

Capitalising on South Africa's innovation resource through entrepreneurship in the creative industries.

by

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Abstract

Capitalising on South Africa's innovation resource through entrepreneurship in the creative industries.

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In light of the current global challenges as well as local needs and opportunities, there is a need for improved utilisation of South Africa's innovation resource. Due to designers possessing creativity and the ability to innovate, it is proposed that an increase in the quality and quantity of entrepreneurship activity in the creative sectors will have notable impacts on the sustainability, competitiveness and value of South Africa's economic activity.

It is argued that designers and creative individuals inherently possess a number of entrepreneurial traits and that design education promotes the development of many entrepreneurial behaviours. Thus, it is necessary to offset and maximise these skills with the requisite business-related cognitions, attributes and abilities.

For this reason, this study looks at the contextual characteristics and needs of small businesses operating in South African design sectors. The objective is to provide relevant and practical suggestions for improving 'effective' entrepreneurial activity in the design industries.

The current state of entrepreneurship education in a representative sample of South African entrepreneurship courses is analysed. The outcome of this process is used as a base-line in consulting a number of experts in the South African small- and medium-sized enterprise (SME) sector, in order to ascertain the context-specific 'success factors' for small businesses in South Africa. Empirical data is then gathered regarding the current state of entrepreneurship and small business content in design education in South Africa. The results of all these processes are analysed in conjunction with the empirical results regarding the individually perceived abilities and attitudes of designers currently operating small businesses in South Africa.

The outcome of this analysis is a framework describing the important elements (and relationships between elements) necessary in the development of effective entrepreneurial ability.

Uittreksel

Benutting van Suid-Afrika se innovasie hulpbron deur middel van entrepreneurskap in die kreatiewe bedrywe.

(“Capitalising on South Africa’s innovation resource through entrepreneurship in the creative industries.”)

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In lig van die huidige wêreldwye uitdagings, insluitend die plaaslike behoeftes en geleenthede, is daar ‘n noodsaaklikheid vir die beter benutting van Suid-Afrika se innovasie-hulpbron. As gevolg van die feit dat ontwerpers oor kreatiwiteit en die vermoë om te innoveer beskik, word daar voorgestel dat ‘n verhoging in die gehalte en hoeveelheid entrepreneurskap aktiwiteite in die kreatiewe sektore ‘n beduidende impak op die volhoubaarheid, mededingendheid en waarde toevoeging van Suid-Afrika se ekonomiese aktiwiteite sal hê.

Daar word geredeneer dat ontwerpers en kreatiewe individue oor ‘n bepaalde aantal intrinsieke entrepreneurskap eienskappe beskik en verder dat ‘n aantal entrepreneurskap gedragpatrone deur ontwerp onderwys ontwikkel en bevorder kan word. Dit is daarom nodig om hierdie vaardighede met die vereiste sake beginsels, eienskappe en vermoëns te versterk en optimeer.

Om hierdie rede ondersoek hierdie studie die kontekstuele eienskappe en behoeftes van klein sake-ondernemings in die Suid-Afrikaanse ontwerp sektore. Die doel is om toepaslike en praktiese voorstelle vir die verbetering van ‘effektiewe’ entrepreneurskap aktiwiteite in die ontwerp nywerhede te voorsien.

Die huidige stand van entrepreneurskap-onderwys is bepaal deur ‘n verteenwoordigende steekproef van die Suid-Afrikaanse entrepreneurskap kursusse te ontleed. Die uitkoms van hierdie proses word gebruik as ‘n basis-lyn in die raadpleging van ‘n aantal deskundiges in die Suid-Afrikaanse klein sake-sektor, ten einde die konteks-spesifieke ‘sukses faktore’ vir klein ondernemings in Suid-Afrika vas te stel. Empiriese data word dan versamel met betrekking tot die huidige stand van die entrepreneurskap en kleinsake inhoud wat in die ontwerp onderwys van Suid-Afrika vervat word. Die resultate van al hierdie prosesse is ontleed tesame met die empiriese resultate wat verkry is ten opsigte van die vermoëns en houdings wat gekoppel word aan ontwerpers wat tans werkbaar is in die klein ondernemings in Suid-Afrika.

Die uitkoms van hierdie analise poog om ‘n raamwerk daar te stel vir die beskrywing van die belangrikste elemente (en verhoudings tussen elemente) wat benodig word in die ontwikkeling van effektiewe entrepreneurskap vermoëns.

Acknowledgements

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Nomenclature

Acronyms

CC	the College of Cape Town
CIE	Centre for Innovation and Entrepreneurship
CPUT	Cape Peninsula University of Technology
EDU	Entrepreneurship Development Unit
EEP	entrepreneurship education programme
FET	Further Education and Training
GCR	Global Competitiveness Report
GDP	Gross Domestic Product
GEM	Global Entrepreneurship Monitor
ICA	Institute of the Culinary Arts
NEPAD	New Partnership for Africa's Development
NESTA	National Endowment for Science, Technology and the Arts
NGO	Non-Government Organisation
NQF	National Qualifications Framework
OECD	Organisation for Economic Cooperation and Development
PDE	Post-Graduate Diploma in Entrepreneurship
SABS	South African Bureau of Standards
SAVCA	South African Venture Capital Association
SME	small- and medium-sized enterprise
SMME	small-, micro- and medium-sized enterprises
UCT	the University of Cape Town
US	the University of Stellenbosch
UWC	the University of the Western Cape
UWEI	University of the Western Cape's Entrepreneurship Initiative

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Chapter 1

Inspiration



“It matters that arguments make sense, that they be capable of being verified or refuted, and that we engage the heart through the mind. I hope to engage your minds so that you may engage your hearts on the side of humanity” [1]

1.1 Chapter description

In order for South Africa to solve domestic issues such as unemployment and poverty, as well as grow and transform as a global economic player, there needs to be an improvement in the utilisation of the country's inherent innovation resource. Considering entrepreneurship as the driver of innovation and a tool for facing South Africa's social and economic needs, the focus is on creative individuals that create and sustain high-growth ventures through the consistent use of innovation to maintain competitive advantage and support growth. This is the sort of entrepreneurial activity that needs to be nurtured and maximised in order to see real change and increased sustainable prosperity in South Africa. It is suggested that this can be achieved through improving the entrepreneurial capability of creative individuals, such that they are aware of the role of their unique skill, are motivated towards utilising this skill in order to contribute economically, and are capable of carrying out the tasks required in this process.

This chapter substantiates and motivates the above-mentioned problem description by considering the global situation and the impacts thereof on South Africa, organisations and individuals. The problem is clearly described and initial definitions are presented. Due to the relatively untraditional nature of the topic being considered, extensive references are consulted to justify the arguments presented in order to improve the validity of theories developed as well as to illustrate the broad literature available discussing the topic.

1.2 A new reality

The world is in an era of unprecedented change, and complete replacement of the status quo has introduced a 'new economy' in which the accommodation- and initiation of change is critical [2; 3; 4]. This 'new economy' has arisen due to the transition from heavy industry to knowledge and innovation as an economic base. Advanced nations are focussing on the productivity and efficiency of knowledge creation and utilisation, rather than the exploitation of physical resources, which is "an exciting development" in facing global issues [5]. Furthermore, dynamic innovation-led economies engaged with societal challenges are considered to be empowered to make a contribution towards solving broader global challenges [6].

Economic, social and environmental global pressures¹ impact the world's systems [4; 5; 7] and act on the contemporary global business environment [8]. Furthermore, an increasingly integrated and complex global system has emerged as a result of globalisation [1]; shaping government, society, organisations and individual actors [4], and increasing competition [9].

Figure 1.1 illustrates and summarises the description and characteristics of the 'new reality' in which the world exists, which is described in this chapter.

Increasingly, the literature has shifted towards innovation² rather than efficiency as the key driver of growth [11]. The fundamental shift of advanced nations from being factor-driven to innovation-driven [7] means that developed economies have replaced production with ideas and knowledge as the economic base [5]. In light of the cost leadership dominance of economies like China and India, the development and exploitation of knowledge (manifested in an increase in the service sector at the expense of manufacturing) has become the basis for competitiveness [12] and contemporary economic transformation involves increasing reliance on knowledge and

¹Including recession, sluggish growth in advanced economies, unemployment, an ageing labour force, increasing population and competition for limited resources, as well as environmental issues such as climate change and habitat destruction.

²There exists variation in what is understood by the term 'innovation'. Innovation is often confused with invention. In the broadest sense the term comes from the Latin 'innovare' which means "to make something new". According to Tidd *et al.* [10] and a number of other commentators, innovation is a process of turning opportunities into new ideas and making wide use thereof.

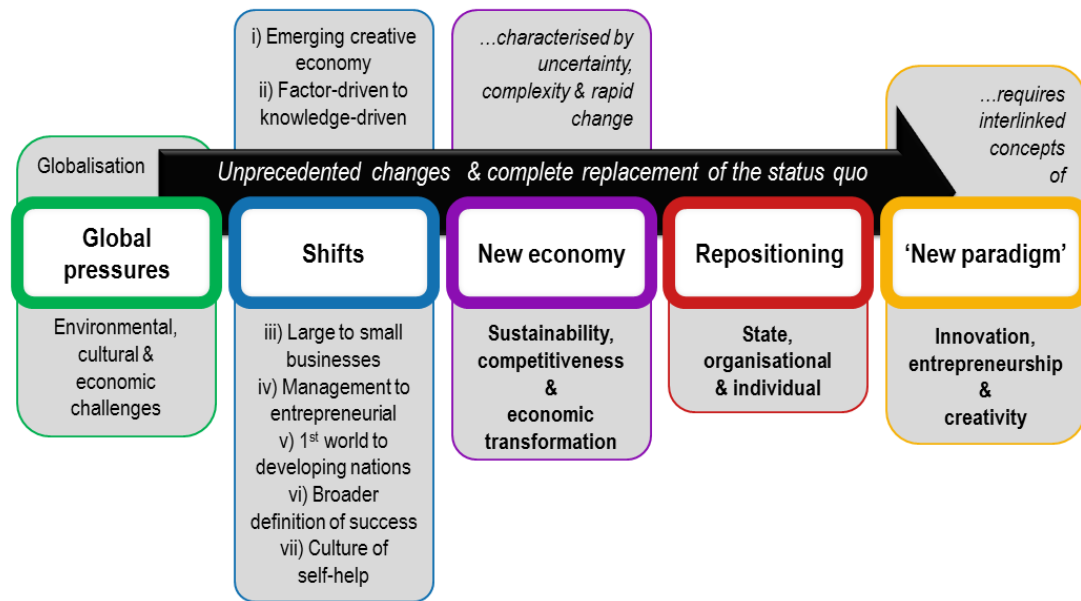


Figure 1.1: Summary of the key points in the development of a new reality in which innovation, entrepreneurship and creativity play a critical role

innovation to drive the economy [9; 13]. The positive economic and social value of these industries is compounded by the dynamic nature of current global affairs [14], and much literature notes that the creative industries are leading to a new economy that includes social, economic and environmental priorities [15; 5] and are therefore better suited to facing the global challenges than the industrial economy [16].

To maintain a knowledge-lead in this 'new economy', the focus is on science, technology, engineering and creative activity, as well as the rapidly developing service economy [12]. The UK was the first to recognise the growing economic significance of the creative industries, and implement policies to promote them [17] about two decades ago [18]. The concept has since been taken up globally [19] with the creative industries subject of much academic discussion, as well as having become highly visible additions in the policies of many of the world's advanced economies [5] – leading to a change in the basis of the developed economies.

The creative industries, however defined, are now accepted internationally as being a key feature of national and global economies [19; 5] in the post-industrial world [18; 14]. The creative industries are growing at twice the rate of the economy as a whole and are likely to triple in size globally by 2020 [20; 21; 22; 23; 18; 19]. Furthermore, the creative sectors contribute up to 6% of most nations' economic activity and employ millions globally, with job creation of the creative sectors growing at three times the rate of the remainder of the economy [21; 22; 19; 24]. The creative economy in countries belonging to the Organisation for Economic Cooperation and Development (OECD) is shown to be growing at a rate more than twice that of the services industries and more than four times that of manufacturing [20; 22]. In addition, the creative industries are considered to be more innovative than many other high-innovation sectors, such as professional and business services [25].

Global pressures and the noted economic transitions have caused a number of linked shifts in the focus of progressing economies. These 'shifts' are discussed in further detail in Appendix A and include;

- i) a shift in focus from large businesses to small businesses,

- ii) a shift from a ‘managerial’ to an ‘entrepreneurial’ society,
- iii) an increased focus on developing nations for progress,
- iv) the adoption of a new broader definition of success that takes sustainability into account, and
- v) the development of a culture of self-help on all economic levels.

These unprecedented global changes and the current systems in which the world operates are leading to unsustainable outcomes [8], resulting in advanced nations making long-term sustainable growth critical in their policies [6]. Global challenges require that countries not lose sight of long-term sustainability and competitiveness fundamentals amid short-term urgencies [26; 7]. Therefore the concept of *sustainability*, which is interlinked with the topical concepts of *competitiveness* and *economic development* [27; 7], is central to any topic.

1.2.1 Sustainability

The United Nations define sustainability as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs”. Another definition considers sustainability as “an enduring, balanced approach to economic activity, environmental responsibility and social progress” [28].

1.2.2 Economic transformation

Economic growth is not a sufficient condition for sustained development, but rather it is the quality of growth that is crucial [8]. As the modern sector grows it absorbs more excess labour than the traditional sector, creating an accelerated relative level of growth [9].

Furthermore, according to the Global Competitiveness Report (GCR), there are three specific stages of economic development; factor-driven, efficiency-driven and innovation-driven. South Africa is in the efficiency-driven phase of development (along with Russia, Brazil and China)³ [26; 7]. Economic development entails a change in the quantity and quality of value-added and is accompanied by a rise in per capita income [9; 13] which is the distinction, according to the Global Entrepreneurship Monitor (GEM), that can shift South Africa into the innovation-driven economy category alongside the strongest global economies.

1.2.3 Competitiveness

Global economic changes have created fierce market conditions [29] and the current competitive landscape requires perpetual adaptation and the constant development of temporary competitive advantages [27; 30; 31]. These conditions require a new type of organisation and individual for survival and success [32; 9].

1.3 The ‘new paradigm’

Many acknowledge that creativity and innovation are driving the ‘new economy’ and that businesses and regions that embrace creativity generate higher revenues [16]. Furthermore, the decline of the manufacturing and production industries make innovation and entrepreneurship, ever-increasingly, the key to international success [33; 34]. The emergence of a ‘new paradigm’ of *innovation*, *entrepreneurship* and *creativity* is the subject of recent well-received publications⁴ [5]. This ‘new paradigm’ is in-line with the shifts in focus as well as the demands of the new economy.

³The stage rating is dependent on the Gross Domestic Product (GDP) per capita of the country

⁴These include; ‘The Cultural Creatives’ by Anderson and Ray (2001) and ‘The Rise of the Creative Class’ by Florida [15]

Arguments for the applicability of *innovation*, *entrepreneurship* and *creativity* in facing global pressures are discussed and, due to the multitude of commentary, *innovation* and *entrepreneurship* quotations are summarised in figure 1.2. The arguments are shown relative to the ‘new economy’ baseline factors of *sustainability*, *competitiveness* and *economic transformation*.

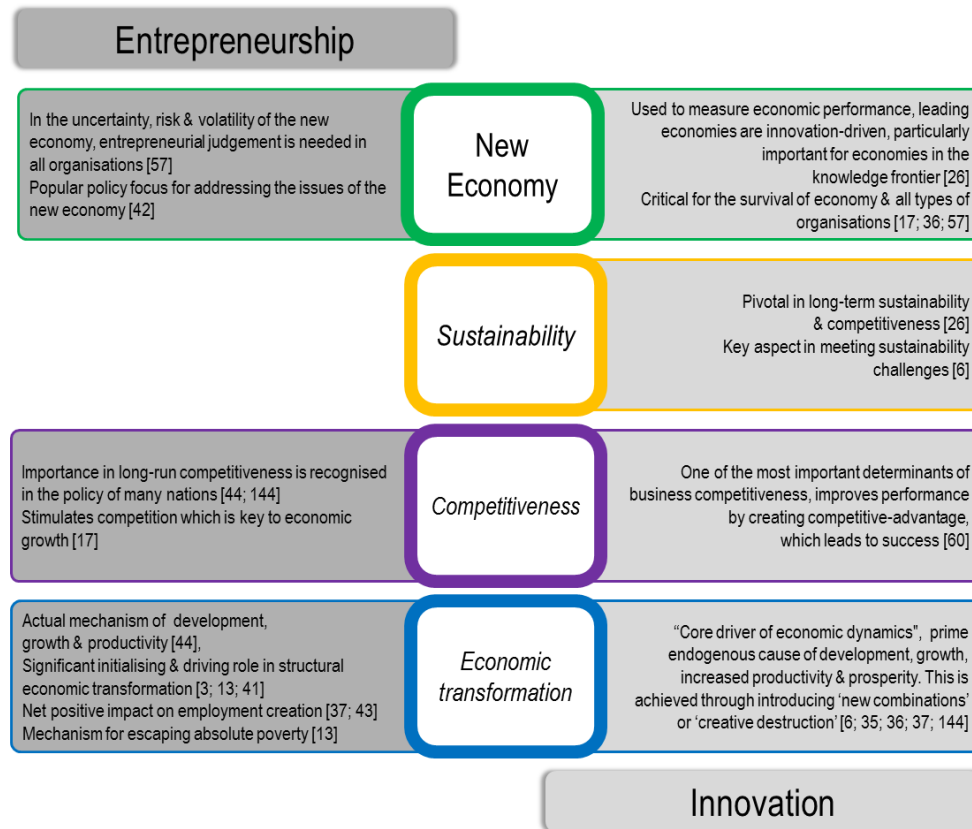


Figure 1.2: The role of entrepreneurship and innovation in the new economy and its baseline factors of sustainability, competitiveness and economic transformation

The ability to innovate makes individuals in any field immeasurably more effective, and is therefore important for all individuals, not only the self-employed [18].

In addition, the GCR states that innovation is the only ‘pillar of competitiveness’ that enhances long-term living standards [7]. Furthermore, the appearance of entrepreneurs facilitates the appearance of more entrepreneurs [35], resulting in innovation clusters which reinforce purchasing power and create conditions for prosperity [35; 36].

‘Creative destruction⁵’ is the process through which new innovations destroy current systems forcing a new equilibrium, and organisations that cannot adjust to remain competitive die [35].

The entrepreneur is regarded as the ‘central innovator’ [37; 36] or ‘main activator’ of innovation [38] and is considered to be critical in overcoming current global challenges [17].

There has been a marked increase in interest in the benefit of entrepreneurship to industries, firms and governments worldwide [39]. The prevailing feeling is that entrepreneurship is the main vehicle of development, growth and productivity and fundamental to the economy [40] due

⁵The term ‘creative destruction’ was coined by Joseph S. Schumpeter, whose initial views on entrepreneurship still inform many theories within the discipline [36].

to considerable micro- and macro-benefits [41; 39; 4]. However, the debate on the importance of entrepreneurship continues, as many believe that some types of entrepreneurship have a negative impact on the economy [42]. Contrary to this argument, empirical evidence suggests that small businesses (as opposed to specifically entrepreneurial firms) have employment growth rates higher than those of larger organisations and have a net positive impact on employment creation as well as creating a spill-over effect that increases the employment rates of all companies in the region in the long run [37; 43].

Regardless of this argument, it cannot be contested that the ‘right type’ of entrepreneurship (see section 1.5.3) has greater economic value, and therefore policy focus is on the ‘right kind’ of entrepreneurship as the actual mechanism that makes growth happen [44].

The importance of the process of innovation carried out by entrepreneurs pervades all types of organisations and all sectors, but is particularly vital for growth, productivity and job creation in small businesses and ‘entrepreneurial industries’. ‘Entrepreneurial industries’ are rapidly becoming major contributors to national economies, and entrepreneurship and innovation in these industries are a key contributors to development worldwide [17].

Much of the growth in the creative industries is as a result of entrepreneurship [45]. Creative individuals are more able to conceive innovation and therefore are immeasurably more effective, and it is contended that innovation cannot exist without creativity [46]. Furthermore it is argued by a number of researchers that individuals that are capable of creativity drive innovation [12].

1.4 Problem statement

In the new economic landscape, which is characterised by uncertainty and shifting balances, it is more important than ever that countries put the fundamentals underpinning economic growth and development in place [7]. Knowledge is the key to renewed competitiveness, which can be achieved through “encouraging, creating and sustaining an innovative enterprise culture...” [47]. Furthermore, the promotion of entrepreneurship is both necessary and beneficial for creating and sustaining economic prosperity and creating new jobs [48; 49; 50; 17]. Developed countries have recognised the need for more entrepreneurs willing to innovate and set up their own enterprise to maintain economic growth and remain competitive [51].

The research problem is developed from a number of domains which impact the situation under consideration. These domains are; entrepreneurship and small business, the design industry and creativity, and the specific issues and opportunities that exist within the South African context. As can be seen in figure 1.3, these domains overlap. Considerations regarding each of the sections illustrated in the figure are important in understanding the motivation for this study, as well as the entirety and complexity of the problem being researched. Furthermore, these domains are impacted by the broader economic shifts described previously and shown at the bottom of figure 1.3. The factors which make up the research problem, stated in figure 1.5 at the end of this section, are discussed below.

i) South Africa: issues and opportunities

The recent inclusion of South Africa in the BRICS emerging market economies is expected to increase the influx of investment into the country. Additionally, the City of Cape Town has launched ‘Cape Town Activa’, a long-term strategic initiative to renovate Cape Town as a global entrepreneurial hub⁶; which is in-line with the global shift in focus from large organisations to small firms. One of the three sectors that will be focused on in this project, is the design industry. Both these developments contribute to a climate of greater opportunities for capitalising on

⁶Following the success of ‘Barcelona Activa’ in transforming Barcelona into a world class hub of entrepreneurship, innovation and economic activity; Cape Town (in partnership with Barcelona) has embarked on the long-term strategic implementation of the ‘Barcelona Activa’ model.

