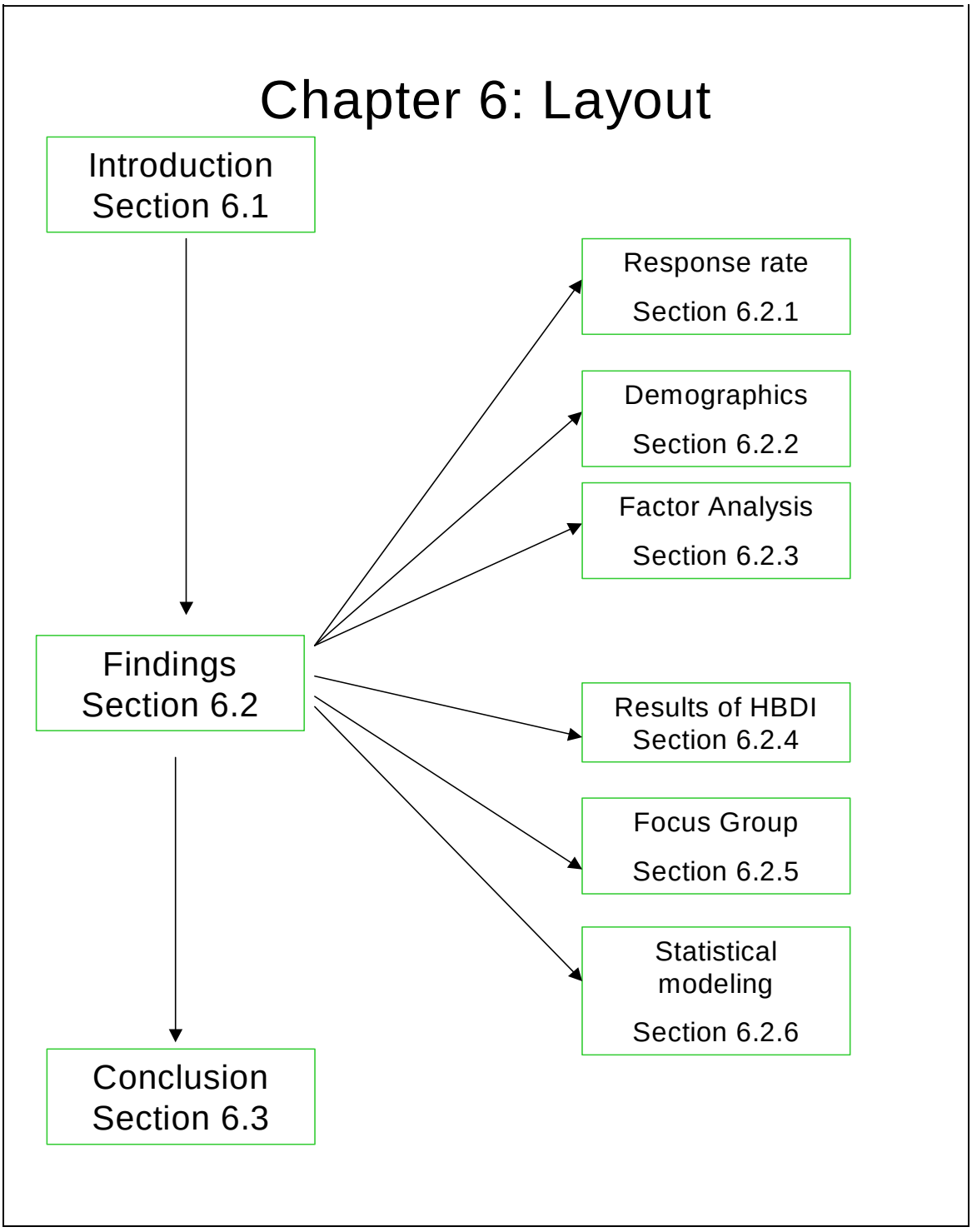
Chapter 6: Findings



6.1 Introduction

In this Chapter the results of the empirical study are reported. The results of this empirical study are provided in tabular format. The first part of the chapter presents all the demographic data followed by the results of the factor analyses, variance analysis, focus group, discriminant analysis as well as logistical analysis.

6.2 Findings

Response rate

Of the 305 questionnaires handed out, 301 were returned with only one invalid questionnaire. The respondents for the other four missing questionnaires, all of them entrepreneurs, decided not to complete the questionnaire due to time constraints. Thus the response rate was 98,7%.