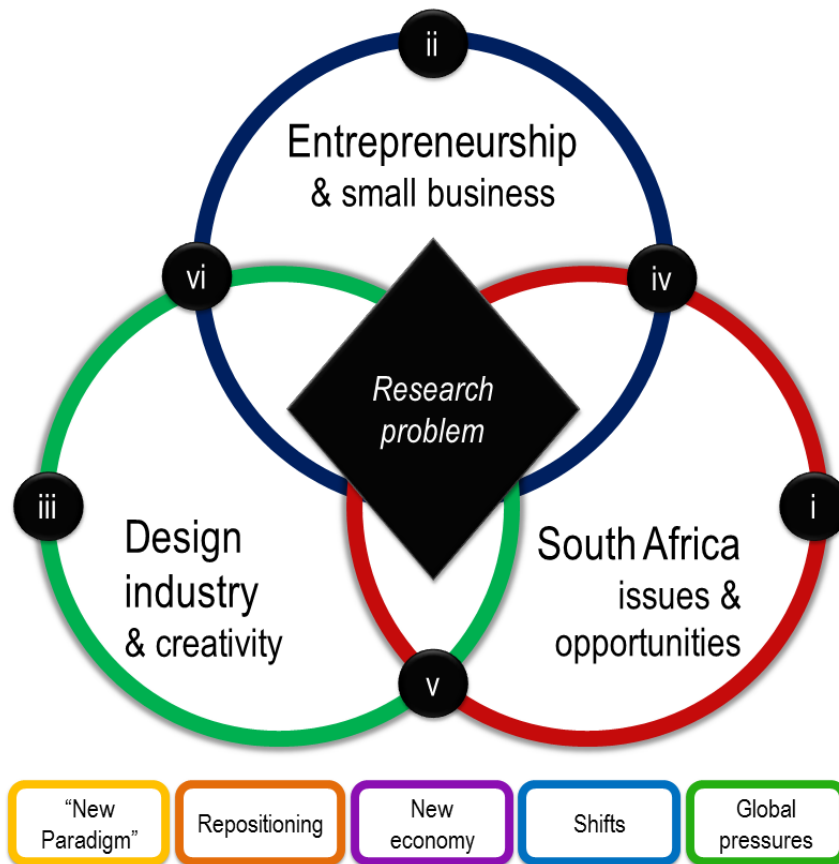


Figure 1.3: Development of the research problem in relation to the research domains and in-line with the overall global environment

innovative and high value-adding economic activities in South Africa (and Cape Town in specific).

In the new economy, innovation is a critical economic outcome and advanced nations are innovation-driven [52; 53; 4]. However, South Africa is still in the efficiency-driven stage of economic development [26] and therefore needs to increase innovation activity in order to face the global challenges. Furthermore, high rates of poverty, under-employment and other social ills accentuate the need for economic transformation, development and growth. Unemployment rates are used to gauge economic performance and health, and are critically integrated with economic equality and poverty reduction. According to statistics recorded by Index Mundi [54], 23.3% of South Africa's labour force is unemployed, and this lack of productive work opportunities stunts economic progress [55].

ii) Entrepreneurship and small business

Small businesses are inherently more able to innovate [56; 36] and entrepreneurs drive innovation [57], which increases employment opportunities, productivity, capital accumulation and knowledge diversity; thereby creating competitive advantage and causing a positive economic transformation [58; 56; 17; 59; 4; 53; 57; 60; 23; 9; 36; 13]. Furthermore, Van Praag and Versloot [37], in support of earlier research results, note that the correlation between the extent of entrepreneurial activity in a country and the innovation capacity⁷ thereof is positive for developed countries.

⁷Defined as a country's potential to produce a stream of commercially relevant innovation [37].

Thus innovation-based entrepreneurship ‘clearly’ matters on all levels [57] and is especially critical in third world countries [43; 13], and needs to be nurtured and developed [4; 53]. However, there is a need for insight into the functioning of SME’s in this context in order to utilise entrepreneurship for development [61; 58]. Despite this, knowledge of the functioning of SME’s is ‘scant’, limited research addresses educational issues in entrepreneurship [53] and many entrepreneurship training initiatives do not actually address the real needs of entrepreneurs [39].

The difference between the number of potential and actual entrepreneurs is one of the central themes of entrepreneurship research [62]. Effective entrepreneurship education is considered to impact the intention and ability of entrepreneurs and perceived to contribute significantly by increasing the quantity and quality of entrepreneurs [23]. Thus, educational institutions are tasked with equipping graduates for the ‘new reality’ through teaching the skill of innovation and developing individuals who are prepared for self-employment [23; 12].

iii) The design industry and creativity

Economic development entails changes to the quantity and quality of economic value-added [9] and creative businesses are characterised by their ability to generate high-added-value products [63; 64]. Apart from the direct economic contribution, the creative industries also significantly drive economic growth across other sectors [65; 24] and provide the opportunity to promote aspects of national character [19]. Despite this, the creative industries are still often dismissed [18].

While innovation is considered difficult and “only accessible to people with certain qualities” [35], the fundamental nature of the creative industries is innovative [21] and creativity is widely accepted as a central characteristic of individuals that are able to innovate. The GCR⁸, states that the competitiveness of a country depends on how productively a country uses available resources [26]. A more competitive economy is likely to grow faster in the medium to long run [7] and the release and support of individuals that can envision and push innovation is critical in the ‘new economy’ [3]. The idea of capitalising from the creation of knowledge and identity rather than through the consumption of resources has enormous potential, which makes the emergence of the creative industries an exciting step towards facing global challenges [5]. Therefore the creative industries can be considered an innovation resource empowered to make significant changes if effectively utilised.

Character traits are shown to have a higher impact on entrepreneurial activity and success than learnt business skills and external forces and creative businesses are reliant on the “knowledge-base of creative entrepreneurs” [63], and thus improvement of this knowledge-base will arguably increase success [5].

iv) Entrepreneurship and small business in South Africa

While there is no easy answer to South Africa’s structural unemployment problem, the support of small-, micro- and medium-sized enterprises (SMME) is an important aspect in instigating an improvement [66]. Despite this noted importance of the active development of the small business sector in South Africa, SME growth in the country has stagnated over the last three years. The 2008 GEM survey ranked South Africa at 23rd out of 43 countries, with an entrepreneurship activity rating of 7.8%, which is below the general average as well as the average of all middle- to low-income countries [52]. Since 2001 when the GEM began surveying South Africa, performance in entrepreneurship has been below the median, with entrepreneurial activity lower than expected for its per capita income [52]. According to the GEM, a country at South Africa’s stage of economic development would be expected to have a rate of early stage entrepreneurial activity double the current rate.

⁸Published by the World Economic Forum

“Creative businesses are characterised by their ability to generate high-added-value products and are reliant on the knowledge base of creative entrepreneurs” [63]. The ‘Cox Review of Creativity in Business’ argues that there is “compelling evidence of the impact that creativity can have on business performance” [63].

Furthermore, the predominant SME activity in South Africa is necessity- rather than opportunity-driven or based on imitation rather than innovation; factors which are linked to business failure [67]. While this form of activity creates a limited number of jobs, lack of innovation means insufficient differentiation from competition and therefore a decreased likelihood of survival and limited growth potential [68]. Low levels of entrepreneurial activity are linked to high failure rates⁹ and the small number of ventures that reach commercialisation or progress past nascent level [69; 52].

This introduces two interlinked problems regarding entrepreneurship in South Africa (which are illustrated in figure 1.4);

Low quantity due to low levels of start-ups and high rates of business failure; and

Low quality of activity is linked to business failure and non-performance and therefore contributes to the low quantity.

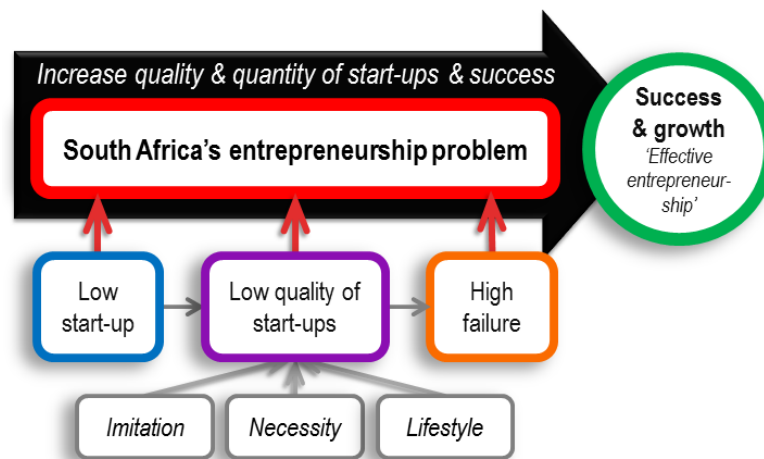


Figure 1.4: Entrepreneurship in South Africa: problems and required changes

Admittedly, many social, political and environmental factors contribute to the lack of effective entrepreneurial activity in South Africans, few of which are within our control other than increasing education. For South Africa to improve their economic situation and standard of living, the contribution of small firms to the economy needs to be increased [9].

⁹The Small Business Development Corporation (1996) estimates that half of small businesses started in South Africa eventually fail.

v) The design industry in South Africa

The major domestic sector markets for creative industry products and services are the tourism, services and retail sectors; all of which are showing significant growth in South Africa – in most cases above average national growth [70].

“The creative industries have long been neglected in mainstream trade and industry policy in South Africa even though it is recognised as a significant contributor to the economies of developed nations”. The creative sectors in South Africa are noted for their “potential to create employment and offer opportunities for rural and urban job creation as well as their potential international competitiveness” [70]. The South African government have included the creative industries into the Accelerated and Shared Growth Initiative of South Africa (ASGISA) framework as a key sector, in order to raise their status and ensure government begins to develop interventions to support the growth of these industries.

Pihie and Akmaliah [71] found empirical evidence that art students who followed commerce and entrepreneurship subjects were impacted in intention, subjective norm and entrepreneurial efficacy.

Yet despite South Africa possessing a strong industry-specific design talent and design-education system¹⁰ [64], and despite their possessing entrepreneurial characteristics, designers are widely regarded to lack business acumen and business motivation. These factors severely impair their success and growth as entrepreneurs. For these reasons it is argued that for the purpose of increasing innovation activity through entrepreneurship, designers are the perfect focus in that they inherently possess many characteristics that make them capable of creating and driving innovation and catalysing economic and social development. However, they are not being effectively and productively utilised due to certain aspects lacking; a gap exists that needs to be established and addressed.

vi) Entrepreneurship and small business in the design industry

As observed by Leadbeater and Oakley [72]; Raffo *et al.* [73]; Rae [74], the use of mainstream approaches considered appropriate in other sectors for developing entrepreneurial skills, cannot be assumed to be relevant or effective for cultural entrepreneurs. Researchers acknowledge that business led pedagogies have failed to win over the creative students [21; 63] and according to Rae [74], educational policies fail to prepare them for entrepreneurial activity.

While the characteristics of this ‘new generation of entrepreneurs’ are not entirely understood [74], creative individuals are known for their ability to think out of the box and therefore find innovative solutions. Furthermore, these individuals are widely considered to possess many attributes and aspects of cognition considered to be prevalent among successful high impact entrepreneurs. However, it is widely perceived, by themselves as well as the business world, that they lack business acumen and an understanding of their role in the economy. This means that not only are they not prepared for business aspects, they also lack the self-confidence and necessary motivation and attitude that links to the purposeful use of their creative and innovative skills, their network and social capital, and the ability to utilise their skills of learning from failure, adapting and being able to handle risk and uncertainty. The transformational and visionary ways in which successful entrepreneurs exploit their creative abilities and lead in society are not perceived by creative students, much less included in their personal goals [21].

The creative industries have unique characteristics in comparison to other industries. The economic contribution of SME’s in the new creative sector is widely acknowledged [11]. The

¹⁰The South African Bureau of Standards (SABS) Design Institute has fostered a design sector that is globally competitive and ready to meet international challenges. Due to this structured basis for design in South Africa, output from this industry could be an effective means of marketing the country as an “innovative, industrialised country and a hub of creativity” [64]

majority of employment and commercial activity in the creative sector takes place in small businesses [74], yet ‘creatives’ often struggle to become professionally established [24]. There is also a discrepancy in the supply of creative graduates and employment opportunities; linking to the need for increased self-employment and entrepreneurial ability in creative individuals.

It is the combination of these characteristics and factors that form the research problem as shown in figure 1.3. The research problem statement is shown in figure 1.5.



Figure 1.5: The problem statement

1.5 Definitions

The central concepts of this study are; entrepreneurship, creativity and design. Whilst these concepts are all considered complex and difficult to define, the following section provides insight into what these terms are considered to represent.

1.5.1 The creative industries and design

The concept of creative industries has been understood and developed in different ways by various countries and international bodies [19; 18]. Florida [15]; Ball [17]; Kellet [21]; Carey and Matlay [23] and Bridgstock [24] quote the UK's Department of Culture Media and Sport in defining the creative industries sector as “those industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property” and “industries with their origin in individual creativity, skill and talent and with the potential for wealth and job creation through the generation and exploitation of intellectual property”. This definition encompasses 13 specific sub-sectors, namely; *advertising*, *architecture*, art and antiques, crafts, *design*, *designer fashion*, film and video, interactive leisure software, music, performing arts, *publishing*, software and computer games, television and radio.

“Design is a natural human activity present in many professions (from engineering and architecture, to policy making) and a significant force for innovation and change in our societies. Despite the fact that the activity of design and the activity of science are tightly linked, design can be contrasted to science in that design is considered to be about imagining and synthesising new realities, rather than analysing and describing existing ones. Design can also be contrasted to art, as it is essentially guided by human purposes and is directed towards the fulfilment of intended functions. Design research as a domain of investigation therefore is by and large based on the assumption that design is a distinct discipline coupled with a distinct mode of thinking and knowing” [75]

In this study six forms of design are selected. These include: interior design, jewellery design, fashion design, architecture, communications (including advertising, marketing and publishing) and cheffing. The last of the six is selected as a form of creativity that is also highly linked to the services and hospitality industry, as these are also emerging industries considered critical in the new economy. Furthermore, as stated in Chapter 2, a diverse and range of design sectors are chosen in order to increase the generalisability of the study.

According to Penaluna and Penaluna [63], international discussion confirms that businesses are starting to look toward design for solutions, and acknowledging that business needs a change of mentality with design as the connective tissue.

1.5.2 Entrepreneurship

Defining entrepreneurship is part of a long-standing conceptual debate [39] and it is widely agreed in literature that there is no universally accepted definition for entrepreneurship [76; 77; 3]. Traditional attempts to define entrepreneurship describe it relative to some concept and are usually not compatible with other definitions [78]. Sexton and Bowman [79] argue that definitions are often a function of the researchers' academic background [17]. Many researchers have also provided broad descriptions that allow reader to make their own conclusions [80] and Morrison [78] argue that it is not useful to attempt to pigeon-hole the concept due to its dynamic and holistic nature.

The importance of a definitional understanding for the conceptual term 'entrepreneur' is far reaching. On an economic policy level, the approach of the policy is rooted in the chosen conception of the term [44].

Due to the multi-dimensional and conceptual nature of the term, much debate prevails [81]. Gibb [82] noted over ten years ago that there is no common code, no satisfactory measurement system or assessment of the degree of entrepreneurship, and that besides this, the personal development that results is very subjective [33]. No single agreed upon definition of entrepreneurship exists, and nor should it. Diverse perceptions on the definition of success have created problems [83; 31]. Much of the disagreement originates from the fact that entrepreneurship is a multidimensional concept [81], and therefore needs to take more than one strict view into account.

There are many different ways to categorise small businesses. The varying quantitative categorisation introduces a vast number of further complexities, debates [37] and issues in generalising research results [31]. Furthermore, governments around the world use varying classifications that suit their agendas [83; 31]. Curran and Stanworth [84] note that there is no concept of a typical small business and stress the heterogeneity of the small business sector [31].

According to Pretorius *et al.* [59], Kaufmann and Dant [85] categorize entrepreneurship based on different contemporary representative definitions and conclude that three perspectives can be determined; namely definitions stressing:

- i) 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 (discussed in Chapter 5 in comparison to designers);
- ii) 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 (discussed in Chapter 4 in establishing critical success factors for entrepreneurship); and
- iii) 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, activities to initiate, maintain and develop profit oriented business, to fill currently unsatisfied needs and to take operational control of the organisation (discussed here briefly as an introduction to entrepreneurship).

Many researchers propose multi-functional definitions [78], and Hölzl [44] argue that the concept is by nature impossible to define in terms of a single observation.

Multiple definitions attempt to constrain entrepreneurship as based on a central construct, and are usually based on a specific perspective. Despite no agreed upon definition existing, concepts add understanding of the subject. Many of these overlap, but the primary factors frequently used (by many top researchers Morrison [78]) are;

- i) Emergence,
- ii) **Opportunity**,
- iii) **Self-employment and small business**,
- iv) Ownership structure,
- v) Size of firm,
- vi) Stage of life-cycle,
- vii) **Economic function**,
- viii) **Schumpeterian**,
- ix) **Innovation, creativity and change**,
- x) Resource-based,
- xi) Entrepreneurial elements,
- xii) Categories of entrepreneurs, and
- xiii) Process of creating something of value.

Of these definitions, those in bold text are the most relevant to the development of a definition of ‘effective entrepreneurship’ (see section 1.5.3) and are discussed below. The rest are addressed in Appendix A.

ii) Opportunity

The ‘opportunity perspective’ focuses primarily on the discovery, evaluation and exploitation of opportunities, irrespective of whether this involves the creation of a new venture [86; 87; 88; 89]. Entrepreneurial opportunities often exist (or are created) due to the individual’s perception of the potential value of the opportunity [35; 90; 43].

iii) Self-employment and small business

The term entrepreneur is often equated with small business, owner-management and self-employment, which is an over-simplification of the concept [41; 3]. Small business management is considered to be “the ongoing process of owning and operating an established business” [91].

These terms should be distinct [39] as “not all owner-managers are entrepreneurs, nor are all small businesses entrepreneurial and not all large businesses are un-enterprising” [3]. “While all entrepreneurs are self-employed, not all self-employed persons are entrepreneurs...” [92]. Common practice in empirical research is viewing individuals who have started or own a business as entrepreneurs, “while this is inappropriate, there is no alternative empirical definition” [37].

vii) Economic function

This approach sees entrepreneurship as a means of stimulating the economy through the creation of firms and jobs [78].

viii) Schumpeterian

Schumpeter [35] instigated the modern version of the entrepreneur as the person destroying the economic order [4]. Schumpeter describes the ‘creative destruction’ process as the creation of an enterprise that produces innovations which force existing companies to either adapt or disappear [53]. In the Schumpeterian view of entrepreneurship, innovation and firm growth are central and the entrepreneur is primarily a change agent [44]. “The Schumpeterian entrepreneur... was an innovator from the point of view of the economy as a whole...” [90]. This conceptualisation creates what some commentators term the “myth of the entrepreneurial hero” [21; 36] as a phenomenon inherent in very few individuals.

ix) Innovation, creativity and change

Many commentators argue that innovation is central to entrepreneurship [35; 78; 93; 60]. The essence of entrepreneurship is the use of innovation and creativity directed at bringing about change [94; 78; 3]. This conception believes that the entrepreneur breaks conventions and creates something ‘new’ [60] by activating ‘creative destruction’ [35].

The aspect of creating something which differs significantly from rivals in some way is stressed [78; 95]. Mahoney and Michael [43] notes that the focus in “popular press and even much of the published entrepreneurship scholarship...is on novelty...” and Hindle [88] adds that it is totally uncontroversial that novelty is at the heart of entrepreneurship.

Penrose [90] argues that it is restrictive and not useful to insist that criterion of entrepreneurship be that the innovation must be new to the world [78; 3; 43] and that entrepreneurship can involve novelty in many forms. The entrepreneur is an innovator from the point of view of the firm and not necessarily the economy as a whole [90; 43].

It is broadly agreed the entrepreneurs can occur in all business domains, making entrepreneurship relative in large organisations, and in both the private sector and (increasingly) public and voluntary sectors [78; 3]. This shifts the definition from new venture creation to encompass entrepreneurial practices in institutions of all types [78].

What is clear is that entrepreneurship is whatever you want it to be. To this end, it is important to ascertain the characteristics that make entrepreneurship valuable in the economy and society. High growth firms, through successful exploitation of opportunities and innovation, are important drivers of economic dynamism, diffusion of innovations and employment generation [56]. Therefore an approach to entrepreneurship that focuses on firm growth and innovative entry is broad and inclusive [44], but promotes entrepreneurial activity which has an economic impact.

1.5.3 ‘Effective’ entrepreneurship

There are many forms and aspects of entrepreneurship as it is a conceptual phenomenon that is highly linked to the context within which it exists. In the case under consideration, entrepreneurship is being considered as an engine for change, not only within South Africa, a developing economy, but also in the world. This study does not attempt to define entrepreneurship

or select a particular construct on which to focus. Rather the concept of ‘effective entrepreneurship’ is used to represent any form of entrepreneurship which adds value in addressing the new global reality as well as instigating local progress.

Bolton and Thompson [62] state that small business owners or managers may add value and be successful yet are not automatically entrepreneurs. It is argued that the aspect of making, and being motivated to continue making, a real difference is the key distinction between small business and entrepreneurship [95]. It is thus clear that not all small businesses have the same impact on the economy [96]. The ‘right kind’ of entrepreneurship drives economic transformation and positive change [9].

Growth in small businesses is often limited by the objectives of the owner-manager [31]. For example, ‘lifestyle’ entrepreneurs are motivated by independence and survival rather than growth and success [97]. A lifestyle firm is defined as “a small venture that supports the owners and usually does not grow” [91]. Lifestyle entrepreneurs own and manage small businesses merely to provide an income and independence with no objective for growth or development and are not the same as entrepreneurs [62]. The converse of these entrepreneurs are growth-oriented business owners, motivated to progress and develop [97].

Furthermore, the route towards entrepreneurship may be varied; from responding to a market opportunity to responding to a crisis situation, or both [78]. Organisation theory sees a firm as an entity that seeks survival as its ultimate goal [98], however this does not necessarily mean productive and positive economic impact. Necessity or survival-driven entrepreneurship is less dynamic and entrepreneurial, and for this reason also more likely to fail [42]. The opposite of this, opportunity-driven entrepreneurship, makes a far more valuable contribution to the economy [52]. As the economy moves towards the modern sector, entrepreneurship moves towards being opportunity-driven [9; 13].

The entrepreneur that utilises innovation creates a significant businesses with competitive advantage and is therefore more successful and effective than those that create ventures based on imitation.

A greater impact will be made by increasing the innovation-driven, opportunity-motivated and growth-oriented forms of entrepreneurship, as can be seen in figure 1.6.

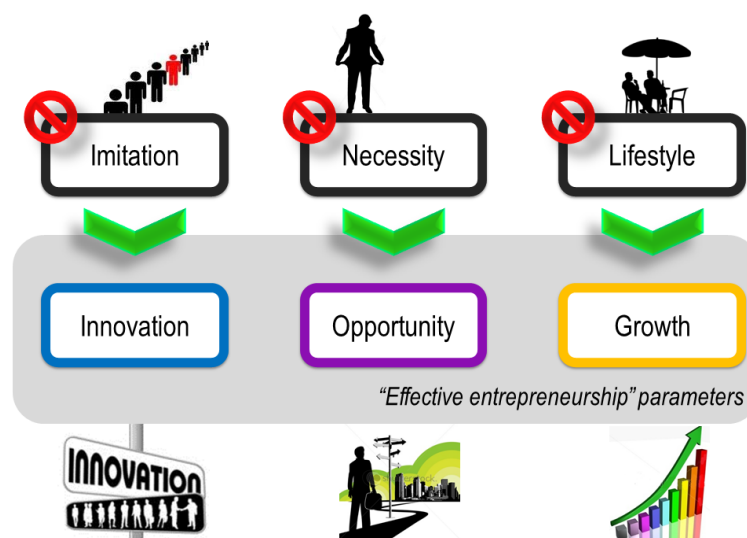


Figure 1.6: The construct for defining ‘effective entrepreneurship’ within this study

1.6 Document outline

This section provides a brief outline of each chapter:



Chapter 1: 'Inspiration' (this chapter) presents the motivation behind the research problem. Further, the chapter substantiates claims that the solution for local and global issues faced by South Africa can be found in using entrepreneurship for improving utilisation of the innovation inherent in creative individuals. All aspects of the problem statement are thoroughly described and presented and concepts under consideration are broadly defined. Finally, the term 'effective entrepreneurship' is defined as it is used in this study to describe the forms of entrepreneurial activity that make the most valuable and notable contribution to facing global and local challenges.

activity that make the most valuable and notable contribution to facing global and local challenges.



Chapter 2: 'Research design' discusses the research objectives, research issues and related solutions in the design of the research framework. The aspects of the research framework and research methodology are justified and briefly described.

The rest of the chapters contribute to building a theory regarding the development of entrepreneurial capability in creative individuals. From the analysis and knowledge synthesis performed within the study, the elements shown in the figure 1.7 emerge as the most important concepts. Literature and empirical data collected and analysed in Chapters 3, 4 and 5 contribute to developing one or more of these elements and their inter-relationships.



Figure 1.7: Key elements developed and addressed in Chapters 3, 4 and 5



Chapter 3: 'Entrepreneurship education' presents literature on entrepreneurship education, describing definitions, theories and models. From this literature, the key elements (as shown in figure 1.7) of developing entrepreneurial ability, and the inter-relationships between these elements, begin to emerge. A detailed description of the element "entrepreneurial learning" shown in figure 1.7, is established. The state of entrepreneurship education is then addressed, firstly through literature and then empirical analysis. The empirical analysis concludes with a list of themes

covered in entrepreneurship education, from which the questionnaires used in the later research chapters are developed. As such the 'skills and abilities' element (as shown in figure 1.7) is explored in detail. Further analysis is done on the current state of entrepreneurship education in South Africa in order to ascertain the focus and weaknesses thereof in addressing the challenge of improving effective entrepreneurial activity.



Chapter 4: 'Success factors for small businesses' addresses the concept of success and success factors in small business. As can be expected, a multitude of literature on success factors in business can be found. The main findings from this literature are summarised and, using the data gathered from interviews with relevant experts in the South African small business environment, the critical success factors are contextualised in order to increase the validity and relevance for South African small business owner-managers. This chapter starts to deal with the central elements, as shown in figure 1.7, of 'network and social capital', the 'entrepreneurial learning process' and innovation and creativity, which is implicit in both 'industry-specific' skills in this context as well as 'entrepreneurial' skills.



Chapter 5: 'The creative sector' presents literature and information on the creative and design industries and the opportunity, characteristics, weaknesses and challenges of these industries. Empirical evidence is gathered by interviewing design educators regarding the state of design education (in relation to entrepreneurship education) in South Africa, and creative individuals running small businesses are interviewed for insight into their needs and current abilities. The combination of literature with the mixed data collected from interviews is used to develop emergent theories regarding the educational requirements of the

creative individual, with regards to improving effective entrepreneurial ability and success. In this process, the elements shown in figure 1.7 are all addressed and further expanded to become relevant to the creative and design industries.



Chapter 6: 'Model development' combines the main findings from all the previous chapters to create a 'model for the development of effective entrepreneurship'. The main elements of the model correspond with the elements shown in figure 1.7. Each element of the model and inter-relationships between the elements are described. Further literature is presented to validate the links between the elements in the model.



Chapter 7: 'Validation' presents the external validation strategy and outcome utilised in this study. The validators are introduced and their contributions discussed. The over-all perception of the validators is summarised.



Chapter 8: 'Research conclusion' presents summaries of the research conducted and the conclusions reached in each chapter. The Chapter aims to conclude the research with general comments, acknowledgement of the limitations of the study, the value of the study in addressing the research problem described, and suggestions for future research.

Chapter 2

Research design



“The power of richness lies in that fact that it feeds on itself in ways that enlarge our understanding of the human condition” [99]

2.1 Chapter description

As described by Mouton [100], the real world situation discussed in Chapter 1, forms the research idea from which the research problem and questions are developed. It is from this research problem that an appropriate research design is constructed.

The complexities involved in research on entrepreneurship education are vast and introduce the need for a well-designed research framework adapted to fit the specific research requirements and compensate as much as possible for the complications in the field and research limitations. Furthermore, multiple respected authors in the field call for rigorous research strategies applicable to the context being studied. As such, justification of the research design and process of research forms an integral part of the study and adds value to the research description. For these reasons this chapter comprehensively explores research issues in the field, calls in entrepreneurship literature for the methodological design of research as well as methods suggested to best counter these issues.

2.2 Research statement and objectives

Figure 2.1 states the research objective of the study, along with the problem statement (presented in figure 1.5) from which it is constructed.



Figure 2.1: The research objective and the problem statement from which it is developed

2.3 State of the art and complexities

2.3.1 Entrepreneurship

The increased importance and prominence of entrepreneurship globally creates a demand for research that improves the understanding of the dynamics of entrepreneurship [101]. Entrepreneurship has been heavily researched and is growing rapidly [88], with a multitude of authors adding thousands of new peer-reviewed papers and books every few years [102; 17; 103]. The research focus in entrepreneurship has been on entrepreneurship theory, types of entrepreneurship, the entrepreneurial process, organisational forms, the external environment and outcomes of the entrepreneurial process [104].

The concept of entrepreneurship is both multi-dimensional and complex in nature [44]. Koellinger [105] states that it is widely agreed that the most problematic issue in entrepreneurship research is the lack of accepted definitions. Peter Drucker, an authority on management theory, notes that although the term ‘entrepreneur’ has been used for more than 200 years, there is still total confusion over the definition [106], resulting in controversy and complexity in the field [85; 59]. Furthermore, despite the rapidly growing literature dealing with aspects of how entrepreneurs succeed [88], knowledge of the functioning of small firms remains limited and inadequate [58].

2.3.2 Entrepreneurship education

There has been an expansive shift from studying the constructs of entrepreneurship to focussing on aspects regarding how to impart features of entrepreneurial success [88]. Minami *et al.* [101]; Kirby [3] and Fayolle and Gailly [53] state that the field of entrepreneurship education has increased in “scientific legitimacy”, as well as quality and quantity of research. According to Rae and Carswell [107]; Alberti *et al.* [108]; Pittaway and Cope [109] and Carey and Matlay [23], growth in the discipline has focused around specific areas, such as i) efficacy of intervention; ii) appropriate course content; iii) contextual differences; iv) identifying mechanisms that can help graduate entrepreneurship occur; v) aspects related to learning entrepreneurial behaviour [107]; and vi) aspects of entrepreneurship education.

Despite the importance of entrepreneurial education, and the focus and progress of research on the topic, it remains poorly understood [41; 101; 49; 50; 2; 91; 53]. Due to the nature of entrepreneurship and the adolescence of the field of entrepreneurship education [108; 21; 53], the discipline is widely agreed to be i) rife with complexities and ambiguities, ii) lacking in consensus and accepted theories on aspects regarding content, pedagogy and assessment [110; 111; 91; 112; 39; 113; 109; 53], and iii) constantly evolving [108; 21].

This results in a vast number of issues that need to be explored. Further complicating the field of research is the diverse range of disciplines from which these issues might be explored and methodological debates on how these issues should be examined [39]. As a result, much of the research in the field is criticised for a number of postulated shortcomings, such as:

- i) taking “isolated perspectives”, resulting in a “scholarly disconnection” [81; 13] and fragmentation between different scientific disciplines [104; 108; 109], which causes a failure of disciplines to learn important lessons from one another and thus stunts development in the field [39; 81; 13];
- ii) lacking generalisation [108; 109]; and
- iii) lacking practicality [49].

In terms of designing entrepreneurship education interventions, yet another complicating factor relates to the number of relevant stakeholders and their varying demands on the outcomes of the process [50]. Three main sources of demand exist for entrepreneurship education; namely government, students and the business world¹ [50]. Due to the “overwhelming evidence” (discussed in detail in Chapter 1) that small firms create the majority of new jobs [108], governments aim to increase job opportunities through entrepreneurship education. On the other hand, students want to acquire knowledge that will aid them in their careers [114], and the business world wants to address the “general shortage of managerial skills in SME’s as well as a need for managers with insight into development in existing organisations” [108]. Expectations are placed on education to meet the needs of these stakeholders [115].

For these reasons, many researchers state that there remains a need for much more research into entrepreneurship and effective entrepreneurship education interventions [108; 49].

2.4 Research framework

Leading researchers in the field have, after years of pursuit for answers, conceded that there is no central explanation of entrepreneurship, and consideration of the critical factors of context and audience automatically removes the possibility of a universal theory. Over-simplification of the problem does not add any value. Entrepreneurship authority William Bygrave [116] argues that “...entrepreneurship as a discipline is astray in overemphasising reductionist quantitative approaches...” and many researchers argue that entrepreneurship research needs to develop appropriate research methods instead of pursuing the “fake ‘progress’ of over-generalisation”.

Research in the field needs to retain the complexities that are involved in this sort of human enquiry through the development of rich qualitative data that provides insight into the complex behaviours and situations specific to entrepreneurship within contexts. Additionally, Howe and Eisenhart [117] state that research methodology must inform research purposes, rather than attempt to match a set of conventions. Bazely [118] add that good research does not necessarily match orthodox methodology. Thus the research framework is carefully considered in order to account for the complexities noted. The resultant research framework is a hybrid of multiple theories in research and analysis; chosen to provide the best information and insight in the context under consideration.

The research design is structured around the following concepts:

2.4.1 Scientific and engineering principles

Methodologically, science is centrally concerned with explanation, understanding and interpretation [119]. An engineering approach can guide the structured defining of the research problem as a process or system and instils objectivity in the assessment thereof. The real-world problem under consideration is undefined and not easily simplified. In order to understand, analyse and combine multiple aspects and insights from various role players to construct a solution that is both comprehensive and intelligent, a foundation for the research framework is required that can address contextual intricacies whilst maintaining a systematic view of the ‘bigger picture’.

Engineering tools and the engineering approach to system analysis and problem solving provide a critical and useful means by which to achieve this. “To use an engineering approach means that formal methods are applied within a logical and structured framework in order to construct a solution to a need. In engineering these methods are aligned with various life cycle phases of the solution” [120]. Therefore the structure of the research design is borrowed from engineering

¹Smith and Paton [12] suggest a more detailed list, including; students, graduates, academics, owners, managers, government and others.

tools and principals traditionally used for the analysis of systems and enterprises in other contexts, and adapted for the problem under consideration.

It is possible to understand issues in this field systematically by identifying contextual factors, inputs into the system, educational processes and outputs. The systematic nature of entrepreneurship education is however complicated by the fact that the lack of clarity of outputs leads to a significant diversity regarding inputs. However, this complication can be simplified if narrowed for the specific context under consideration.

2.4.2 Multi- and inter-disciplinary

Inter-disciplinary research has grown in favour and legitimacy in many fields of research over the last decade [121]. Gorman *et al.* [49] conclude from their systematic review of literature on entrepreneurship education that there is a noticeable lack of a multi-disciplinary research used. There is also concern voiced by a number of commentators that knowledge generated by research has not necessarily been cumulative (as discussed earlier in this chapter) and needs to take cognisance of approaches and results in other disciplines. There has also been a recent shift towards combining the multiple perspectives of entrepreneurship [39]. Davies [122] quote Cook *et al.* (1992) in noting that knowledge from research should be synthesised because single studies “are limited in the generalisability” and “frequently illuminate only one part of a larger explanatory puzzle”.

2.4.3 Contextualising

Due to the debates and uncertainties in the field of entrepreneurship, it is suggested that contextual studies are the only way to add small scale value to the field [123]. With reference to viewing the problem as a system, contextual analysis provides the means to provide specific, rather than generalised inputs and outputs to the process under consideration. Rae [123] argues that in order to optimise the effectiveness of interventions, content must be “relational, relevant, authentic and useful”. It is important that research investigates specific environments and contexts, in order to adapt existing theories [121] and transform knowledge into forms compatible with small businesses [97].

Furthermore, Fayolle *et al.* [124] argue that entrepreneurship education varies widely across countries and institutions in terms of objectives, audience, format and pedagogy. Packham *et al.* [51] add that a particular industrial or regional setting impacts what is required of entrepreneurship education. According to Haskel *et al.* [125]², education design for small businesses in other sectors are rarely transferable to the creative sector, and there is a growing appreciation of the need for bespoke approaches to support business skills development in the creative sector. Furthermore, due to the number of creative sectors included in the collective grouping of the ‘creative industries’, the clear delineation of objectives and skills shortages for entrepreneurship education for a specific sector is difficult to assess without separating the subject specific needs of individual sectors. Solutions must be positioned within a realistic context of characteristics and the “very different ways” in which individual creative businesses are run and developed [21]. The creative industry consists of a large proportion of micro businesses for which mainstream and traditional business planning is largely incompatible [21].

2.4.4 Mixed method research and data triangulation

Quantitative analysis and statistical models are argued to fall short of addressing the complexity of problems in small business and management sciences, in that the ‘real’ data is ‘reduced’ to empirical data, which removes the realistic information pertaining to the context [109]. The use of combined methodologies in the research of systems with unclear boundaries and conditions

²In a report for National Endowment for Science, Technology and the Arts (NESTA), which is the UK’s foremost independent expert on how innovation can solve some of the country’s major economic and social challenges ... [and] is a world leader in its field and carries out its work through a blend of experimental programmes, analytical research and investment in early-stage companies” (www.nesta.org.uk)

is extensively suggested in the literature. Using quantitative and qualitative data together can simplify the system without losing valuable insight.

Triangulation, or the use of multiple research methods, is a fully grounded and interpretive research approach [126] which overcomes the personal biases of single methodologies [118], adds depth and breadth, allows for different facets of knowledge [127], and could be key to understanding the processes occurring [128; 129]. Flick [130] postulate that objective reality cannot be captured and that therefore interpretive studies seek an in-depth understanding, not validity.

The combination of data types can be highly synergistic. Quantitative evidence can indicate relationships which may not be obvious and can “keep researchers from being carried away by vivid, but false, impressions in qualitative data, and it can bolster findings when it corroborates those findings from qualitative evidence” [131]. Qualitative data is useful for understanding theory underlying relationships revealed in the quantitative data or may suggest theories which can then be strengthened by quantitative support [131].

Although it is often stated that triangulation of data can improve entrepreneurship research and “greatly enhance both the validity and reliability” thereof [122; 132], it has been used infrequently in entrepreneurship research [132]. Weick [99] advocates the use of rich data by noting the value added by literature and comparisons in multiple and complex qualitative descriptions.

2.4.5 Literature basis

Fayolle and Gailly [53] argue that no successful entrepreneurship program can be designed that is not strongly rooted in scientific knowledge. Literature reviews continue to offer a valid and important base for identifying patterns and gaps [133]. Due to the long-standing debates in the fields of entrepreneurship and entrepreneurship education, study in these complex fields should have as a basis an intensive review of literature to ascertain possibilities, limitations, suggestions and knowledge about practices [80; 53]. Bygrave [116] further pleads for the “...seminal recognition of the status of entrepreneurship as a ...discipline” in any research in the field of entrepreneurship. Due to the time constraint of this study, a strong literature basis is used to offset the implications of no long-term research and analysis.

According to Dixon-Woods *et al.* [134], an explicitly theory-driven approach is required in realistic research synthesis, starting with the underlying theory, including evidence in many different forms (both qualitative and quantitative) and integrating them to prove or refute theories. In line with this, the strength of confirmatory and exploratory research methods depend on the link between theory and method and addressing the weaknesses of the method [126].

The non-empirical review of literature applies critical inductive reasoning to develop an understanding of the complex field of entrepreneurship theories and research through a sample of texts, and thus the representativeness of sources is important. The literature review provides an overview of the scholarship in the discipline of entrepreneurship and all issues pertaining to success in the field and educating for successful entrepreneurship.

The review aims to develop a comprehensive and well-integrated summary to provide a good understanding of issues and debates in the area of SME success, current theoretical thinking regarding entrepreneurship and definitions of success with regard to entrepreneurial ventures, as well as previous studies and their results. The questions that guide the systematic literature review include meta-analytic questions regarding the state-of-the-art of entrepreneurship scholarship, conceptual questions for the evaluation and description of central concepts as well as theoretical questions concerned with finding the most plausible explanations (models or theories) for entrepreneurial success and effective entrepreneurship education.

2.5 Research design and process

In structuring research that is theory-based, systematic, rigorous and more objective, three issues are critical; i) a strong theory base, ii) a logical and systematic research design, and iii) a validation strategy [126]. In the design of their research into entrepreneurship in the creative industries, Penaluna and Penaluna [63] use a literature review for support and gather empirical evidence through the extended use of alumni; using their ideas, perceptions, experiences and networks to provide “particularly rich evidence that enabled comprehensive and detailed consideration and evaluation...” [63]. This research approach was applauded by external examiners as being “industrially relevant to the fast changing design industry and a model of good practice” [63]. A similar approach is used in this study.

2.5.1 Building theory from case studies

The central research theory used is adapted from Eisenhardt’s [131] framework for ‘theory building from case studies’, which is an “...increasingly popular and relevant research strategy that forms the basis of a disproportionately large number of influential studies³” [136; 135] and is widely regarded to have changed the face of business and management sciences research [135]. Eisenhardt [131] combines qualitative methods, the case study method [137], priori specifications, within-case and cross-case analyses and literature review methodology.

The strength of the method lies in its ability to utilise various sources of evidence and triangulation procedures in developing theories as well as the rich depth and comprehensiveness of the emergent theory [126; 136; 137]. However, due to the richness and complexity inherent in the case study approach, there is a risk that resultant theory may be too complex, which is in opposition to good theory which should be simple [131; 135].

The process of ‘building theories from case studies’ as described by Eisenhardt and Graebner [136], is shown in figure 2.2.

Research story-line

The process and rigour of ‘building theory from case studies’ research, shown in figure 2.2, is applied to the contextual needs of the study. The study aims to include the insight of various groups of stakeholders relevant in the research of design small businesses in South Africa.

Literature regarding the fields of entrepreneurship, entrepreneurship education and the creative industries is used as a basis, in combination with qualitative insights from interviews conducted with the groups of stakeholders and detailed further by the collection of quantitative data through structured questionnaires. Figure 2.3 shows the research domains and empirical research inputs and outputs for Chapters 3, 4 and 5. These chapters build on one another and in combination develop a basis for constructed emergent and internally validated theories.

Figure 2.3 also depicts the general literature themes covered in each chapter. A short description of the figure in terms of the empirical research conducted is presented;

The first step in the empirical research is to construct a framework of core concepts that comprehensively represents the content and focus of existing entrepreneurship curricula at all

³The article describes the case study approach and provides a process for developing theory from case study research. The theories presented in this article have had a notable impact on research in several business disciplines and there is an ever-increasing engagement with the framework [135]. The article has been cited close on 14 000 times and according to Ravenswood [135] in her article “Eisenhardt’s impact on theory in case study research”, many important articles that appear in top ranking journals cite Eisenhardt’s method and theories.