6.2.2 Demographics

The demographic results are presented in the tables below:

Table 6.1 Language distribution in the sample

Language	Frequency (n)	Percentage (%)
Afrikaans	166	55.33
English	50	16.67
African	64	21.33
Others (German, Portuguese, Spanish, Greek & French)	20	6.67
Total	300	100

More Afrikaans-speaking students completed the questionnaire, probably due to the fact that the students study at the University of Pretoria, an Afrikaans / English speaking university. The rest of the study was done in the Pretoria area.

Table 6.2 Gender distribution in the sample

Gender	Frequency (n)	Percentage (%)
Male	151	50.33
Female	149	49.67
Total	300	100

An equal distribution of males and female respondents were reported.

Table 6.3 Education background (or work background) distributions in the sample

	Frequency (n)	Percentage (%)
B.Com Business	73	24. 33
B. Com Entrepreneurship	29	9.67
Humanity Students	20	6.67
Post Graduate Entrepreneurship	46	15.33
Entrepreneurs in own business	44	14.67
Other (Matric only, Diploma in IT, Engineering)	88	29.33
Total	300	100

The study was done in an Economic faculty and training sessions at private companies. The respondents referred to as “other” either has matric as their highest qualification or a diploma in IT or engineering etc.

Table 6.4 Respondents own evaluation of previous business experience

Business Experience	Frequency (n)	Percentage (%)
No business experience	120	18.33
Previous business experience	179	81.67
Total	299	100
Missing value 1		

The number of respondents reporting previous business experience seems to be high. Many students reported business experience probably based on market days held at schools, part time work experience or knowledge through training. It is doubtful whether they have “real” business experience.

Table 6.5 Desire to start own business in future

Status	Frequency (n)	Percentage (%)
Not interested in business	55	18.33
Want to start own business / already in business	245	81.67
Total	300	100

The category for wanting to start your own business includes those already in business, as the aim of the question was to evaluate the intention for or against starting a business.

Table 6.6 Occupation as indicated by respondents

Groups	Frequency (n)	Percentage (%)
Students	156	52
Entrepreneurs with own business	47	16
Managers	50	1
Employees	46	15
Total	299	100
Frequency missing 1		

Table 6.7 Frequency matrix between 1st viability thought and interest in starting own venture

Frequency Expected Percent Row Pct Col Pct	Not Viable	Viable	Total
Not interested	26 17.903 8.72 47.27 26.80	29 37.097 9.73 52.73 14.43	55 18.46
Want to start	71 79.097 23.83 29.22 73.20	172 163.9 57.72 70.78 85.57	243 81.54
Total	97 32.55	201 67.45	298 100.00
Statistical difference was reported for Chi-Square ($p<0.0099$) between the expected and reported values.			

Table 6.8 Frequency matrix between the decision to start and the interest in starting own venture

Frequency Expected Percent Row Pct Col Pct	Not Start	Start	Total
Not interested	11 8.0667	44 46.933	55

	3.67 20.00 25.00	14.67 80.00 17.19	18.33
Want to start	33 35.933 11.00 13.47 75.00	172 163.9 57.72 70.78 85.57	245 81.67
Total	44 14.67	256 85.33	300 100.00
No statistical differences were reported between the expected and reported values.			

6.2.3 Factor analysis

As mentioned in Chapter 5, factor analysis is used for data reduction and secondly for the detection of structures (underlying dimensions) in a set of variables.

The instrument was designed to measure thinking preferences (HBDI), risk perception, illusion of control, several misconceptions and self-efficacy. Factor analysis of the 300 respondents allowed for content validity using Cronbach alpha.

A confirmatory factor analysis was performed on the final 300 returned questionnaires to test the homogeneity of underlying constructs. This resulted in the identification of four major factors (see Table 6.9) namely:

Factor 1: Misconceptions

Factor 2: Business risk perception

Factor 3: Illusion of control

Factor 4: Self-efficacy

No factors could be determined for the HBDI preferences. However, the HBDI assessment (Appendix C) has shown through analysis to successfully identify brain quadrant scores (see Chapter 2). These scores were used in further analysis.