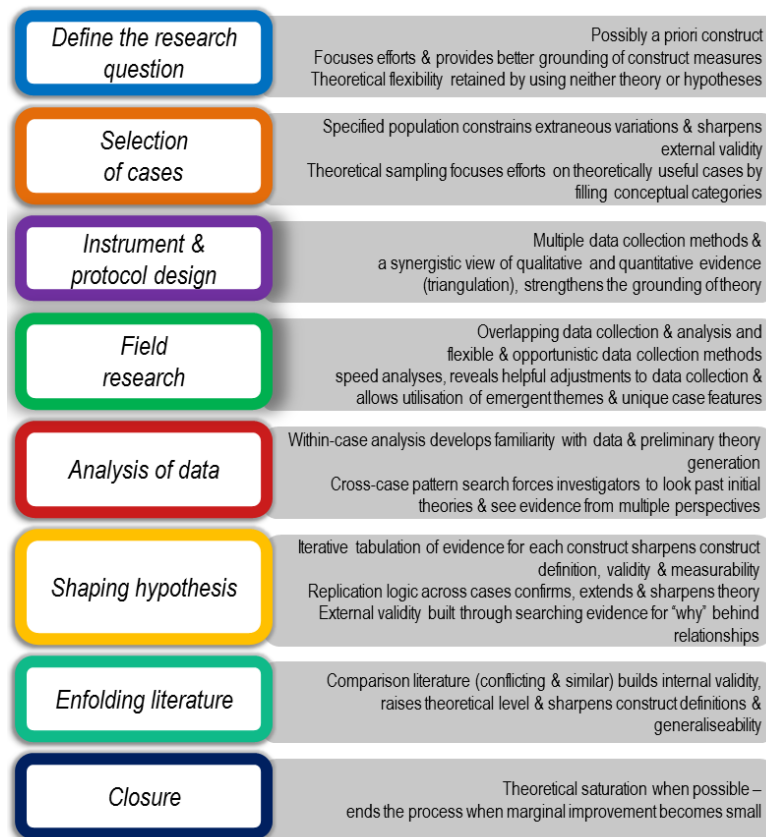


Figure 2.2: The process of building theory from case study research

educational levels in South Africa. From this list a questionnaire is compiled for the next stage of the study, as a means of getting practical industry insights to entrepreneurial curricula. Using the outcome of the analysis of current entrepreneurship education in South Africa as the basis for the questionnaire or measuring tool used in the research, is in-line with Eisenhardt's [131] method for 'building theory from case studies'. Eisenhardt [131] states that a priori specification of constructs can help shape the initial design of theory building research. Further, Eisenhardt [131] further proposes that this sort of priori construct is valuable because it permits researchers to measure constructs more accurately, and if constructs prove important as the study progresses, then researchers have a firm empirical grounding for the emergent theory.

The context in which South African SME's function is assessed through interviews and questionnaires with relevant experts in the field. Semi-structured interviews (using the questionnaires developed from the analysis completed in Chapter 3 and shown in greater detail in Appendix B) are conducted with three separate stakeholder groups of South African design entrepreneurship:

- i) **Experts** in the field of small business in South Africa
- ii) **Design educators** representing each design division selected
- iii) **Creative individuals** operating their own small businesses

The bias in conduct and random variations of individual studies and cases could mislead the development of theories and translation of knowledge. To overcome this, multiple cases are selected for each group of stakeholders. Furthermore, information and data is interpreted "within the context of global evidence", which presents further internal validity as well as developing more relevant knowledge [138].

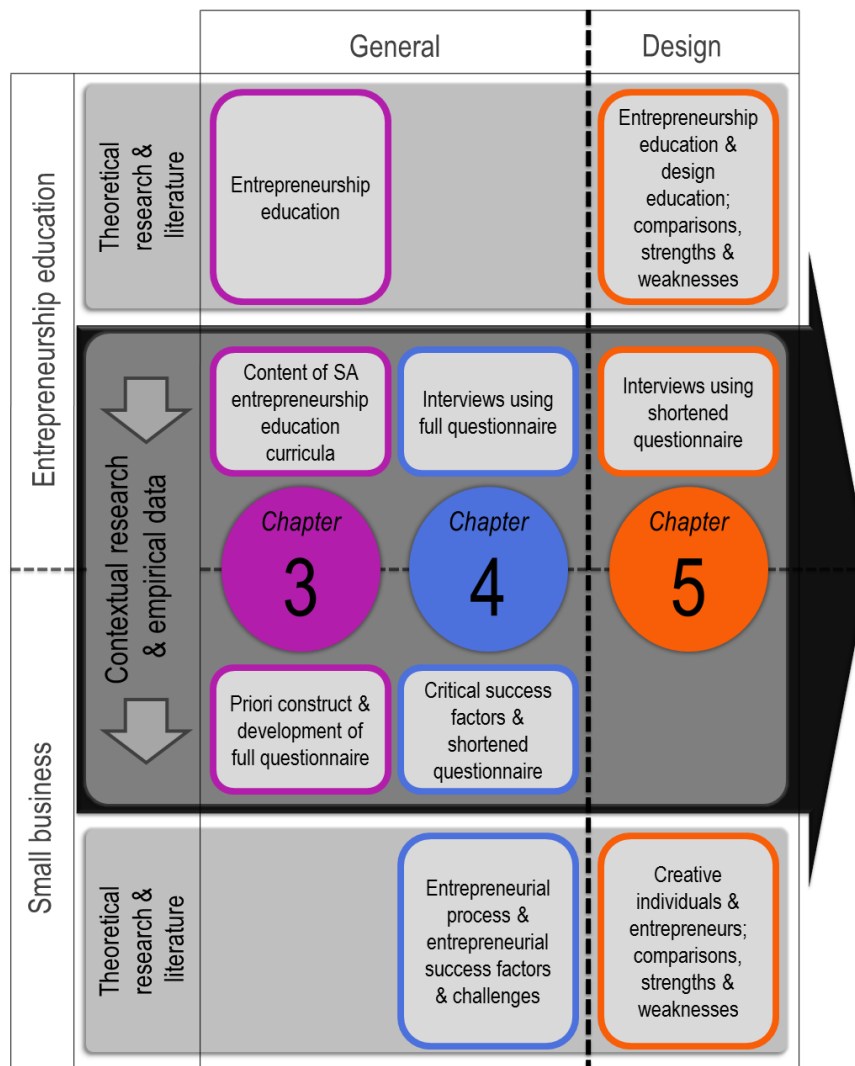


Figure 2.3: The domains and process of the research framework used to guide the research process and methodology in this study

However, this means that a large amount of quantitative and rich qualitative data is collected. Given the magnitude of the literature and empirical evidence collected, the synthesis of knowledge is central [138], and presenting this data in a meaningful way, without losing value, presents a challenge. Eisenhardt and Graebner [136] suggest that the best way to develop theories through case studies is to present theory in sections or by distinct propositions in such a way that each is supported by empirical evidence. Therefore the overarching organising framework is the theory, and each part of the theory is demonstrated by evidence from at least some of the cases. This is the structure used in Chapters 4 and 5. For ease of reading, every theoretical proposition cannot be supported with every case within the text itself and therefore extensive tables are used to summarise the related case evidence relevant to specific constructs. These tables are shown in Appendices E, F and G and complement the selective descriptions of the text, which present on pertinent examples of the data. The extensive ‘construct tables’ illustrate the rigour and depth of the empirical grounding of the theory developed [136]. Furthermore, Glaser *et al.* [139] argue that it is this intimate connection with empirical evidence that permits the development of testable, relevant, and valid theories.

2.6 Research design and methodology

The research method is, as far as it is relevant, in-line with the process of ‘building theories from case studies’ proposed by Eisenhardt and Graebner [136] and shown in figure 2.2. The basics methods used for sampling, data collection, data analysis and validation are discussed below. Due to the multiple steps and methods used in the research, where applicable the strategy is described for each chapter of research.

2.6.1 Sampling strategy

Academic literature in the entrepreneurship field is systematically reviewed by considering theories and opinions presented and reinforced amongst top authors and top journals. However, where applicable concepts and theories that add value to the study or endorse any findings from field research are also included.

Quantitative research typically relies on large, randomly drawn sample, while qualitative studies are associated with smaller, purposive (non-random) samples [118]. Theoretical sampling is used to direct the data gathered toward information that best supports the development of the theoretical framework [126]. Theoretical rather than random sampling is used in the selection of the cases to study. “The goal of theoretical sampling is to choose cases which are likely to replicate or extend the existing theory” [131]. Furthermore, Eisenhardt and Graebner [136] and Yin [137] warn against random sampling when utilising case-study methods, stating that random sampling when studying cases is neither necessary nor preferable. Instead, as Ferlie *et al.* [140] point out, multiple case studies should be “based on replication designs in which each case serves a specific purpose”. Cases are selected to see if they yield similar or contrasting results and for which reasons. With the goal of supporting, refining and extending the emergent theory, data collection is done in contexts that represent polar types, to understand the theory in a variety of contexts and the boundaries thereof [119]. Pittaway and Cope [109] conclude from their systematic literature review of entrepreneurship education research that theoretically-derived sampling allows for better replication.

The over-arching sampling decision is the inclusion of specific design fields within the research. Eisenhardt [131] suggest a diverse sampling strategy in order to enhance generaliseability of the research. For this reason the almost counter-intuitive combination of design fields selected are; i) fashion design, ii) jewellery design, iii) interior design, iv) communications design (marketing and advertising), v) architecture and finally, vi) cheffing . The wide range of fields, which have as a central construct the requirement of creativity, allows for the inclusion of a broader and more contrasting range of information. This, according to Eisenhardt and Graebner [136], not only increases the richness of the data gathered, but also improves the internal validity of emergent theories developed.

The sampling strategies employed for each of the stakeholder groups utilise theoretical sampling and are discussed in the relevant chapters.

2.6.2 Data collection strategy

Theory-building researchers typically combine multiple data collection methods. Multiple data collection methods are used in this study, as discussed, and data collection is open-ended, flexible and likely to be modified over the course of the study, in-line with Eisenhardt’s [131] guidelines.

Literature and theoretical perspectives are included throughout the text. The literature review attempts to present, without claiming to be complete, a comprehensive representation of opinions, research, findings, conclusions and suggestions in a field that is rife with debates and concepts. With the excessive debate, research and philosophies surrounding this field, any categorising of concepts, themes and ideas from the masses of information and opinions available is mammoth. Simplification without loss of valuable conceptual detail and without distorting

information is a complex task within this field. Furthermore researchers put forward that due to the bulk of information available, diverse and high quality literature should be considered [122]. For this reason, not only are many references sought for any theory suggested, but research and references for the are drawn from top authors, top journals or extensively cited sources. This counters the noted “bias towards research that has been conducted in an ad hoc way without theoretical underpinnings” [39].

For data collection in Chapter 3, the selected courses are researched and the relevant departments responsible contacted for information on course content:

- i) **Primary and secondary school curriculum** information is gathered from the Education Department’s National Curriculum statement and the Western Cape Education Department’s curriculum statement are included
- ii) **Tertiary curricula** information is collected from available resources regarding course content. Marketing brochures, websites, course outlines given to students, information from course conveners, information gathered from course material (textbooks, readers and notes) are used where relevant

Data collection in Chapters 4 and 5 is conducted using the developed questionnaires and by recording all commentary on a dictaphone. The recorded data is then analysed and split into ‘construct tables’, which guide the theory construction. Groups of stakeholders are interviewed for their specific insight:

- i) **The expert perspective:** Two distinct interviews are conducted with each research participant. The first interview is open and unstructured in order to ascertain opinions regarding entrepreneurship, and the main issues within the South African SME sector. The second interview, conducted at a later stage, is a structured questionnaire with commentary encouraged on all questions. Analysis of the results gathered in this round of interviews aids in creating an adapted and shortened questionnaire consisting of only the most relevant themes and concepts. This shortened questionnaire is used for the remainder of the interviews, as described below.
- ii) **Design educator perspective:** A single interview is conducted using the shortened structured questionnaire with commentary encouraged on all questions
- iii) **Design entrepreneur perspective:** A single interview is conducted using the shortened structured questionnaire with commentary encouraged on all questions. In addition, an open-ended questionnaire is also used to collect information regarding the business venture, success, motivation and challenges

These questionnaires are described in Appendix B.

Ladzani and Van Vuuren [69] conducted research into entrepreneurship in South Africa and note the exclusion of interviews of individual entrepreneurs and small business owners from their study as a central limitation, which highlights the importance of the inclusion of this aspect of the research in the research framework.

2.6.3 Data analysis strategy

While the research methodology is strongly qualitative, quantitative analysis is used when comparing the opinions of experts, entrepreneurial curricula and interview responses. These methods are combined in order to adapt leading academic entrepreneurial research information to fit the South African designers’ needs.

Due to the multitude of information and topics considered within the literature review, literature is often summarised into tables or figures and only pertinent aspects referred to in the text.

The information collected in Chapter 3 for the selected courses vary in level of intricacy as well as format. The descriptions of course content include one or many of the following; learning outcomes, themes, topics, objectives or, in the case of the degree programmes, a list of subject names. The raw data is tabulated and the core concepts extracted through analysis. The simplified content is split into functional divisions identified from the analysis⁴.

Depending on the intensity of the course and the information available, the themes, learning outcomes, course objectives, study guide or weekly plan are collected from the relevant source (course conveyor or institution's website). This data is lengthy and tedious and therefore only the final, extensively analysed and condensed resultant data is shown in Appendix C, and referred to in the text.

The quantitative data is analysed using ratios and weighting to get a comprehensive idea of the rated importance of aspects of the entrepreneurial process. For all questionnaires, the available answers to the structured questions are 'low', 'medium' or 'high'. Respondents often select interim values such as 'low to medium' or 'medium to high'. For analysis these answers are assigned values, with 'low' responding to a zero score and 'high' responding to a score of '1', and all others on the scale between zero and 1.

2.6.4 Validation strategy

Due to multiple-case analysis the theory built can be parsimonious as only the relationships that are replicated across all or most of the cases are retained, meaning that theory developed is parsimonious, robust, internally validated and generalisable [126; 136].

Internal validity is, to a degree, built into the process of building theory from case studies. The central analysis strategy of cross-case analysis, along with the constant comparison with literature, removes biases and initial impressions by forcing the questioning of conclusion and assumptions and thus improves the likelihood of accurate and reliable theory. Adding to this, the replication logic used allows for cases which confirm emergent relationships to enhance confidence in the validity of the relationships. Cases which dis-confirm the relationships provide an opportunity to refine and extend the theory, and improve the validity of the final theories. Qualitative data becomes critical for explaining the acceptance or rejection of emergent theories. The qualitative data often provides an understanding of theories and relationships, thus providing internal validity [131; 126; 136].

External validation is conducted through presenting results and a questionnaire to stakeholders for commentary. This process is discussed and presented in Chapter 7.

2.7 Conclusion

While a single model of entrepreneurship education may not be a realistic outcome, the comprehensive and rigorous steps taken in the research should provide a foundation on which to align a strategy for improving the effectiveness of creative individuals in using their talents to contribute to the economy. The outcome is considered to be valid, relevant and effective as it is contextually grounded, based on extensive literature, and takes into account the insights and needs of a variety of stakeholders of the process.

⁴There is no one correct answer to the problem of dividing the integrated and diverse curriculum content gathered into divisions. For this reason the themes extracted should not be viewed independently, but rather in conjunction with the relevant descriptions

Chapter 3

Entrepreneurship education



“Entrepreneurship education is the process of providing individuals with the concepts and skills to recognise opportunities that others have overlooked, and to have the insight, self-esteem and knowledge to act where others have hesitated” [141]

3.1 Chapter description

This chapter deals with the concept of entrepreneurship education and is split into two distinct sections. The first half of the chapter addresses literature regarding entrepreneurship education and related debates. Central to the increased focus on entrepreneurship education is the assumption that entrepreneurship is a skill that can be learnt. This debate is covered early on in this chapter. Thereafter literature on types of entrepreneurship education and the objectives thereof is presented and debates and viewpoints summarised in figures for ease of reference. The next portion of literature addresses theory on designing effective entrepreneurship education programme (EEP)'s. Furthermore, the central theme of entrepreneurial intention and some major entrepreneurial intention models are presented. The entrepreneurial learning process is covered comprehensively as it plays a critical role in the final theoretical model developed. Lastly, the literature section presents a number of relevant theoretical education models from which aspects are drawn later in developing the final model.

The second section of this chapter looks at entrepreneurship education specific to South Africa. The empirical research conducted is described and addressed. EEP curricula on all educational levels are selected, analysed and summarised into a priori constrict list of topics and themes considered to represent current entrepreneurship education content in South Africa. The outcome of this analysis is interpreted in relation to literature on the effectiveness of traditional entrepreneurship education, and further developed into a questionnaire that forms the primary measuring tool for the rest of the study.

3.2 Entrepreneurship education

Parallel to the increase in focus on entrepreneurship, is an increase in focus by political policies and public bodies worldwide [53; 49] on entrepreneurship education as a major driver for improvement in the economy [49; 142; 143]. There has been exponential growth in the number of EEP's around the world since the first course presented at Harvard in 1947 [111], which Oosterbeek *et al.* [144] argue is due to many of the worlds' advanced nations promoting entrepreneurship education in curricula¹ based on policy-makers' belief that entrepreneurship education can increase levels of entrepreneurship.

The type of education on offer varies considerably, including specialist entrepreneurship education found in business schools and courses offered within specific subject disciplines [23]. Furthermore, a number of international conferences and publications have been developed specifically for discussion and progress on the topic [108].

Additionally, many researchers and EEP providers presuppose that the high failure rate witnessed in SME's is due to a lack of entrepreneurship education [69]. Empirical evidence has shown a gap for significant improvement in the quality of entrepreneurship education on offer [60], and it is argued that entrepreneurship education is often not suited to the educational needs of the learners [108].

The increased demand for quantity, but more importantly quality and variety, of entrepreneurship courses makes the understanding of how education institutions should be meeting these demands topical [145].

3.2.1 Can entrepreneurship be learned?

The focus of government policy and research in the field has been based on the premise that entrepreneurs can be produced once we establish the content and pedagogies required for the

¹As stated in the European Commission 2006 Final Proceedings of the Conference on Entrepreneurship Education

objective [3]. Assessment of the output of the entrepreneurial education process is not well-defined, standardised or generally accepted [108]. Thus while the impact of entrepreneurship education is a long debated and continuously studied area [49; 146], results are mixed and, some argue, ‘relatively inconclusive’ [109; 88]. While research findings indicate a wide consensus that entrepreneurship can be taught to some extent and preliminary evidence suggests that EEP’s can positively influence entrepreneurial activity [49; 108], some commentators argue that further research is required before substantive conclusions can be drawn [60] and that the debate continues [147].

Nonetheless, the theory that ‘entrepreneurs are born and not made’ no longer seems to have followers in scientific literature [113; 148] and Gorman *et al.* [49] conclude from a review on the state of the art of entrepreneurship education that empirical research indicates a considerable consensus that entrepreneurship can be taught². Peter Drucker, a leading scholar in management [149], states that “entrepreneurship... is not magic, is not mysterious, and it has nothing to do with genes. It is a discipline. And, like any discipline, it can be learned...” [94]. Regardless of the born-to-made ratio, the environment, which includes education, “is still an important parameter and one which those who wish to promote entrepreneurship can do something about” [62].

Research suggests that innovative education [148] can impact the performance of entrepreneurs [80; 150; 69; 148; 144], as participation in a well-designed EEP’s generate self-confidence in personal capacity, strengthens knowledge of environmental factors, belief in personal control and consequently reinforces entrepreneurial intention and therefore behaviour, which has positive consequences on performance [60].

While many commentators believe that entrepreneurship education can develop entrepreneurial capacity [151; 51] and entrepreneurial skills [115; 109; 53; 95], some argue that the only shift as a result of enterprise education is ‘perception toward’ rather than ‘ability in’ entrepreneurship [109]. Entrepreneurship education is considered to play a central role in increasing awareness and entrepreneurial attitudes [49; 53; 89], and it is rarely contested that entrepreneurship education can impact intention towards venture creation [115; 109; 53; 95]. Raposo *et al.* [148] add that entrepreneurship is a predominant factor affecting propensity towards starting a venture, and is therefore considered to increase quantity of start-ups [49; 53; 89].

While there remain those that argue that very little empirical proof shows the positive impact of entrepreneurship education [152], a number of researchers have linked positive shifts to entrepreneurship education. Non-inclusively these include; a definitive positive link between entrepreneurial success and education in general [108; 29; 144], a direct positive effect of EEP’s on satisfaction with innovation behaviour [60], positive effects on both the “desirability and the feasibility of starting a business” [153] and significantly improved levels of ‘need for achievement’ and ‘internal locus of control’ (considered to be central characteristics of entrepreneurs) [154]. Furthermore, Pittaway and Cope [109] argue that there is “strong evidence” that well designed EEP’s influence the number of start-ups.

The previous section introduces the central debate of entrepreneurship education, although countless more debates regarding almost every aspect of entrepreneurship education exist [109]. For this reason, summaries of the most prominent contentions in the literature are presented for the purpose of introducing the fundamental aspects of entrepreneurship education.

3.2.2 Types of entrepreneurship education

For the objective of improving both the quantity and quality of entrepreneurial activity, top researchers state that entrepreneurship education needs to move beyond teaching ‘about’ entrepreneurship and focus rather on learning ‘for’ entrepreneurship [155; 156; 74]. Education ‘for’

²However, it is important to note that whilst entrepreneurship can be fostered, this does not imply that anyone and everyone can be an entrepreneur. As with any career, certain aspects are required as a basis on which education can build and improve

entrepreneurship includes the aspects of learning to become an entrepreneur as well as learning to become entrepreneurial [3; 95; 157], as can be seen in figure 3.1.

Figure 3.1 summarises theory regarding the types of entrepreneurship education, adapted from models presented by various commentators including; Laukkanen [158]; Alberti *et al.* [108]; Henry *et al.* [159] and Co and Mitchell [145]. The figure also shows the dimensions [53] of EEP's and the key aspects and audience [160; 161; 108] the different types of entrepreneurship education.