Table 6.9 Item analysis for the factors

	Factor 1	Factor 2	Factor 3	Factor 4
N	300	300	300	300
Mean	4.447	3.614	4.403	5.972
Std deviation	1.015	1.080	1.338	0.763
Skewness	-0.306	0.510	- 0.511	-1.016
Mode	4.333	3.375	5 000	6.000
Median	4.458	3.500	4.667	6.125
Canonical correlation	0.966	0.924	0.882	0.858
Cronbach alpha	0.891	0.855	0.753	0. 746
Descriptive name	Misconceptions	Business Risk Perception	Illusion of control bias	Self-efficacy

Table 6.10 Change in Cronbach Alpha Coefficient with any one variable deleted

Factor 1 - Misconception		
Deleted Variable	Correlation with Total	Alpha
The cash flow will mostly be good	0.705	0.876
FE management will be able to handle the challenges they will face	0.650	0.880
FE is well protected from future competition	0.572	0.884
FE will sell all the production easily	0.597	0.882
Cash inflows will be regular	0.544	0.886
Lauricio has the skills to make the venture work	0.617	0.881
FE is able to limit the entry of new competitors	0.508	0.888
It will be easy to convince users to buy this unique product	0.588	0.883
Fe will quickly have enough infra structure set up to reach breakeven point and achieve economy of scale	0.690	0.878
Profitability will improve over time	0.443	0.890
Cash flow amounts will be adequate for the first three years	0.655	0.880
FE has the right people to deliver on this project and succeed	0.636	0.880
Factor 2 – Business Risk Perception		
Deleted Variable	Correlation with Total	Alpha

The probability of FE doing poorly is very high	0.616	0.835
The amount FE could lose by introducing the concept is substantial	0.551	0.843
There is great uncertainty when predicting how well FE will do with the concept introduction	0.496	0.850
The overall riskiness of FE's concept is highV26	0.560	0.842
Overall I would label the option of introducing the concept as a business venture, as something negative	0.594	0.838
I would label introducing the concept as a potential loss	0.683	0.828
Introducing the concept will have negative ramifications for FE's future	0.612	0.836
There is a high probability of FE losing a great deal by introducing the concept	0.676	0.828
Factor 3 – Illusion of control bias		
Deleted Variable	Correlation with Total	Alpha
I can forecast the total demand for the product better	0.575	0.679
I can forecast when the larger competitors will enter the market	0.578	0.674
I can make the business a success even though others may fail	0.591	0.658
Factor 4 – Self-efficacy		
Deleted	Correlation	Alpha

Variable	with Total	
I am strong enough to overcome life's struggles	0.409	0.728
I am at root a weak person	0.510	0.707
I can handle the situations that life brings	0.472	0.721
I am usually an unsuccessful person	0.432	0.723
I often feel there is nothing I can do	0.581	0.690
I feel competent to deal effectively with the real world	0.346	0.738
I often feel I am a failure	0.533	0.701
I usually feel I can handle the typical problems that come up in life.	0.286	0.745

Table 6.11 Spearman's rank correlation between factors and the decision to start the venture

	Factor 1 Misconception	Factor 2 Business risk	Factor 3 Illusion bias	Factor 4 Self-efficacy
Factor 1 Misconception	1.0000			
Factor 2 Business risk	-0.49**	1.0000		
Factor 3 Illusion of control	0.41**	-0.34**	1.0000	
Factor 4 Self-efficacy	-0.06	0.05	0.11	1.0000
Start up decision	0.49**	-0.58**	0.33**	0.09
** = significant at p<01 * = significant at p<05				