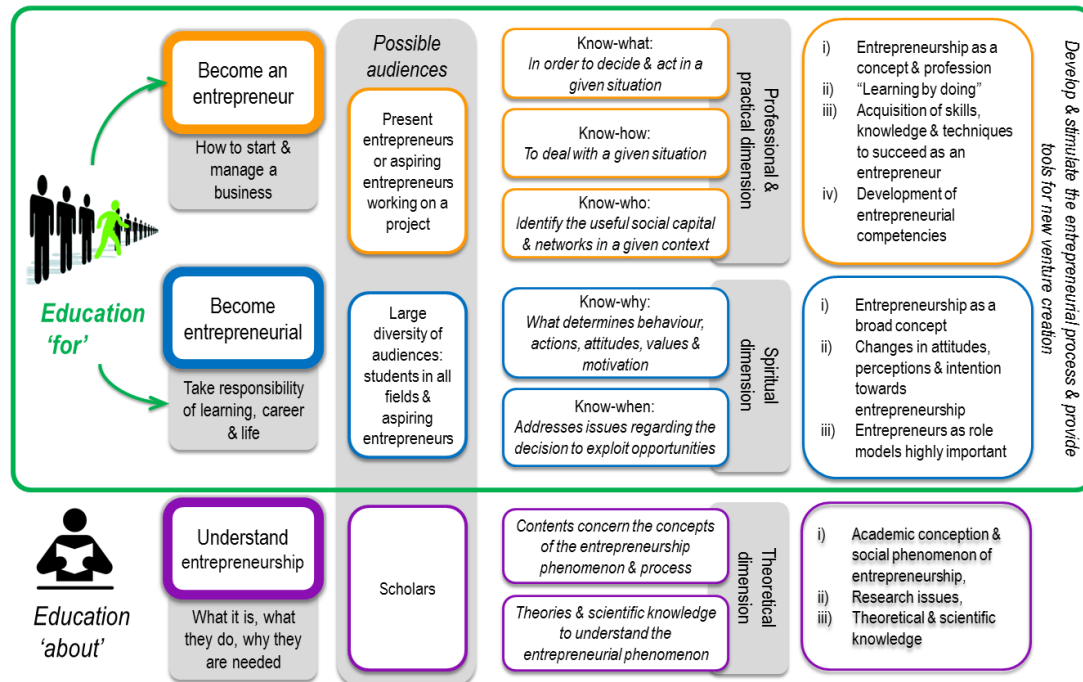


Figure 3.1: Types of entrepreneurship education noted in the literature

3.2.3 Objectives

According to Young [114], entrepreneurship education is "the structured formal conveyance of entrepreneurial knowledge" [51]. Gibb [2] argues that it is important to move away from "the current narrow paradigm for entrepreneurship" that equates it with new venture creation and the tools to start and run a business [162].

While confusion remains over the goals of entrepreneurship education [163], many commentators suggest that the objectives of EEP's should be multiple [49] and linked to both social- and learning-needs [164; 53; 89]. The objectives of entrepreneurship education can be considered on three levels; i) small firms' contribution to society, ii) entrepreneurs' contribution to firms and iii) the benefit to the individual [165]. The ultimate goal suggested by many is to make changes in society through individuals' behaviour [166; 109; 108].

Figure 3.2 shows a summary of commonly cited objectives for entrepreneurship education adapted from multiple authors³.

³Also included is Alberti *et al.*'s [108] summary of Curran and Stanworth (1989), Block and Stumpf (1992) and Garavan and O'Connell (1994)'s lists of 'most commonly cited objectives of entrepreneurship education'

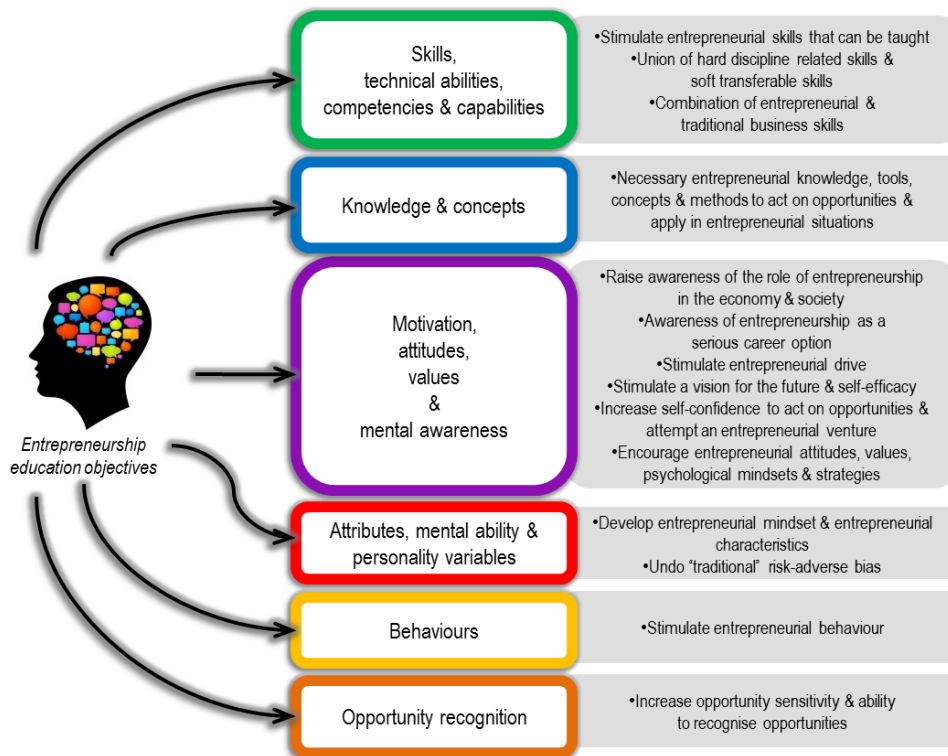


Figure 3.2: Commonly cited objectives for entrepreneurship education; adapted from Hills [167]; Rae [168]; Jones-Evans *et al.* [169]; Alberti *et al.* [108]; Jones and English [77]; Simpson *et al.* [31]; Henry *et al.* [39]; Co and Mitchell [145]; Kellet [21]; Fayolle and Gailly [53]; Draycott and Rae [143] and Smith and Paton [12]

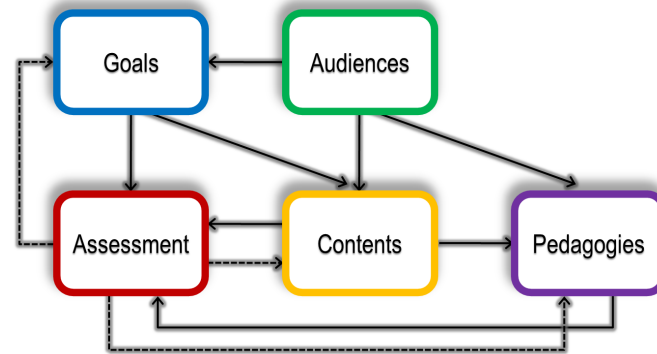
In general, however, it is stated that the ‘major thrust’ of entrepreneurship education has been to develop the knowledge and procedures needed to establish and grow a successful enterprise [51].

3.2.4 Effective entrepreneurship education design

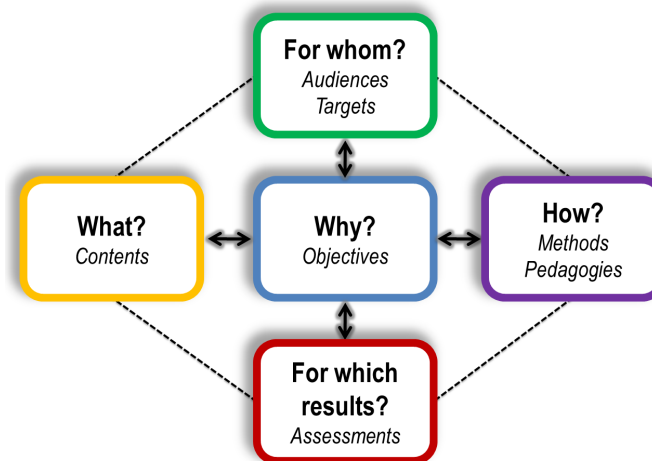
According to Packham *et al.* [51], the European Commission’s ‘Entrepreneurship in Europe 2006 report’ argues that a number of steps need to be taken to improve the quality, relevance and student experience of entrepreneurship education. These include “greater clarity regarding the purpose of entrepreneurship education; taking local context into account in the design, development and delivery of enterprise programmes; developing a critical mass of entrepreneurship educators drawn from a wide range of backgrounds; and greater mobility and exchange of experience, particularly in the development of appropriate entrepreneurial learning models and the sharing of knowledge and good practice across sectors and national borders” [51].

The design of EEP’s is critical, as issues relating to the quality, coherence and purpose of programmes dilute their effectiveness [51]. Furthermore, Co and Mitchell [145] note the need for greater reliance on the educational sciences and the involvement of stakeholders in designing entrepreneurship programmes. Each EEP should be developed around a clear definition of entrepreneurship education [53] and clear goals based on the outcomes desired [164].

In line with these suggestions, Fayolle and Gailly [53] propose a framework (see figure 3.3a) anchored in the education sciences for designing EEP’s that take the wide variety of audiences, objectives, contents and pedagogical methods encompassed in entrepreneurship education into account. All aspects addressed are interrelated and should be considered in combination. ‘Audience’ impacts all other factors and therefore the characteristics of the specific audience need



(a) Teaching model framework for entrepreneurship education [53]



(b) The relationship between the five factors of entrepreneurship education [108]

Figure 3.3: Models showing the factors relevant in entrepreneurship education design

to be understood and the educational framework designed to meet their specific learning needs [79; 167; 108].

Another similar model is proposed by Alberti *et al.* [108], who notes the same five variables using slightly different terms. These five central issues of entrepreneurship education design relate to each other as shown in figure 3.3b.

It is clear that there is no universal approach to entrepreneurship education that works for all contexts and audiences, requiring adaptation to suit specific needs [170]. Noting that the objectives of EEP's are not universally agreed upon and depend on specific requirements of case under consideration introduces the need to examine whether and how education should vary according to stage of firm development and target market [49; 108].

Content

The “central activity in entrepreneurship education management is ... the definition of suitable contents” [108]. ‘Effectiveness’ of the learning process is dependent on the availability, quality and authenticity of information [171; 12]. Despite the ongoing debate regarding the essential

components of an ‘effective’ EEP that caters for the entrepreneurial experience [109; 147; 51], Kor *et al.* [172] make the broad statement that in order to increase success, the entrepreneurial and small business skills and abilities and understanding of the business and economic entity need to be instilled. The details of content that should be included can only be ascertained with reference to a specific situation and context.

Audience focus

Due to the large variety of audiences for entrepreneurship education introduced by broader definitions of entrepreneurship and a greater global need [161; 160], Co and Mitchell [145] note the need for more careful profiling of target audiences. The varying learning needs amongst audiences have important implications on the educational design [108]. As Jones and English [77] state, the challenge remains to develop a “truly student centred learning experience...”. Gartner and Vesper [173] note that an accurate perception by course designers of the prior knowledge and skills of incoming students is critical in determining the success of educational interventions. Furthermore, Bechard and Gregoire [112] argue that the characteristics, background and social environment of the participants, particularly in terms of prior entrepreneurial experience and training, are central to effective education design [53].

It is therefore argued that educators must consider audience factors when deciding on the content and pedagogy of EEP’s if they are to have the desired impact on students’ entrepreneurial behaviour [51].

Phase-related

The origin of the word ‘entrepreneur’ is derived from the French verb ‘entreprendre’ meaning “to undertake” and indicates the process nature thereof [62; 3; 21; 17]. It is believed that the ‘what’ of entrepreneurship is easier to describe than the ‘who’ [62]. Possibly for this reason, researchers have shifted their attention from the characteristics and personality traits of entrepreneurs towards understanding the link between enterprising individuals and the process of entrepreneurship [174; 39; 4].

There exists an orthodoxy in the literature that entrepreneurship education should adopt the entrepreneurial process as a starting point [41; 175; 143]. Entrepreneurship is based on the entrepreneurial process and on the prerequisite individual entrepreneurial behaviours, skills and attributes linked to the elements of the process and thus educational interventions can act on different elements of this process. Liñán *et al.* [89] identified different kinds of training and where they would exert their main effect, as shown in figure 3.4. The figure shows that, for example, “developing creativity and opportunity recognition skills” impact the ability of the entrepreneur to see opportunities in their environment, whereas “developing intention and its antecedents” and “developing specific local knowledge and network contacts” can occur during interventions aimed at the pre-startup or business planning phases.

According to Liñán *et al.*’s [89] model shown in figure 3.4, an important element to be addressed by entrepreneurship education is the development of entrepreneurial intention.

3.2.5 Entrepreneurial intention

A major theme in the literature is entrepreneurial intention, of which a central determining factor is the individual’s attitude towards entrepreneurship. Attitude towards entrepreneurship is comprised of the perceived desirability of entrepreneurship as a career option, the perceived feasibility of starting up and the personal willingness to act. Research in this field is often based on intention models, of which the most widely cited are; Ajzen’s [176] ‘theory of planned behaviour’ and Shapero *et al.* [177] and Shapero’s [178] model of the ‘entrepreneurial event’. Theories and research based on intention models are underpinned by the fundamental premise

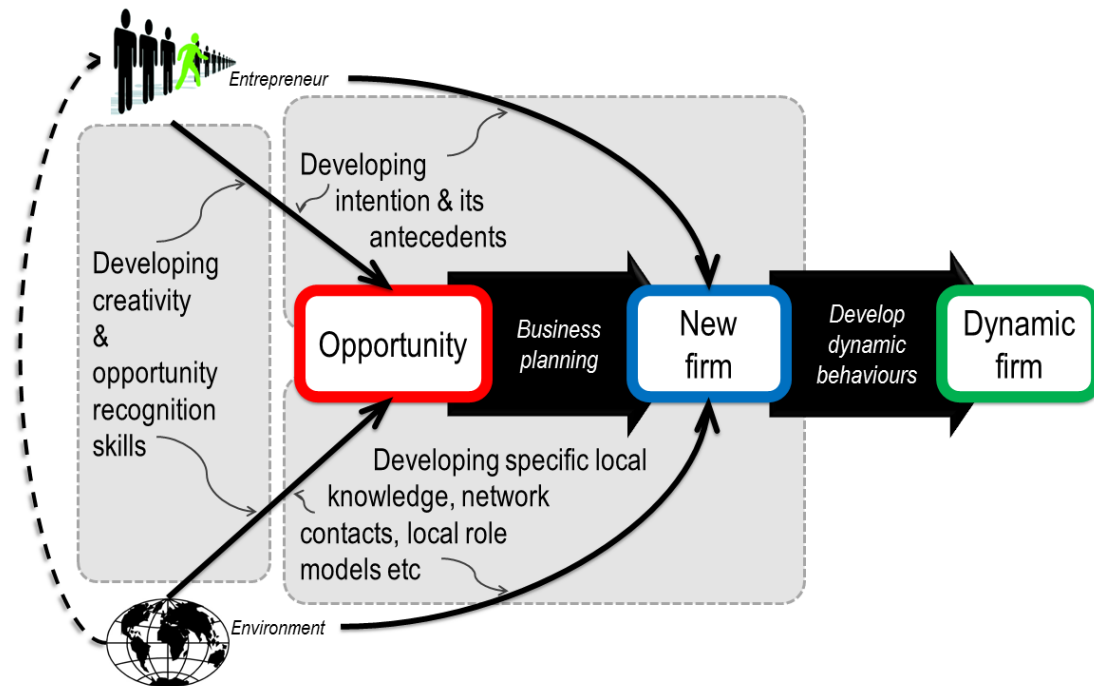


Figure 3.4: The role of entrepreneurship education in the entrepreneurial process [89]

that intentions translate into action [159]. Intention is considered the fundamental element for explaining behaviour as it indicates the effort an individual will make to carry out that behaviour [89]. The ‘entrepreneurial intention model’ is illustrated in figure 3.5a.

Entrepreneurial intent formation is the “entrepreneur’s motivated disposition to actively pursue the goal of starting a business” [179]. The factors that impact an individual’s decision to start a new venture are not completely clear. While personality traits are still considered, cognitive approaches have attracted interest recently. While intention models prevail in current literature, a variety of other influences on propensity have also been shown to be relevant [109; 89], and it is clear that the decision is not only influenced by being jobless [42]. Raposo *et al.* [148] state that the most predominant factors that impact the propensity to start a business are education (by far the greatest impact), personal attributes and motivation; with personal attributes also having an impact on motivation. Additionally, deterrents to the decision to start a venture are found to include; inadequate business knowledge, perceived risks, barriers and lack of support [180; 109].

According to Florin *et al.* [181] it is critical to foster ‘entrepreneurial drive’, which is defined as an individual’s perception of the desirability and feasibility to pro-actively pursue opportunities and respond creatively to challenges, tasks, needs and obstacles in an innovative way. EEP’s can shift intentionality and perceptions regarding the desirability and feasibility of starting a venture, and contribute in developing potential entrepreneurs through instilling competencies, skills and attitudes [153; 148]. Furthermore, participation in EEP’s is shown to not only create and reinforce entrepreneurial intention, but also impact entrepreneurial behaviour by generating self-confidence in personal capacity, strengthening knowledge of environmental factors and belief in control of these factors [60]. The entrepreneurs’ personal knowledge significantly influences the venture creation decision [180; 89].

It is warned that in entrepreneurship education interventions, changes in self-perception due to increased awareness of the realities of SME’s not compensated by higher levels of self-assessed entrepreneurial skills reduce intention to start and constitute an ineffective program [144]. This is due to the statistically significant positive relationship between credibility and the intention

to create a new firm [182].

Entrepreneurial self-efficacy

Self-efficacy has been defined as an individual's belief in his or her capability to perform a task or capabilities to organise and execute courses of action to attain designated performances [187]. Self-efficacy has also been associated with perceived feasibility and considered to mediate both the strength of entrepreneurial intentions and the likelihood that those intentions will result in entrepreneurial actions [179; 188], as self-efficacy also involves the individual's personal evaluation of whether he/she has the means to complete the task [189]. Higher entrepreneurial self-efficacy means higher entrepreneurial intentions and consequently an increased confidence and a greater likelihood of acting on opportunities [87]. There is much empirical work to support the direct relationship between self-efficacy and intentions and self-efficacy and action [189].

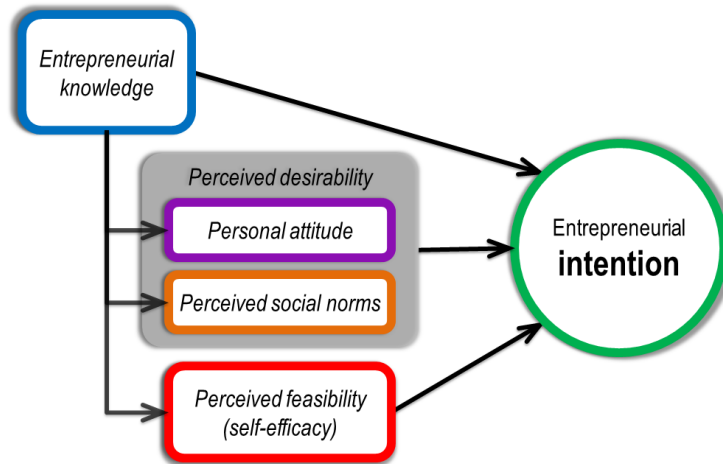
The self-efficacy of entrepreneurs has emerged as an important construct for understanding entrepreneurial success [189]. A substantial amount of evidence supports the influences of self-efficacy on start-up and business growth processes [188; 189], as well as personal success and the development of intention towards new venture creation [87]. In general, the higher the self-efficacy beliefs, the greater an entrepreneur's perceived competence for successfully starting a new business and, consequently, the more positive the intent.

Furthermore, entrepreneurial education has been shown to significantly impact the development of self-efficacy beliefs [190]. Cox [191]; Henry *et al.* [39] and Liñán *et al.* [89] all suggest that educational interventions targeted at increasing entrepreneurial activity may be more 'effective' if aimed at increasing self-efficacy and personal attitude as they are the most influential elements that determine entrepreneurial intention. Rauch and Frese [192] show that entrepreneurial self-efficacy for starting a new business is a crucial factor in increasing the likelihood of business start-up activity.

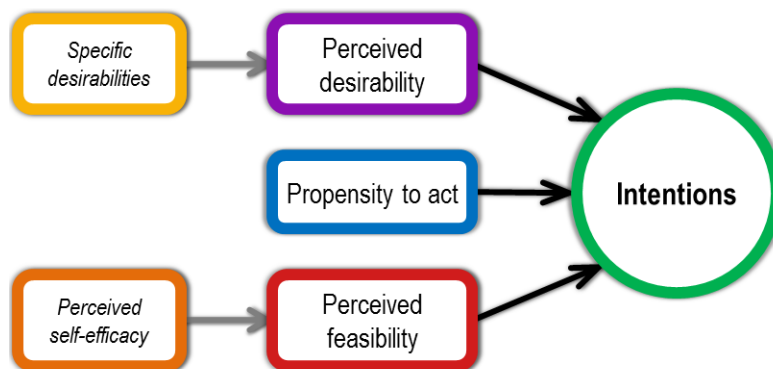
Cox [191] advocates that the objectives of EEP's should differ according to the stage at which the intervention is targeted;

- i) **Start-up:** The main focus at the start-up stage should be to heighten the student's resolve to become entrepreneurs [191]. For entrepreneurs high self-efficacy is particularly important at the beginning stages of a venture, because not only does it influence beliefs about identifying and exploiting opportunities successfully [143], but starting stages are also when initiative and commitment are needed to overcome the uncertainty of survival [189]. Furthermore, it is argued that individuals with higher self-efficacy are likely to recognise opportunities even in a scarce environment and engage in problem-solving and challenges [193]. Boyd and Vozikis [188] argue that self-efficacy not only determines one's intention to act in that high self-efficacy encourages action because a positive outcome is expected, but also influences the transformation of intentions into action, as high self-efficacy for a task encourages acting on intentions.
- ii) **Success:** Bandura [194] hypothesised that self-efficacy affects an individual's choice of activities and is a key determinant of entrepreneurial intentions to exert effort and act, and an entrepreneur with high self-efficacy is likely to exert more effort, persist through setbacks and develop better strategies for action [87].

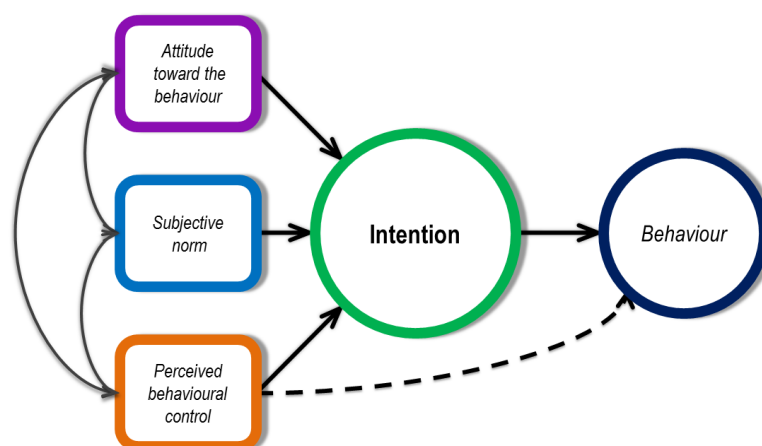
The most effective way for individuals to develop a strong sense of self-efficacy is through mastery experiences or repeated performance accomplishments, vicarious experience, or observational learning and lastly through social persuasion [188].