To illustrate above relationships, see Figure 6.1

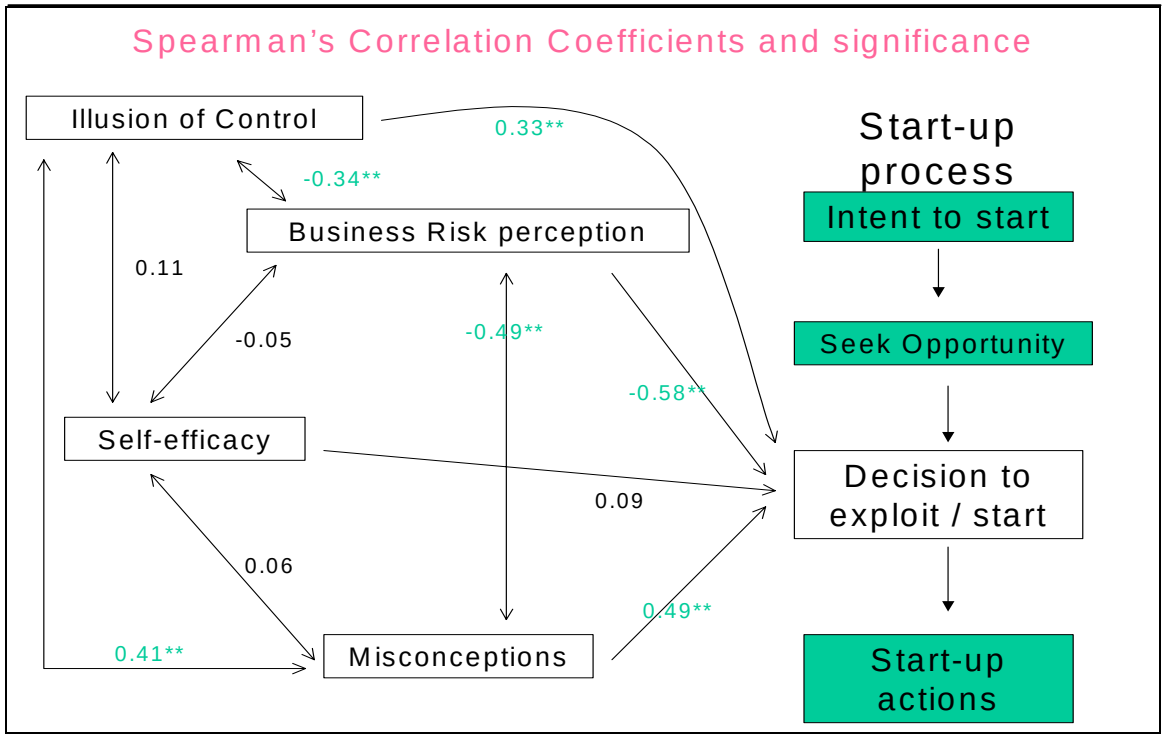


Figure 6.1 Relationships between factors

6.2.4 Analysis of variance for factors

Table 6.12 Analysis of variance for Factor 1 – Misconceptions

Source		Misconception		Significance	
	df	Sum Square	Mean Square	F-value	Pr>F
Model	17	107.900	6.347	9.70	<0.0001
Error	279	182.604	0.654		
Corrected Total	296	290.504			
1st Viability thought	1	15.996	15.996	24.44	<0.0001
Start-up decision	1	14.483	14.483	22.13	<0.0001

Sell decision	1	7.918	7.918	12.00	0.0006
Occupation	3	3.526	1.175	1.80	0.1481
Language	3	14.015	4.672	7.14	0.0001
Gender	1	0.045	0.045	0.07	0.7932
Education	5	0.868	0.374	0.57	0.7224
Previous buss exp	1	1.868	0.094	0.14	0.7054
Want to start	1	0.145	0.145	0.22	0.6378
R^2 = 0.371					

Misconceptions differed for the first viability thought, start-up decision, decision to sell, language but not for the others.

Table 6.13 Analysis of variance for Factor 2 – Business Risk Perception

Source		Business Risk		Significance	
		Sum Square	Mean Square	F-value	Pr>F
Model	17	130.736	7.690	10.04	<0.0001
Error	279	213.679	0.766		
Corrected Total	296	344.415			
1st Variable thought	1	15.088	15.088	19.70	<0.0001
Start-up decision	1	31.148	31.148	40.67	<0.0001
Sell decision	1	10.432	10.432	13.62	0.0003
Occupation	3	1.001	0.334	0.44	0.7275
Language	3	5.495	1.832	2.39	0.0689
Gender	1	2.558	2.558	3.34	0.0687
Education	5	2.991	0.598	0.78	0.5640
Previous buss exp	1	0.923	0.923	1.21	0.2732

Want to start	1	2.143	2.143	2.80	0.0955
R^2 = 0.380					

Business risk perception differed for the first viability thought, start-up decision and decision to sell but not for the others.

Table 6.14 Analysis of variance for Factor 3 – Illusion of Control bias

Source		Illusion of control		Significance	
		Sum Square	Mean Square	F-value	Pr>F
Model	17	57.462	3.380	4.03	<0.0001
Error	279	233.747	0.838		
Corrected Total	296	291.200			
1st Viability thought	1	15.418	15.418	18.40	<0.0001
Start-up decision	1	3.566	3.566	4.26	0.0400
Sell decision	1	0.764	0.764	0.71	0.3403
Occupation	3	3.390	1.130	1.35	0.2598
Language	3	10.909	3.636	4.34	0.0052
Gender	1	1.837	1.837	2.19	0.1398
Education	5	1.151	0.230	0.27	0.9268
Previous buss exp	1	0.054	0.054	0.06	0.8004
Want to start	1	0.434	0.434	0.52	0.4723
R^2 = 0.197					

Illusion of control differed for the first viability thought, start-up decision ($p < 0.05$) and language but not for the other variables.

Table 6.15 Analysis of variance for factor 4 – Self-efficacy

Source		Self-efficacy		Significance	
		Sum Square	Mean Square	F-value	Pr>F
Model	17	30.637	1.802	1.91	0.0174
Error	279	263.565	0.945		
Corrected Total	296	294.291			
1st Viability thought	1	0.043	0.043	0.05	0.8310
Start-up decision	1	0.940	0.940	1.00	0.3193
Sell decision	1	2.258	2.258	2.39	0.1233
Occupation	3	3.904	1.301	1.38	0.2500
Language	3	2.456	0.819	0.87	0.4590
Gender	1	0.000	0.000	0.00	0.9905
Education	5	10.191	2.038	2.16	0.0590
Previous buss exp	1	4.696	4.696	4.97	0.0266
Want to start	1	1.722	1.722	1.82	0.1781
R^2 = 0.104					

Self-efficacy differed for previous business experience ($p < 0.05$) but not for any of the other variables.

Variables for which statistical differences were reported are further investigated in the following tables.

Table 6.16 Factor differences between means of respondents with or without previous business experience

Factor 1 - Misconception		
Variable	Mean	Std Dev
Previous business experience	4.531	0.880
No previous business experience	4.378	1.090
Factor 2 – Business Risk Perception		
Variable	Mean	Std Dev
Previous business experience	3.670	0.983
No previous business experience	3.571	1.140
Factor 3 – Illusion of control		
Variable	Mean	Std Dev
Previous business experience	4.350	1.273
No previous business experience	4.218	0.380
Factor 4 – Self-efficacy		
Variable	Mean	Std Dev
Previous business experience	5.788	0.812
No previous business experience	6.094	0.707

No differences between means for the factors of respondents with or without previous business experience were reported.

Table 6.17 Comparison between dependent factor means for those who decided to start the business and those who decided against starting (Multi-way analysis of variance) as well as 1st viability thought. Cronbach Alphas for the factors are also indicated.

Factor with	Don't start Mean (Std Dev)	Start Mean (Std Dev)	Statistic	Value	Significance Level
N = 300	N = 43	N = 254	-	-	-
Misconceptions	3.442 (0.865)	4.613 (0.930)	F	22.13	< 0.0001**
Business Risk perception	4.850 (1.180)	3.401 (0.908)	F	40.67	< 0.0001 **
Illusion of control bias	3.566 (1.373)	4.533 (1.281)	F	4.26	0.0400*
Self-efficacy	5.875 (0.901)	5.987 (0.740)	F	1.00	0.319 NS
	1st thought - not viable Mean (Std Dev)	1st thought - viable Mean (Std Dev)			
N = 300	N = 96	N = 201	-	-	-
Misconceptions	3.881 (0.943)	4.707 (0.933)	F	24.44	< 0.0001**
Business Risk perception	4.203 (1.126)	3.328 (0.933)	F	19.70	< 0.0001 **
Illusion of control bias	3.753 (1.452)	4.698 (1.163)	F	18.40	< 0.0001**
Self-efficacy	5.958 (0.708)	5.977 (0.792)	F	0.05	0.831 NS
** = p < 0.01, * = p < 0.05, NS = Not significant					

Table 6.18 The means of factors as determined by educational groups

Factor 1 - Misconception		
Educational Groups	Mean	Std Dev
B Com Business	4.660	0.876
B.Com Entrepreneurship	4.635	0.655
Humanity Students	4.558	0.821
Post Graduate Entrepreneurship	4.553	1.083
Entrepreneurs in own business	3.922	1.222
Other (Matric only, Diploma in IT, Engineering	4.368	1.026
Although educational groups did not differ significantly, entrepreneurs in own business tended to be much lower on misconception than other groups		
Factor 2 – Business Risk Perception		
Educational Groups	Mean	Std Dev
B Com Business	3.555	1.003
B.Com Entrepreneurship	3.138	0.741
Humanity Students	3.483	0.597
Post Graduate Entrepreneurs	3.369	1.083
Entrepreneurs in own business	3.841	1.335
Other (Matric only, Diploma in IT, Engineering)	3.851	1.102
Although educational groups did not differ significantly, entrepreneurs in own business tended to be higher on business risk perception while entrepreneurship students tended to be much lower on business risk perception.		
Factor 3 – Illusion of Control Bias		
Educational Groups	Mean	Std Dev
B Com Business	4.557	1.119
B.Com Entrepreneurship	4.621	1.136
Humanity Students	4.383	1.523

Post Graduate Entrepreneurship	4.576	1.349
Entrepreneurs in own business	4.280	1.547
Other (Matric only, Diploma in IT, Engineering	4.146	1.390
Although educational groups did not differ significantly, entrepreneurs in own business and odd grouping (other) tended to be much lower on illusion of control bias than other groups.		
Factor 4 – Self-efficacy		
Educational Groups	Mean	Std Dev
B Com Business	5.873	0.707
B.Com Entrepreneurship	6.164	0.723
Humanity Students	5.938	0.773
Post Graduate Entrepreneurship	6.136	0.664
Entrepreneurs in own business	6.099	1.547
Other (Matric only, Diploma in IT, Engineering	5.846	0.831
No significant differences were observed for self-efficacy.		