(a) The entrepreneurial intention model [89]



(b) The Shapero-Krueger model of the 'entrepreneurial event' [183]



(c) The 'theory of planned behaviour' [176; 184; 185; 186]

Figure 3.5: Intention models frequently cited in entrepreneurship literature

Liñán *et al.* [89] note two contributions regarding the factors affecting entrepreneurial intentions levels that have influenced recent research:

Theory of the ‘entrepreneurial event’

Shapero and Sokol’s [195] theory of the ‘entrepreneurial event’ considers firm creation as the result of the interaction among contextual factors which influence the individual’s perceptions. An external change or ‘precipitating event’ [153], instigates the individual to consider the entrepreneurial option and individual response depends on personal perceptions regarding the available alternatives. There are two basic kinds of perceptions; i) perceived desirability is the degree of ‘attraction’ to a given behaviour such as becoming an entrepreneur, and ii) perceived feasibility is the degree to which the individual considers that they are personally able to carry out the considered behaviour (in this case entrepreneurship). Both these perceptions are influenced by cultural and social factors [195]. In this way external circumstances have an indirect impact on determining firm-creation behaviours. The relationship between these factors of perceived desirability, perceived feasibility, their antecedents, propensity to act and finally, intentions, are shown in figure 3.5b.

Theory of planned behaviour

Li [196] argues that the ‘theory of planned behaviour’ is useful in providing a sound theoretical framework towards understanding the antecedents of entrepreneurial intentions. The ‘theory of planned behaviour’ [176] has been used in multiple contexts and research fields to assess intentions and behaviour [186], and many top researchers in the field of entrepreneurship education have used it to evaluate EEP’s [124; 181; 197]. The theory postulates that intention towards a specific behaviour is impacted by; i) the individual’s attitude toward that behaviour, ii) the perceived social norms or pressures regarding that behaviour, and iii) the individual’s perceived control over the behaviour [176; 184]. The relative contribution of these factors to intention is considered to be variable by case, although although Ajzen [185] found that social norms contribute very weakly [89]. According to Ajzen [185], it is the interaction of these three motivational factors that constitute the variables that make up intention. According to the ‘theory of planned behaviour’, entrepreneurship education has shown a marked impact on intention, entrepreneurial attitude, subjective norm and specific entrepreneurial self-efficacy [197]. According to Nabi and Holden [170], the attitudes that underpin entrepreneurial intentions are learned and based on experience.

Perceived behavioural control is similar to perceived self-efficacy [198] and Shapero and Sokol’s [195] ‘perceived feasibility’. In all three instances, the sense of capacity regarding the fulfilment of firm creation behaviours is central. Attitude towards the behaviour refers to the degree to which the individual holds a positive or negative personal valuation about being an entrepreneur. Perceived social norms would measure the perceived social pressure to carry out, or not to carry out, that entrepreneurial behaviour [60]. These three factors as they relate to form the ‘theory of planned behaviour’ are shown in figure 3.5c. In the figure, the bold paths represent direct relationships (between the goal beliefs dimension and the sequential phases of a business start-up process) and dotted paths represent the proposed moderating effects by the control beliefs.

3.2.6 Entrepreneurial learning

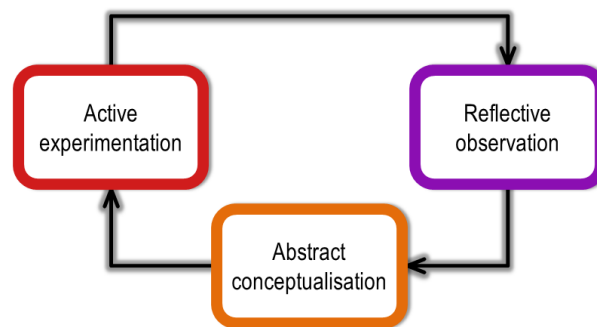
Focus on the education aspect of entrepreneurship has led to the emergence of entrepreneurial learning as an important area of enquiry in academics and the development of new entrepreneurs [41; 49; 50; 91; 199; 162; 60]. The dynamic nature of knowledge creation is central in entrepreneurship, which emphasises the process of entrepreneurial learning [43; 200]. According to Osterloh and Frey [96], intrinsic motivation drives the learning process and ultimately impacts tacit knowledge, which makes the entrepreneurial learning process very individualised [12].

According to Bygrave [201], entrepreneurship is a “process of becoming, rather than a state of being”. This is in-line with suggestions that entrepreneurial learning is a continuous process

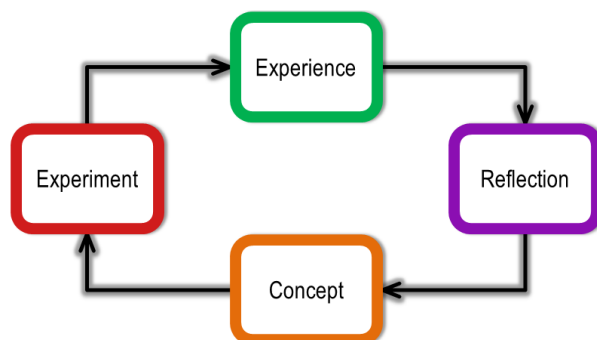
of learning and discovery; both learning in enterprising ways as well as becoming enterprising [143].

Pittaway and Cope [202] state that the key features required for simulating entrepreneurial learning are; i) financial and emotional exposure, ii) action-orientation and pro-active behaviour, iii) discontinuities, events, crises and failure, iv) socially situated learning and learning as co-participation, and v) constant, habitual learning.

Figure 3.6 proposes two cycles illustrating the entrepreneurial learning process.



(a) An approach to the learning cycle noted by



(b) Kolb *et al.*'s [203] experiential learning cycle

Figure 3.6: Models showing approaches to experiential and entrepreneurial learning cycles

A number of features of entrepreneurial learning are commonly cited in literature. The most prominent of these aspects of the entrepreneurial learning process are addressed;

True to the nature of entrepreneurship

Learning is a fundamental and integral part of the entrepreneurial process where human, social and behavioural actors are as important as economic factors [74]. The challenge of entrepreneurship education is to prepare the individual for the real world [92]. Entrepreneurial learning is a life-long process and is therefore best achieved through the combination of experience and formal education [16].

Entrepreneurial minds work differently in that right brain activity, proven to be key in entrepreneurial success, is predominantly used which dilutes left brain analytics [33].

Entrepreneurship and learning are both inherently constructivist, behavioural and social processes [74] in that they build and continuously evolve and develop knowledge, skills and attitudes in response to discoveries. This is evident in Kolb *et al.*'s [203] learning cycle of experience, reflection, conceptualisation and experimentation shown in figure 3.6b. For current entrepreneurs, this process is critical in helping apply what is learnt. Similarly, Jones-Evans *et al.* [169] state that the learning cycle is one of abstract conceptualisation, active experimentation and reflective observation. Fayolle and Gailly [53] also stress the dynamic aspect of learning and Rae and Carswell [204] add that learning is a process rather than a system.

In the competitive marketplace, delay in decision making leads to failure and entrepreneurs therefore often need to make snap judgements based on the knowledge at hand. Entrepreneurs do not need all the answers but rather change strategies as they unfold [33].

Furthermore, the process of entrepreneurial learning should be holistic rather than subject-based [205]. In-line with this, Kellet [21] suggests that learning should be arranged around solving problems rather than functional paradigms. Entrepreneurial learning is facilitated to support the process [4].

Learning from failure

Learning from failure is widely regarded as a critical aspect of the entrepreneurial learning process [206]. Draycott and Rae [143] state that risk, uncertainty and failure are inevitable and even desirable in entrepreneurial learning. Furthermore, failure is considered more important than success in learning to become entrepreneurial. Entrepreneurs need to be able to learn and thrive in unstructured environments and become perceptive to opportunities through failure, which DeTienne and Chandler [207] advocate can be developed through entrepreneurial self-efficacy.

Experiential learning

Draycott and Rae [143] note that the boundaries are blurred between entrepreneurial learning, work-related learning, experiential learning and action learning. Entrepreneurs have to be quick learners that seek out information to assist their endeavours when it is required [167], which results in Kolb *et al.*'s [203] 'learning cycles' where reflection follows practice [63]. Kolb *et al.* [203] defines learning as the process whereby concepts are derived from and continuously modified by experience.

By far the mode of learning most widely agreed to increase success in entrepreneurship is that of experiential learning [162; 21; 208]. A comprehensive list of researchers advocate this mode of learning and believe that it provides authenticity to the learning process [203; 108]. Draycott and Rae [143] and Pretorius *et al.* [59] report that the element usually associated with more successful approaches in teaching entrepreneurship is participation and that this is the only method of learning trusted by current entrepreneurs or owners. Furthermore, task-oriented entrepreneurs are more likely to fail [39] than action-oriented entrepreneurs and therefore entrepreneurial learning needs to be action-oriented. Action-driven learning provides tangible benefits, facilitates planning in a 'real-time' setting and allows for "meaningful knowledge transfer gains" [12].

Knowledge and learning go hand-in-hand [12] and are linked to experience and external influencing factors [171; 12]. People learn to construct meaning through contextual experiences and therefore action drives the continuous acquiring, developing, understanding and use of knowledge [203; 12; 162; 209]. Furthermore, immersion in the process allows entrepreneurs to gain an understanding of the perpetual uncertainty and risk related to the role [21]. Thompson *et al.* [95]

believe that the main issue in entrepreneurial learning is exposure to the aspects of opportunity and risk.

There is a limit to what can be taught in EEP's, and effective entrepreneurial learning has to be done through personal experience [210]. Experience- and contingency-based learning moves beyond being analytical and teaches self-confidence and motivation in entrepreneurship [211]. Experience generates meaning and leads to constant changes in thinking and behaviour.

Theory

However, Fiet [110] and Fayolle and Gailly [53] note that the use of experiential learning should not necessarily come at the expense of theory. Jack and Anderson [50] add that theory can organise the learning experience and bridge the gap between the art and science of entrepreneurship. Fiet [110] further argues that a strong reliance on theory is critical, and that despite the ambiguity in the field of entrepreneurship theory, established empirical generalisations about the behaviour of entrepreneurs will allow for predicting true outcomes [108] and allow the individual to gain a practical understanding of the consequences of commitment of resources that the entrepreneurial decision requires [110].

Sensitive to context and local complexities

Learning is impacted by the industry, organisation and environment [12] and therefore the context and local 'know-how' is critical [88]. Being entrepreneurial is contingent of the subject and situation and therefore entrepreneurial learning is different in different disciplines (although it has a place in all disciplines) [97]. Bygrave [116] argues for more focus on the local context in developing entrepreneurship interventions. Context is an intrinsic characteristic that incorporates past experience and influences the interpretation of information into knowledge in small businesses. For this reason context influences knowledge and learning outcomes and therefore the 'effectiveness' of small business education requires frameworks that are "related more closely to the context" [82; 97].

Furthermore, small businesses (and especially those in the creative industries) believe in their uniqueness as their core strength and therefore knowledge that conflicts with their organisational culture will be rejected [97]. However if the information is compatible, the knowledge is internalised which is when learning is considered to have occurred [97].

Mentoring

Relationships, networks and social capital are central in entrepreneurial learning, which makes teamwork and mentoring an important aspect of the process. Learning for most people is effective as a process that takes place amongst other human actors [212]. It is suggested that SME's could support the learning process by providing role models, exposure, networks and insight into the independent business process [213; 49].

Self-directed

Most learning activities of entrepreneurs are self-directed [114]. In this mode of learning, the settings are vast and not constrained to the traditional learning environments. Heinonen and Poikkijoki [4] present the entrepreneurial-directed approach discussed in section 3 in which the student has ownership of learning and the facilitator merely acts as a catalyst or support figure [110]. The facilitator should merely develop the student's ability to reflect on their experiences and relate them to the wider context, making their own interpretations [2; 4; 202]. This allows not only for the point of view of the learner to be central [124; 53], but also that learning

experiences are internalised and can therefore impact future entrepreneurial behaviour and decisions. The entrepreneurial learning process is one of personal mastery [204], and is therefore a student-centred approach which incorporates personal attitudes and past experience to guide individual learning [170]. In line with this, Rae [214] proposes learning maps, as discussed in section 3.2.7 below. Action learning shifts the role of educator and student from an authoritative ‘leader-follower’ relationship to one that is much more equal [47].

Utilises reflection

Critical reflection is a central construct in the process of entrepreneurial learning [215]. The cycle of entrepreneurial learning should include assessment of individuals, ventures, networks and effective management of networks within the environment. Assessment acts as an input into the learning process. In the knowledge economy and especially for knowledge workers, reflection is critical as it influences both outcome and satisfaction [12]. Additionally, reflection is central in the process of learning from failure, and the focus should be on should on what happened that caused failure [206].

Reflection, as the basis of adult learning, is a precondition for the formation of ideas and thoughts that will produce new activity. Careful and in-depth critical reflection is encouraged for individuals learning to become entrepreneurial [110].

Routinised

Furthermore, entrepreneurs do not learn solely through facing exceptional learning ‘events’, but rather are constantly learning and developing as they manage their business and can learn through regularised and repetitive activity. Minniti and Bygrave [216] point out, that learning is a process involving repetition and experimentation that increases the entrepreneur’s confidence in certain actions and improves the “content of his stock of knowledge”. Therefore, everyday learning is important in the gradual change of attitude, cognition and behaviour [217].

3.2.7 Entrepreneurial learning models and maps

Educational innovations have paved the way for the development of scientific theoretical frameworks [161; 101; 218].

It is proposed that the use of learning maps that guide the critical reflection and assessment of the entrepreneurial learning process will stimulate and enhance the experience of entrepreneurial learning and promote the attainment of ambitious goals. Learning maps can be useful for both educators and designers and can be linked to the process of starting goal-directed ventures that develop, progress and perform and are able to positively impact society [107].

Rae and Carswell [107] suggests a life-story approach in evaluating entrepreneurial learning and notes that individual learning is strongly coordinated and organised through a constructive, sense-making process in which entrepreneurs explore reasons, consequences and meanings of their personal life story [107].

As mentioned previously, entrepreneurial education is complex and no single innovation can be effective in all contexts. Therefore a number of educational models are suggested in the literature to guide the development of bespoke entrepreneurship learning experiences. A selection of prominent models are introduced in this section. Many of these models can be used to guide the development of learning maps and reflection, on both an individual and programme/course level.

Educating for entrepreneurial performance

Pretorius *et al.* [59] propose the following model to ‘educate for entrepreneurial performance’:

$$E \text{ for } E/P = f[aF \times bM(cE/S \times dB/S) \times (eA + fB/P)] \quad (3.2.1)$$

Where:

- i) $E \text{ for } E/P$ is education for improved entrepreneurial performance,
- ii) F is the facilitators ability, skills and experience,
- iii) M is the motivation,
- iv) E/S is the entrepreneurial skills,
- v) B/S is the business skills and knowledge,
- vi) A is the approaches of learning used,
- vii) B/P is the utilisation of the business plan as a teaching approach, and
- viii) a through to f are constants between zero and one

The model described by equation 3.2.1 proposes that education for improved entrepreneurial performance is a linear function of the facilitator’s ability and skills to enhance motivation to excel, entrepreneurial skills and business skills through utilising different and creative educational approaches (values of eA). The business plan approach is built into the model.

If all the constant values are equal to one, then the optimal number of successes will be achieved through the EEP followed. The constants in the equation are influenced by the context, which is “always relevant during programme development”. Pretorius *et al.* [59] suggest that typical relevant contextual factors include previous experience of participants, their educational level, required outcomes, reason for participation and needs of the target group. Although not included in the model, this is a basic conclusion which guides the model.

A conceptual model of entrepreneurial learning

Rae and Carswell [107] suggests that the themes through which entrepreneurs are able to integrate and develop their entrepreneurial capabilities are; i) confidence and self-belief, self-efficacy; ii) personal values and motivation to achieve; iii) setting and achieving ambitious goal; iv) personal theory derived from meanings and learning episodes; v) known capabilities, skills and knowledge; vi) social relationships through which learning took place; and vii) the ability to learn quickly and actively from a range of sources and the ability to reflect on that learning process.

Rae and Carswell [107] propose a conceptual model of entrepreneurial learning that maps these themes and their inter-relatedness in the context of entrepreneurial development over time, as shown in figure 3.7. It is the interaction of these themes that is significant in entrepreneurial learning. Through individual sense-making process people learn these capabilities by drawing on and developing the resources that each of these themes expresses [107].

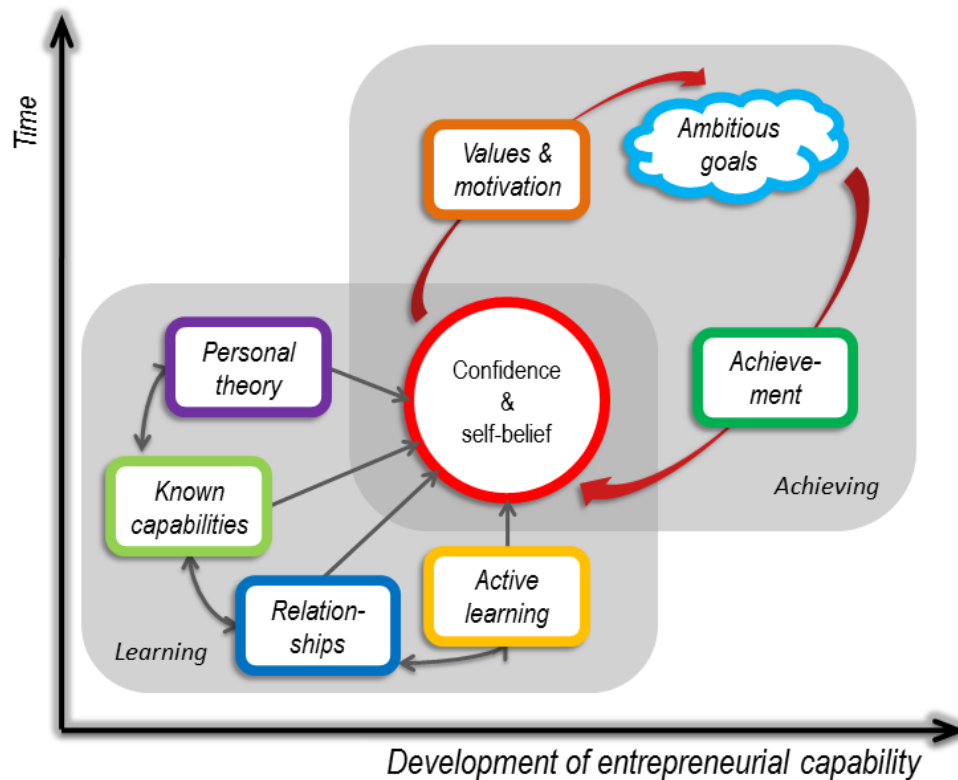


Figure 3.7: A conceptual model of entrepreneurial learning Rae and Carswell [107, 204]

Triadic model of entrepreneurial learning

Rae [74] proposes a 'triadic model' for mid-career entrepreneurial learning, which includes the dimensions of personal and social emergence, the negotiated enterprise (the interaction and engagement with other role players in the entrepreneurial process) and contextual learning through active emergence in the task.

Rae [74, 162] has focused his research on entrepreneurship within the creative industries and the related development of entrepreneurial skills, and argues that an effective entrepreneurial learning model should be based on how entrepreneurs in the creative and media sector learn [21]. This highlights the process of identity formation within entrepreneurial learning. The sub-themes for each of these three major themes can be seen in figure 3.8. Furthermore, Rae [74] suggests reflective questions to aid individuals in reflecting on each of the learning processes.

Entrepreneurial-directed approach

The entrepreneurial-directed approach is based on the idea of circles of experiential learning, in which new activity produces a new experience and new thinking through reflection.

Heinonen and Poikkijoki [4] suggest an approach to entrepreneurship education that integrates the skills and attributes of an entrepreneurial individual with the entrepreneurial process and related behaviour. Entrepreneurship education is thought of as a process that includes different phases, as can be seen in figure 3.9. In the background is Kolb *et al.*'s [203] experiential learning model, according to which reflective observation through abstract conceptualisation and active

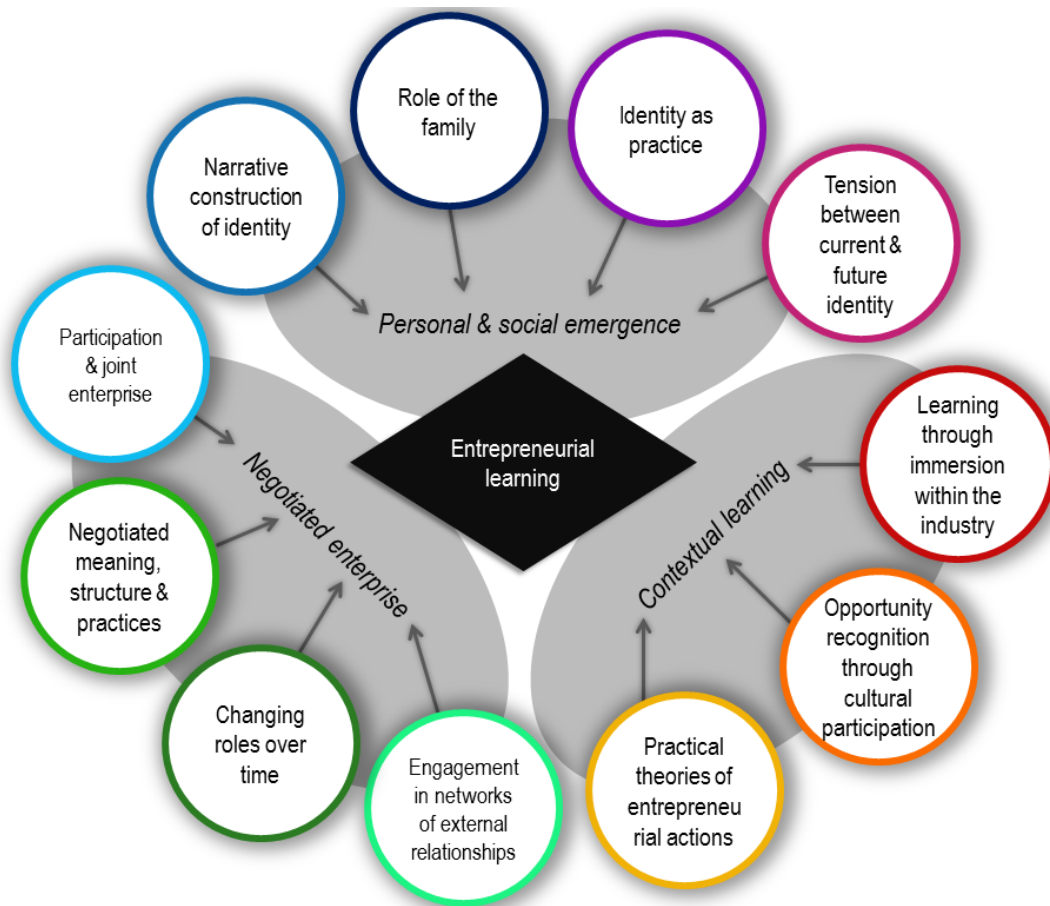


Figure 3.8: The triadic model of entrepreneurial learning Rae [74, 162]



Figure 3.9: The entrepreneurial approach to teaching entrepreneurship (adapted from Heinonen and Poikkijoki [4])

experimentation leads to concrete personal experience [4]. The entrepreneurial-directed approach is influenced by several other techniques including the discovery, experiential-, participative- and action-methods [4].