Table 6.19 The means for the factors as determined by gender

Factor 1 - Misconception		
Gender	Mean	Std Dev
Male	4.389	1.112
Female	4.491	0.902
No significant differences were observed.		
Factor 2 – Business Risk Perception		
Gender	Mean	Std Dev
Male	3.662	1.148
Female	3.560	1.006
No significant differences were observed.		

Factor 3 – Illusion of Control Bias		
Gender	Mean	Std Dev
Male	4.536	1.313
Female	4.251	1.348
No significant differences were observed.		
Factor 4 – Self-efficacy		
Gender	Mean	Std Dev
Male	6.056	0.707
Female	5.885	0.811
No significant differences were observed.		

Table 6.20 The means for the factors as determined by language

Factor 1 - Misconception		
Language	Mean	Std Dev
Afrikaans	4.296 a	0.982
English	4.198 a	0.955
African	4.953 b	1.009
Other Others (German, Portuguese, Spanish, Greek & French)	4.644 ab	2.545
a, b = Means in columns with different symbols indicate significant differences at p<0.01 Respondents from African languages reported the highest misconceptions.		
Factor 2 – Business Risk Perception		
Language	Mean	Std Dev
Afrikaans	3.700	1.080
English	3.820	1.086
African	3.272	1.061
Other (German, Portuguese,		

Spanish, Greek & French)	3.400	0.899
No significant differences were observed		
Factor 3 – Illusion of Control Bias		
Language	Mean	Std Dev
Afrikaans	4.232	1.335
English	4.213	1.189
African	4.844	1.333
Others (German, Portuguese, Spanish, Greek & French)	4.767	1.406
a, b = Means in columns with different superscripts indicate significant differences at p<0.01 No significant differences were observed		
Factor 4 – Self-efficacy		
Language	Mean	Std Dev
Afrikaans	6.051	0.702
English	5.900	0.860
African	5.918	0.769
Others (German, Portuguese, Spanish, Greek & French)	5.644	0.929
No significant differences were observed.		

Table 6.21 The means for the factors as determined by occupation

Factor 1 - Misconception		
Occupation	Mean	Std Dev
Students	4.587	0.833
Entrepreneurs	3.872	1.198
Managers	4.251	1.085
Employees	4.667	1.070
No significant differences were observed		

Factor 2 – Business risk		
Occupation	Mean	Std Dev
Students	3.535	0.919
Entrepreneurs	3.888	1.367
Managers	3.607	1.243
Employees	3.590	1.081
No significant differences were observed		
Factor 3 – Illusion of Control Bias		
Occupation	Mean	Std Dev
Students	4.421	1.232
Entrepreneurs	4.298	1.501
Managers	4.080	1.575
Employees	4.647	1.921
No significant differences were observed		
Factor 4 – Self-efficacy		
Occupation	Mean	Std Dev
Students	5.893	0.788
Entrepreneurs	6.194	0.728
Managers	5.949	0.766
Employees	6.017	0.699
No significant differences were observed.		

Table 6.22 The approximate line where the thought occurred that the concept is viable

Line where decision was made that concept is viable	Frequency	Percent	Cumulative Percent
1 - 29	39	17.33	17.33
30 – 59	124	55.11	72.44

60 – 89	20	8.89	81.33
90 – 119	17	7.56	88.89
120 – 149	11	4.89	93.78
150 – 179	3	1.33	95.11
180 – 209	6	2.67	97.78
210 - 235	5	2.22	100.00
Frequency Missing = 6			

55% percent respondents decided between line numbers 30 – 59 that the business was viable. 80% respondents decided before line 90 that the business was viable. These respondents decided very early in the case study that it was a viable concept and did not make use of all the information available in the case study to come to their decision.

Table 6.23 Mean line of case study where first decision of viability was taken

	Not Start	Start
Mean	63.518	55.653
STD Dev	57.675	50.343
No significant differences were observed with a t test. (t =1.01 p > 0.314)		

Table 6.24 Reason for decision to start or not start the venture

No	First Thought	Yes	%
1	Enough detail	1	0.5
2	My instinct / gut feel says its viable	5	2.5
3	Seems novel / good idea / concept / innovative idea, product / secret formula (protection)	75	37.5
4	Large scale of production / availability of grass makes it viable and easy to start	34	17
5	I like the way they think / makes sense	3	2.5

6	Financial viable / cheaper / cost effective	17	8.5
7	They did research	9	4.5
8	Supply and demand principle / need in market	15	7.5
9	Can provide jobs for many people	9	4.5
10	LP is positive, dedicated and well educated	18	9
11	Can work if run on basis of "collect a can or paper" an already known business concept	4	2
12	No reason	5	2.5
		200	100
1	First thought	No	%
2	Not enough details	5	5
`3	Only a good idea not opportunity / too risky / sound too good to be true	34	34
4	Financially not viable	15	15
5	Not enough grass during the year (Winter) / volume of grass to big	5	5
6	Too dependant on external factors like people	10	10
7	Logistically to complex	9	9
8	No knowledge of animal industry	13	13
9	Do not address a need in the market / acceptance in market	7	7
10	No reason	2	2
		100	100

A variety of reasons were presented by the respondents for their decision to start or not to start.

The main reason for making the decision to start (37.5%) was recorded as the respondents thinking that the animal fodder concept was unique and secondly (17%) the availability of raw material.

The main reason reported for not starting the business was the fact that the concept was seen as a good idea but not necessarily a good opportunity due to the risks involved (34%) and secondly because of it is seen as financially not viable (15%).

6.2.5 Results of HBDI thinking preference analysis

It is important to consider the following:

None of the quadrant scores for HBDI could be identified in a separate factor analysis.
However, according to Bunderson (1995:1) four discrete clusters of thinking preferences do exist and the scores were used for the further analysis.
Factor differences between quadrant scores could not be identified.
Biographical factors such as gender, language and education did not show differences between quadrants.

The following tables report the scores for some of the important variables.

Table 6.25 The first thought about viability as reported by respondents

Question posed: While reading the case my very first thought about whether the concept is viable or not was ……			
Decision	Variable	Mean	Std Dev
No, not viable	Quadrant A	81.250	25.967
	Quadrant B	79.694	16.783
	Quadrant C	61.263	22.302
	Quadrant D	68.791	21.772
Decision	Variable	Mean	Std Dev
Yes, viable	Quadrant A	68.923	22.988

	Quadrant B	78171	17.305
	Quadrant C	72.280	22.765
	Quadrant D	75.089	22.591

Table 6.26 Choice between not starting or starting the business

Question posed: Should FE proceed with introducing the concept to the market?			
	Variable	Mean	Std Dev
No, definitely not start the venture	Quadrant A	78.424	22.867
	Quadrant B	81.545	16.336
	Quadrant C	65.303	21.435
	Quadrant D	69.424	22.644
	Variable	Mean	Std Dev
Yes, definitely start the venture	Quadrant A	71.852	24.793
	Quadrant B	78.163	17.241
	Quadrant C	69.408	23.421
	Quadrant D	73.730	22.451

Table 6.27 Choice between selling the concept or starting the business

Question posed: If FE had the choice to sell the concept and make a modest profit, what should they do?			
Decision	Quadrant scores	Mean	Std Dev
Yes, sell the concept for a modest profit to a potential buyer	Quadrant A	77.000	24.751
	Quadrant B	79.947	16.675
	Quadrant C	64.303	22.594
	Quadrant D	71.053	22.175
Decision	Variable	Mean	Std Dev

No, definitely start self	Quadrant A	70.712	24.314
	Quadrant B	78.007	17.356
	Quadrant C	71.059	23.161
	Quadrant D	74.131	22.633

6.2.5 Focus Group

A focus group with experts in the field of entrepreneurship was formed to answer the questions whether the concept is viable and whether to start the enterprise or not.

The reason for the decision to form a focus group was due to the writer's thought that the idea for the venture was great but the opportunity however flawed. The hypothesis was that misconceptions would support the idea and overlook key elements supporting the opportunity.

A large sample of the respondents surprisingly selected the start-up option. It was then decided to gather an expert panel to discuss the case study.