Intention is a necessary but not sufficient condition for entrepreneurship, thus some kind of a triggering event is needed. Heinonen and Poikkijoki [4] suggest that the acquisition of deeper knowledge about entrepreneurship and its general relevance in modern society is a triggering event that gives intention to entrepreneurial endeavours. Heinonen and Poikkijoki [4] state that the value of their approach is in integrating knowledge, experience and action within one entrepreneurship programme.

3.2.8 Summary of literature

As demonstrated by the literature presented thus far, there are a vast numbers of constructs and theories relating to the development of entrepreneurial ability. However, despite debate existing around most of the entrepreneurship education constructs, a number of aspects have emerged as widely agreed upon and relevant with regards to this study. These include;

- i) Effective EEP's can impact entrepreneurial intention
- ii) Aspects of entrepreneurial behaviour and ability can be taught/learned
- iii) For the goal of increasing entrepreneurial start-ups and entrepreneurial ability, education 'for' entrepreneurship is relevant
- iv) Objectives of EEP's should be broadened to include not only knowledge, skills and technical abilities, but also other aspects shown to be important in developing entrepreneurial ability; such as motivation and attitude, entrepreneurial attributes and cognition, entrepreneurial behaviours and finally opportunity awareness
- v) Effective EEP design needs to take into account the contextual factors of audience, objectives or goals of the audience, and the related relevant contents, assessment and pedagogies
- vi) Entrepreneurial intention is impacted by the individual's knowledge, perceived desirability of entrepreneurship (which is a combination of the individual's attitude towards entrepreneurship and the perceived social opinion of entrepreneurship), and perceived feasibility (which is the individual's personal perception of their self-efficacy and behavioural control in relation to entrepreneurship)
- vii) Entrepreneurial learning is a process and is most effective when carried out in combination with the entrepreneurial process and when taking the nature of entrepreneurship into account. The entrepreneurial learning process is based on the critical constructs of; learning from failure which is inevitable, learning through experience and action, a theoretical base, sensitivity to local context and complexities, mentoring, self-directed learning driven by the individual, utilisation of reflection, and a constant part of routine rather than based purely around distinct learning events
- viii) Educational models and scientific theoretical frameworks exist that can guide the creation of entrepreneurial education programmes or the development of learning maps that can be used to guide the entrepreneurial learning process within a course or on an individual level.

3.3 Entrepreneurship education in South Africa

Research into entrepreneurship and entrepreneurship education in South Africa generally conclude that emerging and potential entrepreneurs need to be encouraged to take courses in entrepreneurship and that South African education institutions and organisations need to introduce and/or strengthen EEP's [69; 219; 106; 145]. However, research suggests that many traditional business school EEP's have no impact, or even a negative impact [69], and as such the quality and content of the programmes are of pivotal importance.

This section addresses the South African tertiary as well as school settings with regards to entrepreneurship education.

3.3.1 Tertiary

The environment into which tertiary school graduates enter is perpetually changing and unstable. "Technology and contingent factors are daily changing the world of opportunity" [220; 221]. In the current economic climate "permanence and longevity" are no longer a significant characteristic of graduates' careers as the traditional career paths are obsolete [220; 221]. This view is widely recognised and has added to the insight that self-employment as a career path is an increasingly viable and necessary possibility for individuals at all stages of life [220; 221]. Due to the broadly accepted conjecture that "entrepreneurship is the engine that drives the economy of most nations" and the lack of graduate employment, government policy has changed to address the need for equipping students with entrepreneurial skills, knowledge and abilities [220; 221].

"There is little doubt that many of the great minds developed by [South Africa's] tertiary institutions presently drive [the] economy" [220; 221]. However, while tertiary institutions previously served the economic structure through developing a mindset in students that was well-suited for employment in big businesses, this high quality education needs to be adapted to serve the present economic requirements – which is the development of successful entrepreneurs [220]. For this reason, the youth need to be encouraged and equipped to look at self-employment as a career option. "Entrepreneurship is a matter of skill, not cultural inheritance" [220; 221].

The empirical research on entrepreneurship education in South Africa conducted is discussed in this section. The research process followed included the following steps:

- i) **Review of the environment:** Top institutions in the Western Cape (according to Brijlal [222]) were analysed with regards to the EEP's they offer;
- ii) **Selection of data:** Courses were theoretically sampled in order to fulfil a wide range of criteria;
- iii) **Collection of data:** The course conveners were contacted for information and/or the institutions' websites were consulted in order to gather the required information. The information collected varied in detail depending on the source of the information. This information was analysed and simplified and placed into the divisions that revealed themselves during analysis;
- iv) **Analysis of South African Education:** The description and learning outcomes of each selected course were analysed and simplified in order to conclude a comprehensive list of the themes covered in EEP's in South Africa. Detailed tables of the analysis and description of themes for each sector of education can be seen in the tables in Appendix C.2. The themes are illustrated in figure 3.11 in this chapter; and
- v) **Development of the measuring instrument for empirical research:** The outcome of this analysis is a list of the topics that are covered and forms the basis of the questionnaires used in Chapters 4 and 5 (which can be seen in Appendix B).

Educational institutions

Entrepreneurship continues to be one of the fastest growing areas in tertiary education both globally and locally [223]. Research by Brijlal [222] into tertiary institutions in South Africa concludes that the Western Cape is “better endowed at higher education level than most of the other provinces in the country”. For this reason, and for simplification, only tertiary institutions in the Western Cape (including the four major universities in the Western Cape) are considered, namely:

- i) the University of Stellenbosch (US)
- ii) the University of Cape Town (UCT)
- iii) the University of the Western Cape (UWC)
- iv) Cape Peninsula University of Technology (CPUT)
- v) the College of Cape Town (CC)

Details on the EEP’s offered by these institutions, as well as reasons for their inclusion in the study, can be found in Appendix C.1.

Selection of participants

The entrepreneurial offerings of each institution are briefly reviewed before selecting the programmes to include in the analysis to ensure that a diverse range of curricula is sampled. As shown in figure 3.10, programmes are selected to include academic, practical, under-graduate, post-graduate, modules included in broader qualifications, independent certifications and short courses.

The primary selection categories were;

- i) **Academic courses:** The National Qualifications Framework (NQF) requires that certain critical outcomes be embedded in the teaching and delivery of the subject. These include, among others, the ability to identify and solve problems, make responsible decisions using critical and creative thinking, work effectively with others, critically evaluate information, communicate effectively, show responsibility towards the environment and others, and demonstrate an understanding of the subject content.
- ii) **Practical courses:** The practical courses have been designed to meet the immediate needs of current small business owners by imparting functional skills and abilities. If well designed these courses should be well linked to the needs of the audience and therefore provide some insight into the educational needs of South African small business owners.

Figure 3.10 shows the curricula selected for analysis. On the left side of the figure, the primary selection categories are shown, and on the right side of the course name, other pertinent characteristics that define the nature of the course in question are listed.

3.3.2 Primary and secondary

The Constitution of the Republic of South Africa (Act 108 of 1996) provided a basis for curriculum transformation aimed at improving quality of life, freeing potential and advancing South Africa in the global system [224]. To lay the foundation for achieving these goals, the National Curriculum Statement dictate standardised learning outcomes [225], updated in the last decade to include entrepreneurial content for the first time to more effectively address unemployment

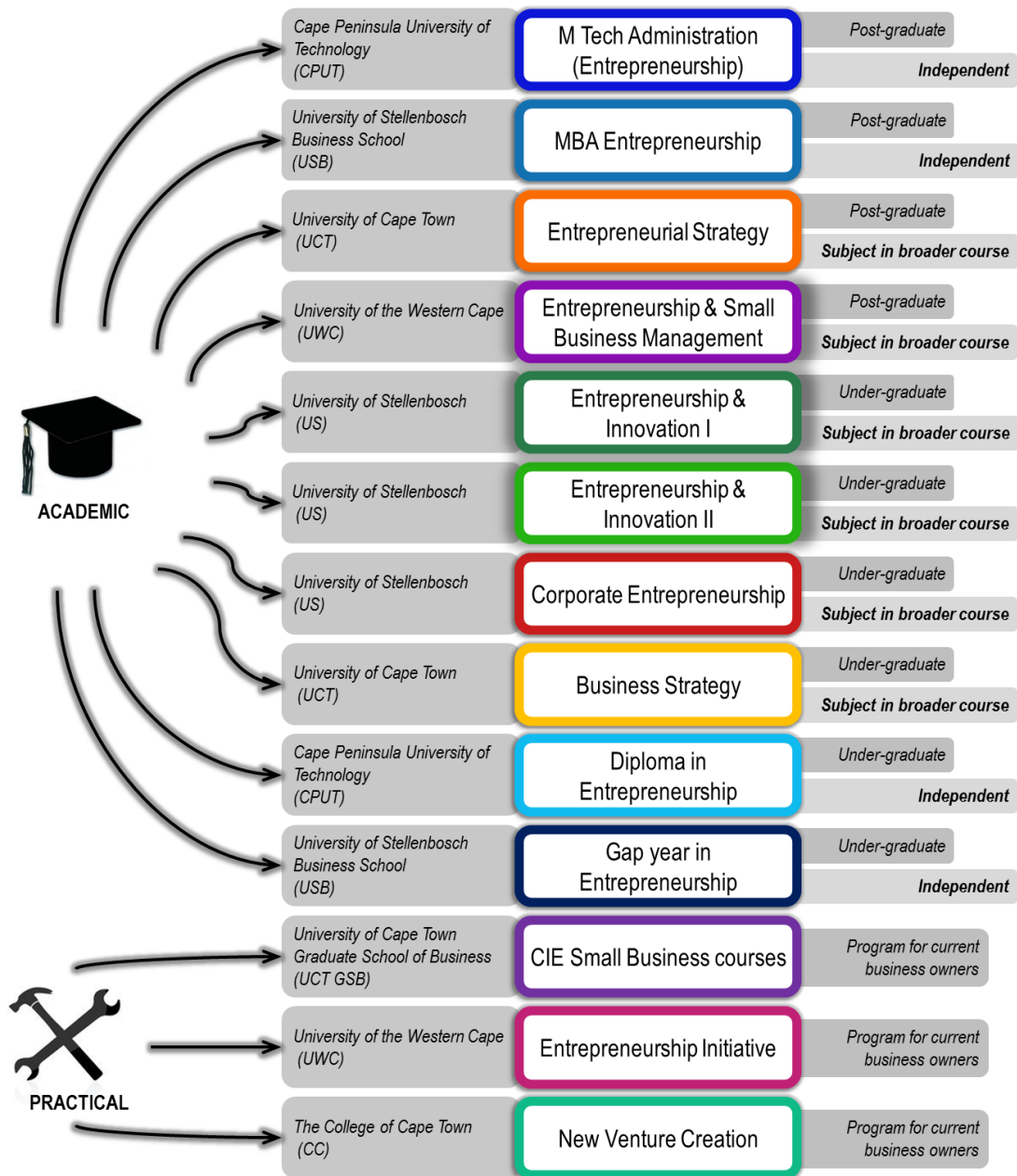


Figure 3.10: Selection of curricula included in analysis

and poverty [220].

Isaacs [226] argues that entrepreneurial education should start in the foundation years. The curriculum for primary and secondary entrepreneurship education aims to foster successful entrepreneurial abilities in learners from a young age. The knowledge, skills and abilities taught in these phases form the basis of concepts and mindsets taught in later education. Analysis of this content is aimed at revealing the focus of these phases. The selection of curricula for inclusion in the analysis of primary and secondary education (grades R to 12) is simpler as generic content for public schools throughout South Africa is stipulated in the South African Education Department’s National Curriculum Statement. The Revised National Curriculum, implemented in the past decade includes entrepreneurial content for the first time. The subjects are;

- i) in the foundation (grade R to 3) and intermediate (grade 4 to 9) phases, entrepreneurship content is presented in ‘Economic and Management Sciences’,
- ii) in the senior phase (grade 10 to 12) this content is further developed in the subject ‘Business Studies’⁴ [225], and
- iii) as the tertiary analysis is focused on the Western Cape, the practical project (which is presented from grade 8 to 11 in varying degrees of intensity) outlined by the Western Cape Education Department for the purpose of helping learners apply the skills taught in the National Curriculum is also included.

Analysis is focused on the tertiary programmes as the content provides more detailed insight into entrepreneurship education.

3.3.3 Topics extracted

Traditional EEP’s, although well attended, have come under criticism for not meeting the needs of the changing business environment [77]. As stated by Rae [168], the skills taught in traditional EEP’s are essential but not sufficient to “make a successful entrepreneur”. Furthermore, empirical evidence shows a disconnect between what is being taught in higher education programmes and what is actually being practised by entrepreneurs [88].

Despite “a lack of conceptual clarity over the relationship between small businesses and entrepreneurship” [21], there is general agreement that they are “different subjects” and that the basics of entrepreneurship are fundamentally different than the basics of management [173]. Furthermore the subjects are often confused even though most small business education has little to do with encouraging entrepreneurship [108]. A number of areas considered to be the distinguishing factors between entrepreneurship and small business management are suggested by numerous authors, namely that;

- i) entrepreneurship includes creativity, risk taking and innovation [77];
- ii) entrepreneurial education emphasises imagination, creativity, and risk taking in business rather than quantitative and corporate techniques [77];
- iii) entrepreneurship teaches the ability to detect and exploit business opportunities more quickly and plan in more detail for the future [49];
- iv) entrepreneurship places attention on equivocal situations [173];
- v) entrepreneurial education focuses on integrating and carrying out a new combination of business elements while education for small business ownership focuses on the skills needed to reproduce or acquire an existing business [227];
- vi) entrepreneurship education focuses on personal development, unlike traditional EEP’s which focus on knowledge [2];
- vii) entrepreneurship elements required in creating a venture are often neglected in traditional EEP’s where the focus is rather on teaching important skills for running a business [77];
- viii) entrepreneurship focuses on the ‘hands-on’ aspects of business often overlooked or de-emphasised in other business classes [173];

⁴The National Curriculum offers three subjects in the business, commerce and management learning field namely; ‘Accounting’, ‘Economics’ and ‘Business Studies’. While the subject ‘Economics’ is aimed at equipping students to “apply their entrepreneurial talents and acquired skills to create employment for themselves and for others” through taking initiative and calculated risks in “conceptualising, financing, starting and running a business”, the focus is on the field of economics, rather than entrepreneurship.

- ix) entrepreneurship education deals with the activities involved in originating and developing new growing ventures whereas small business education focuses on managing and operating small established companies [108]; and
- x) entrepreneurship education, unlike specialised and formal education, has a direct and positive effect on satisfaction with innovation behaviour [60].

Aspiring entrepreneurs need not only knowledge, but also new ways of thinking, new kinds of skills and new modes of behaviour [4] in order to overcome the inertia of traditional business management [36]. Schumpeter [35] differentiates the entrepreneur from the manager of a firm stating that "...surely it is but common sense to recognize that the economic function of deciding how much wool to buy for one's process of production and the function of introducing a new process of production do not stand on the same footing, either in practice or in logic." A course of education that is specifically based on entrepreneurship, rather than business, is able to achieve the goal of strengthening attitudes and behaviour regarding innovation and, as a result, business performance [60].

Katz [111] notes that several researchers have identified that entrepreneurship teaching and training often ignore important elements that could facilitate entrepreneurial learning. Furthermore, many structured training interventions do little to alter the approach of the entrepreneur to solving business problems [39].

Figure 3.11 shows the topics which were uncovered through analysing the curricula content, as discussed. Furthermore, a number of domains which constitute entrepreneurship curricula became apparent during analysis, namely;

- i) small business management skills and abilities,
- ii) entrepreneurial skills and abilities, and
- iii) motivation and personal attitude towards entrepreneurship as a serious career option.

As shown in figure 3.11, the topics identified in the curricula fall into one or more of these domains, depending on which aspect of the topic is being taught. An in-depth description of the topics covered within each of these domains for each level of entrepreneurship education analysed, can be found in tables C.1, C.2, C.3, C.4, C.5 and C.6 in Appendix C.

Figure 3.12 shows the overall emphasis of all the curricula for each domain of entrepreneurship education. From this figure it is clear that the majority of the content is focused on small business management abilities, with less than a quarter of the content aimed at addressing and developing entrepreneurial skills and abilities, and only a very small portion directed towards impacting students' motivation and attitude towards entrepreneurship as a career option and means to contribute to society.

Small business management ability

Traditional entrepreneurship education has been shown to focus on traditional business skills and analytical thinking [3]. Most of the programmes reviewed, as well as those offered by Non-Government Organisation (NGO)'s in South Africa [228], are geared towards the development of business skills rather than developing entrepreneurial skills such as creativity, innovation, opportunity identification and problem-solving abilities (among others).

As can be seen in figure 3.12, from the curricula analysed, the number of concepts that emerged that relate to small business management make up in excess of 70% of the content covered. It is clear from the content analysis outcome that the majority of topics are aimed at improving the individual's ability to run or manage a venture, rather than attempting to instil entrepreneurial attributes in students. Topics which fall exclusively into the domain of small

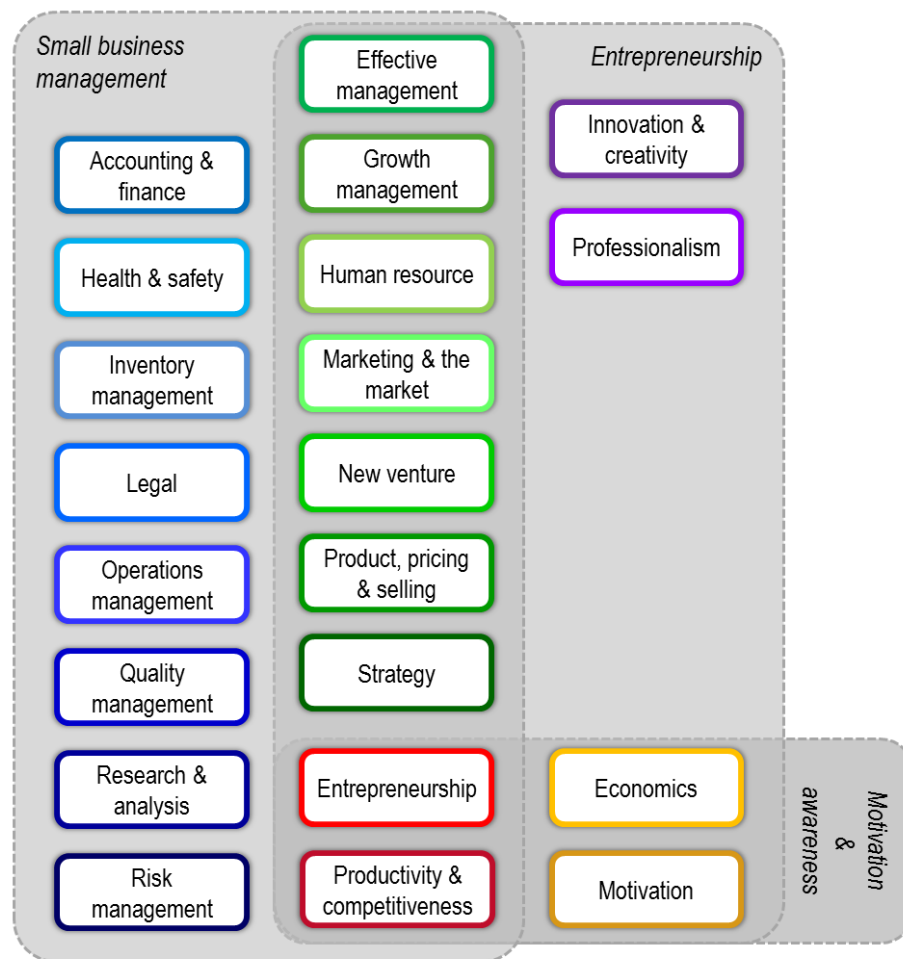


Figure 3.11: The topics extracted through analysis of the curricula, showing which domains of small business management, entrepreneurship and motivation they fall into

business management (as can be seen in figure 3.11) which are revealed through the curricula analysis are; i) accounting and finance, ii) health and safety management, iii) inventory management, iv) legal aspects, v) operations management, vi) quality management, vii) research and analysis methodologies, and viii) risk management. Further topics extracted which address small business management, but also entrepreneurial skills and motivational aspects can be read from the figure 3.11. Details of the content covered for these topics can be found in the tables in Appendix C.

While what is taught about entrepreneurship in universities varies, there are areas of general agreement [77]. The emphasis of many business schools is on understanding, critical judgement, analysis of large amounts of information and seeking ‘correct’ answers, largely in classroom settings with information from authoritative sources and evaluation by written assessments [92; 108]. A typical course on entrepreneurship entails material devoted to venture creation, marketing, securing financing, business planning, general tax and legal information, and operations. These EEP’s generally presume that students have a certain degree of background knowledge in business, management or finance – which is not the case for most creative individuals [91].