6.2.5.1 Panel view on whether the opportunity was viable or not viable

All participants said that the concept is viable and six of the focus group decided to start the venture. Only one respondent was against starting the venture. The reasons given by the panel members for starting the business are as follows:

- Uniqueness of product
- Well researched product
- I will make it work

- Grass rich in protein ideal for animal food
- Availability of raw material
- Profit seems possible
- Job creation aspects
- Low input cost

The reasons given for not starting the business:

- Logistically complicated
- People depending aspects (Franchise)
- Bulkiness of raw material and product
- Sweet idea not necessarily an opportunity

6.2.5.2 Panel view on whether the opportunity was start business / sell concept

The participant's reaction to whether to start the concept or sell it resulted in all but one participant wanting to sell rather than to start the venture himself.

Summary of the panel discussion comments

In the discussion followed by the completion of the question the following comments were made:

- The idea is definitely viable if managed correctly.
- It is a bulky product and logistics can be a problem
- Variability of the quality of raw material and associated risk of rotting
- Reliant on people to make it work (franchisees)
- Quality of the product needs to be assured

In conclusion the verdict reached by the expert panel was overwhelming for the starting of the business. When the case was initially designed, the feeling was that it is only a nice idea but not necessarily an opportunity. However all the respondents of the focus group felt that the key success factor was their own ability to make it work.

6.2.6 Statistical modelling

6.2.6.1 Linear discriminant analysis

A linear discriminant model was used to classify the respondents in two categories namely starting the venture or not starting the venture.

Discriminant analysis was performed to determine how well the factors could predict the decision to start or not to start the venture. The estimated model as presented in Chapter 5, resulted in the following classification function (see table below):

Table 6.29 Classification Function for Linear Discriminant Analysis

Group	Decision not to start	Decision to start
Variable		
Misconception	6.997	7.917
Risk perception	7.908	6.605
Constant	-31.906	6.605

Table 6.30 Classification matrix for linear discriminant analysis

Actual		Predicted		Percent correct
	Number of cases	Decision to start	Decision not to start	
Not started	44	36	8	81.3
Started	256	48	208	81.3

The linear discriminant model was used to determine how well the model could predict the probability of starting the business based on the factors. The model could predict 81, 3% of the respondents correctly as not starting or starting the venture. It was however unable to improve the accuracy of the decision to start above that of the actual start-ups.

It was therefore necessary to go one-step further, using the logistical regression model to try and predict the probability of starting the venture.

6.2.6.2 Logistical regression

Table 6.31 Frequency procedures for the Logistical regression

Frequency Percent Row Pct Col Pct	Decision not to start	Decision to start	Total
	Prediction		
Actual: Not started	20 6.67	24 8.00	44 14.67

	45.45 68.97	54.55 8.86	
Actual Started	9 3.00 3.52 31.03	247 82.33 96.48 91.14	256 85. 33
Total	29 9.67	271 90.33	300 100.00

6.32 The Classification matrix for logistical regression (Based on Table 6.27)

Actual		Predicted		Percent correct
	Number of cases	Decision not to start	Decision to start	
Not started	44	20	24	45.45%
Started	256	9	247	96.48%

The logistical regression model was used to predict the probability of starting the venture. The model could predict 96.5% of the respondents who started, correctly. The logistical regression model was better able to predict the respondents who will start the venture than the linear discriminant model.

It therefore seems useful to apply the discriminant analysis model to predict respondents that will not start and the logistical regression model to predict the respondents that will start the venture.

6.3 Conclusion

This chapter presented the main findings of the empirical part of the study:

The descriptive statistics for the demographic data showed normal distribution except for the language distribution.

The factor analysis confirmed four factors namely business risk perception, misconceptions, illusion of control as well as self-efficacy. No factor was confirmed for the HBDI thinking preferences. The factor analysis indicated relatively high construct validity of the measuring instrument as evident by the high Cronbach alphas.

Multiway ANOVAs for the four factors shows the following:

Business risk Perception:
Statistical differences were reported for the first viability thought, the start-up decision as well as the decision to sell.

Misconceptions:
Statistical differences were reported for the first viability thought, the start-up decision, and the decision to sell as well as for language.

Illusion of control:
Statistical differences were reported for the first viability thought, the start-up decision as well as for language.

Self-efficacy:
No statistical differences were reported for self-efficacy.

A linear discriminant analysis model was used to predict the decision to start or not start the venture. The linear discriminant analysis model improved the prediction of the decision not to start the venture and could predict 81.3% accurately. A further step however was taken and a logistical regression model was used to improve the prediction of the decision to start the venture (96.48%).

Chapter 7 discusses the findings, makes final conclusions, provides recommendations and makes suggestions on areas for further research.