Entrepreneurial ability

It has been widely suggested that course content should include factors that research has repeatedly shown are not irrelevant in learning entrepreneurship, such as skills, attributes and

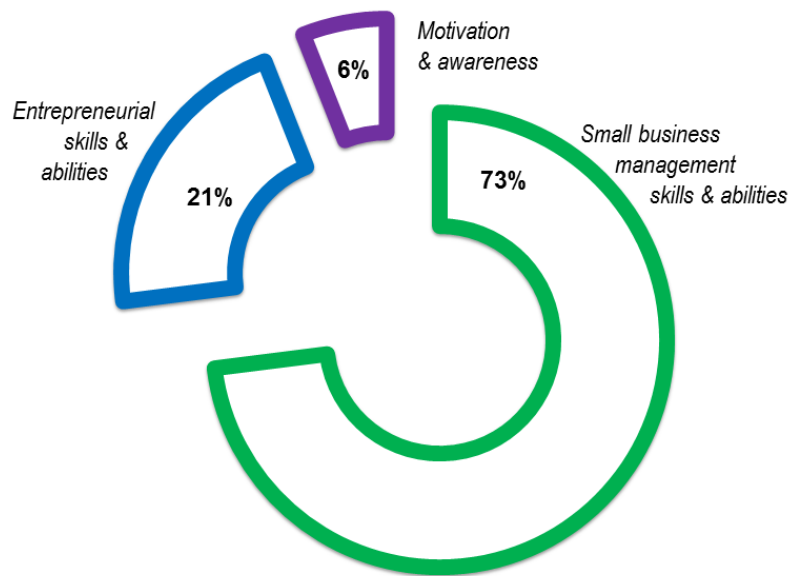


Figure 3.12: Focus of the curricula analysed – in relation to the domains of small business management, entrepreneurship and motivation

behaviours [113]. Therefore while business skills and business acumen are necessary, attention needs to be paid to the development of entrepreneurial skills, attributes and behaviours of individuals by introducing modules designed to “develop in students the awareness and characteristics of the entrepreneurs” [3].

Figure 3.12, shows that only approximately 21% of the topics addressed in the curricula analysed relate to entrepreneurial abilities and skills. Furthermore, as can be seen in figure 3.11, the only topics which are addressed exclusively in the domain of entrepreneurial abilities and skills are; i) innovation and creativity, and ii) professionalism (in terms of ethics as well as professional communication skills). Other topics such as i) effective management, ii) growth management, iii) human resource management, iv) marketing and the market, v) new venture creation and business planning, vi) product, pricing and selling strategies, and vii) strategy, address aspects of entrepreneurial skill and ability despite strictly falling into the domain of small business management skills. The details of the content addressed within these topics can be found in tables C.2, C.3 and C.4 in Appendix C.2.

Henry *et al.* [39] conclude that entrepreneurship itself is not usually what is taught; rather, it is small business management skills that are provided. Aspiring entrepreneurs’ needs for educational content are noted as including competencies rather than only skills or knowledge about subject areas. The ability to think laterally and to problem solve creatively are of the most frequently requested competencies [21].

Research as well as the content of any entrepreneurship education textbook illustrates that EEP’s rarely focus on developing students’ skills, attributes and behaviour to make them successful entrepreneurs [108].

Only four of the tertiary courses analysed⁵ mention in the course outline material collected for this study, the objective of developing innovative and creative abilities.

⁵Namely; US’s ‘Entrepreneurship and Innovation’ subject, CPUT’s ‘Diploma in Entrepreneurship’, the Centre for Innovation and Entrepreneurship (CIE)’s ‘Small Business Courses’ and CC’s ‘New Venture Creations’ programme.

According to Cruz *et al.* [60], experts in the field of entrepreneurship education realise the importance of education specifically based on entrepreneurship rather than general business education in achieving the goals of improving attitudes and behaviour regarding innovation, which results in improved business performance due to the link between innovation and success.

Existence of a direct effect of innovative behaviour on business success is confirmed, and due to this link, Cruz *et al.* [60] argues that EEP's that promote innovation lead to increased business success. Government and policy call on business schools to develop more enterprising individuals [229], for which both the content and process of learning needs to change.

Motivation and personal attitude

While venture creation implies a learning process and personal development, it is a difficult process which makes the motivational aspect thereof central [53].

It is clear from the course outlines and descriptions that the subjects selected are motivated by current social and economic issues and based on educational philosophies aimed at producing graduates better prepared for the realities of today's business world – whether or not they choose to become entrepreneurs. However, as can be seen in figure 3.12, only approximately 6% of the content presented in the curricula analysed is aimed at impacting entrepreneurial motivation and attitude towards entrepreneurship. As is shown in figure 3.11, topics included in the motivational domain of entrepreneurship curricula are; i) entrepreneurship, ii) productivity and competitiveness, iii) economics and, iv) motivation. Once again, details can be found in the table C.1 in Appendix C.2.

3.3.4 Changes needed in entrepreneurship education

There are pressures on higher education throughout the world to meet the needs of developing more enterprising individuals [230]. Kirby [3] has repeatedly examined the challenges for business schools posed by these increased demands for developing more enterprising individuals and posits that considerable changes are required in both content and process of learning. Societal changes have shifted the focus from the acquisition of factual knowledge to teaching students how to behave entrepreneurially [166]. The traditional education system is criticised for a number of weaknesses including; i) reducing and discouraging rather than developing the requisite attributes and skills to produce entrepreneurs [62; 3; 4], ii) too much focus placed on theoretical content and lack of practical application [21], iii) lack of depth and weak theoretical base for the programme design [108], iv) still largely teaches 'about' entrepreneurship rather than 'for' entrepreneurship [155; 3; 143], and v) reducing the capacity of individuals to innovate [60].

The analysis of entrepreneurial education in South Africa concludes that the focus here too is more on business management skills than the ability to think and behave innovatively and 'entrepreneurially'. The list of topics concluded from the examination of curricula in South Africa is thus used in the rest of the research as a basis from which to ascertain which aspects are important for success and in what way. This allows the information which is listed to be adapted for the practical context of SME's in South Africa, thus ascertaining the relevant concepts, expelling unnecessary content, and adapting concepts that may be of relevance but are addressed ineffectively.

Chapter 4

Success factors in small businesses



“The difference between an entrepreneur and a craftsman, is to be an entrepreneur you have to add the business element to an idea to turn it into a business” (Keet van Zyl, Venture Capitalist)

4.1 Chapter description

Failure of SME's is common, particularly in the starting years, with less than half of the SME's started surviving longer than 5 years [29]. This high rate of failure makes research into the causes of poor performance vital [152; 29]. Interest in the subject of success in SME's, both the definition and success factors, has become increasingly popular in recent years amongst business researchers and entrepreneurs, each attempting to provide a definitive description of and formula for success [83; 31].

However, due to the diversity within the SME sector there are problems with the term 'success' and its various interpretations and perceptions in the SME sector [83]. Furthermore, "...measuring success in an agreed and relevant way is problematic" and "traditional measures of success are inappropriate and misleading" [31].

It is important to recognise that while a common measure of success in business is still to be defined, there are some general factors and organisational characteristics both indicative of, and found to influence, the success of businesses [231; 83; 31; 29]. Despite the abundance of research into the relationships between various factors and SME success, research into factors that lead to success is complicated and there is no broad agreement on success factors [31]. However, the strategies, objectives and characteristics most closely linked to small business success are of great importance to small business owners [232; 31].

While, like so many constructs in this study, there is no universal definition of success or common framework for obtaining success as a SME, this study narrows the inputs and outputs by providing both a basic definition of success and a context. As discussed in Chapter 1 section 1.5.3, the form of entrepreneurship which is focused on here is 'effective entrepreneurship', defined as being based on innovation, opportunity and growth. Furthermore, the context is that of ventures run by creative individuals, operating in the South African SME environment. For this reason, uncertainties in the literature on SME success can be subsidised by the insight and situation-specific expertise of stakeholders in the SME sector in South Africa. The experts are theoretically sampled to provide in-depth information from multiple perspectives and domains of practice/knowledge. The chapter builds theories regarding success factors for SME's in general in South Africa.

4.2 Industry experts

Cases were selected to provide perspective in the following areas:

- i) **Financing and financial institutions:** One of the greatest barriers to entrepreneurial success in South Africa is access to finance, and limited access to finance is widely noted in SME research to contribute to a decreased likelihood of success [233] – therefore individuals working in finance and financial institutions are able to provide critical information;
- ii) **Education and philosophy of educators:** There remains considerable diversity of objectives, philosophy, pedagogy and outcomes amongst EEP's [49] and therefore the practical insight of South African entrepreneurship educators provides contextual insight;
- iii) **Experienced entrepreneurs:** One of the few concepts in entrepreneurship widely agreed upon is that entrepreneurs learn primarily from experience and reflection [33] and therefore no one is better suited to contribute to contextual insight than those who have been entrepreneurs in the considered context themselves;
- iv) **Professionals:** Professionals working within the South African business environment and able to contribute the professional or corporate business perspective;

- v) **Academics and researchers:** Professional academics working in the field of entrepreneurship and entrepreneurship education in South Africa provide an in-depth understanding of entrepreneurship on a scientific level; and
- vi) **Design perspective** This chapter deals with success in South African SME's in general, however a corporate professional dealing with the design sector in South Africa is included as the later chapters contextualise information specific to this sector.

4.2.1 Selected cases

Detail on the reasons for the selection of specific cases can be seen in Appendix D.1. A summary of the selected cases is shown in figure 4.1. As illustrated in the figure, the primary selection categories were 'financiers' and 'educators'. The 'financiers' selected include; i) a private equity manager, ii) a venture capitalist and iii) a credit risk analyst. The 'educators' include; i) an entrepreneurship coach, ii) lecturers of courses with a diverse range of characteristics, and iii) the head of the SABS Design Institute¹.

Further relevant experience and expertise presented a number of additional groupings, namely;

- i) corporate professionals,
- ii) entrepreneurs, and
- iii) researchers and/or academics.

These additional groupings are used for cross-case analysis of the data, in-line with the methodology of building theory from case studies discussed in Chapter 2.

¹Included in the 'educators' category due to experience in teaching design and running Africa-wide design education initiatives. However, this case is primarily selected as the only expert in this step of empirical research that provides an understanding of designers and designers in business

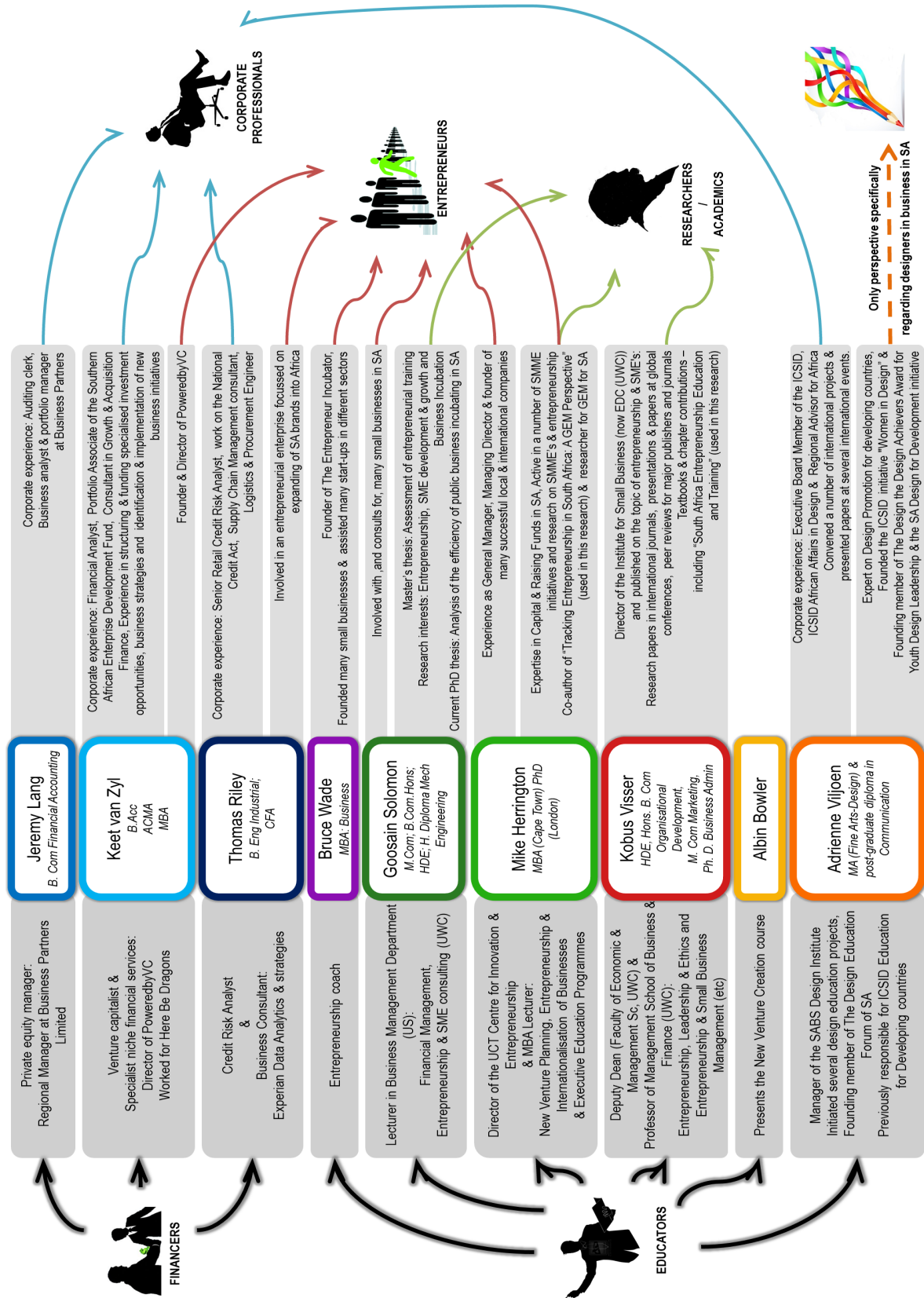


Figure 4.1: Figure showing the theoretical sampling of 'experts' for the empirical research

4.2.2 Interviews and questionnaires

The interview process and full questionnaire can be seen in Appendix B. In summary, for each concept in the questionnaire developed from the outcomes of Chapter 3, the experts were asked “How important is this concept for achieving and sustaining success as an entrepreneur or small business owner in South Africa?”.

The quantitative outcomes were then analysed in conjunction with the qualitative results and literature, as discussed in Chapter 2.

4.3 Entrepreneurship and small business

4.3.1 Entrepreneurship as a process

As noted in section 1.5.2, one of the three over-arching perspectives by which entrepreneurship can be defined, is the process view [85; 59]. An abundance of the attempts to define entrepreneurship emphasise the process thereof.

Figure 4.2 summarises a variety of process-based definitions of entrepreneurship, showing that the general emphasis is on entrepreneurship as the process of creating something new or different that is of value to defined stakeholders, through exploiting opportunities, initiating change and combining resources. The process also emphasises factors such as commitment to achieving goals, risk minimisation, contextual constraints and conditions of uncertainty.

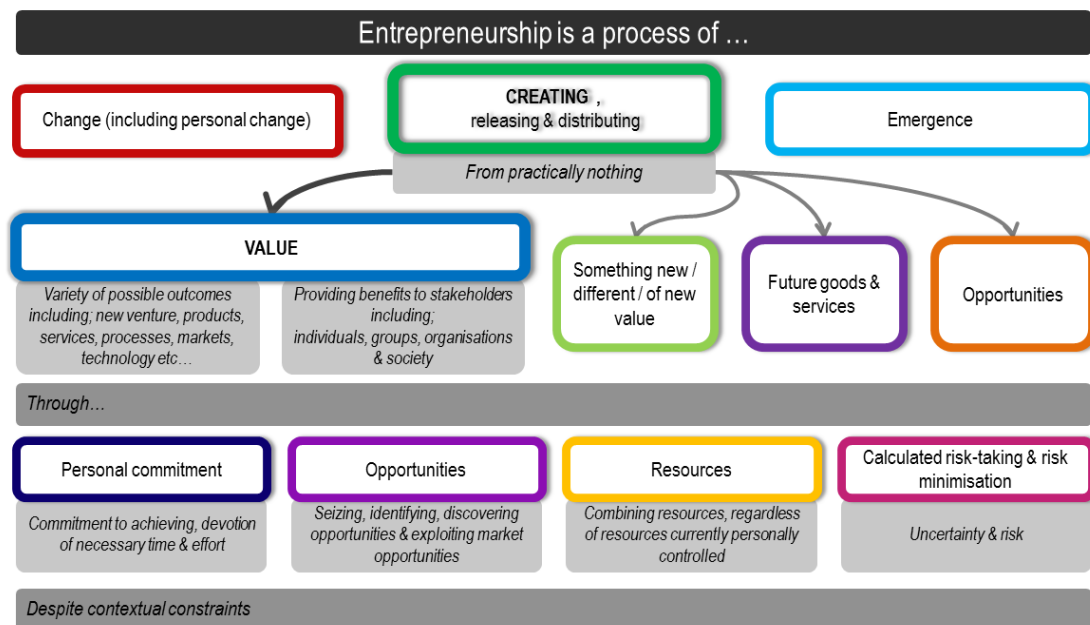


Figure 4.2: The key attributes noted by multiple definitions describing entrepreneurship as a process (adapted from Curran and Stanworth [84]; Timmons *et al.* [210]; Morrison [78]; Shane and Venkataraman [86]; Bruyat and Julien [40]; Alberti *et al.* [108]; Simpson *et al.* [31]; Ball [17]; Henry *et al.* [39] and Pretorius *et al.* [59])

Viewing entrepreneurship as a process is relevant and commonly utilised in literature. As noted by interviewee Goosain Solomon, a lecturer and scholar in entrepreneurship and entrepreneurship education;

“ BUSINESS IS A PROCESS AND THEREFORE CAN BE MANAGED LIKE ANY OTHER PROCESS ”

4.3.2 Phases in the entrepreneurial process

Furthermore, viewing entrepreneurship or small business as a process implies that distinct phases exist within the process. This conclusion is widely validated by literature as well as by a number of interviewees who note that;

“ DIFFERENT FACTORS ARE IMPORTANT IN THE START-UP AND MANAGEMENT PHASES OF SMALL BUSINESSES ”

Three phases are identified around which the entrepreneurial process is structured [191; 49]. These phases are; i) propensity, ii) pre-startup and iii) post-startup [49]. For this study, propensity is dealt with in ‘motivation and personal attitude’, pre-startup and venture creation are combined, and the post-startup phase is considered to be the ‘growth’ phase.

Venture creation phase

Numerous studies can be found on the start-up activities of entrepreneurs [234; 235; 236]. An emerging business is embedded in an equivocal reality, and a key factor determining success is dealing with this equivocality of business entry [173].

In the domain of venture creation, opportunity identification and exploitation involves sensitivity to identifying opportunities, assembling the resource base and infrastructure to implement the commercial opportunities, and the insight to act on opportunities [77]. Resource acquisition and utilisation [90], knowledge discovery, planning, networking and selling are considered to be important foundations for how entrepreneurs start competitive new businesses and exploit opportunities [88].

For successfully starting a venture it is argued that insight into the entrepreneurial process elements is important, but not sufficient. These elements include; the entrepreneurial process, opportunity recognition, entry strategies, market opportunities and marketing, creating a successful business plan, financial projections, venture capital, debt and other forms of financing, external assistance for start-ups and small business, legal and tax issues, intellectual property, franchising, harvesting and entrepreneurship economics [39].

Figure 4.3 shows which ‘new venture creation’ factors the experts interviewed considered to be critically important for SME success.

The growth phase

Success is often viewed in terms of growth or profitability or sustainability [237; 238]. Literature on survival and failure of SME’s reveals that the key failure factors are in the growth and development of the firms rather than in their creation [29]. For a growing organisation, success involves dealing with transition problems, and the phases of firm growth make ascertaining factors which lead to success more complex [80]. The objectives of the business owner impact growth possibility as personal motivations are often not fiscal and growth therefore not considered to be a performance objective [31]. Some definitions consider SME owners to be differentiated from



Figure 4.3: The factors of ‘new venture creation’ addressed in the empirical analysis and the corresponding number of experts that agree that these elements are critical for SME success in South Africa

entrepreneurs by this goal, the desire to grow [31]. This study considers the desire to grow as fundamental in defining ‘effective’ entrepreneurship, which is the primary concern.

4.3.3 Key elements in the entrepreneurial process

While researchers no longer search for the definition of a ‘typical’ entrepreneur as it is widely agreed not to exist [234; 89], one of fundamental questions in entrepreneurship is “*What should entrepreneurs do?*” [116; 88]. For this reason there has been a marked increase in researching entrepreneurial traits that are linked with certain entrepreneurial tasks within the entrepreneurial process [192; 89].

As a starting point for understanding critical behaviours and success factors in relation to the entrepreneurial process, Bolton and Thompson’s [62] diagram for the entrepreneurial process is presented (with slight adaptations) in figure 4.4. As can be seen in the figure, certain action factors form part of the process of entrepreneurship [62].

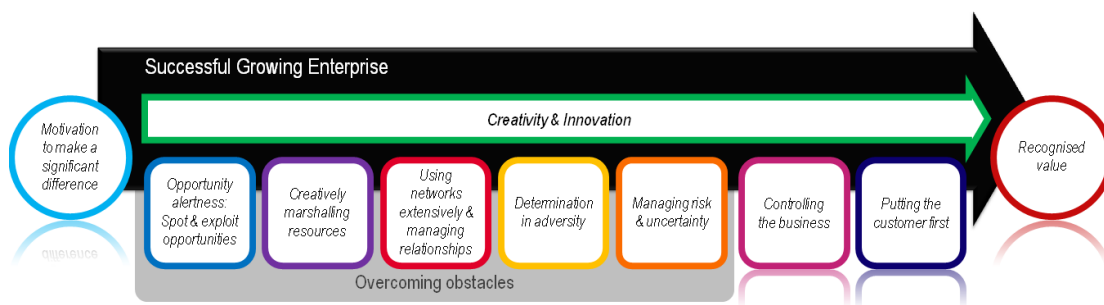


Figure 4.4: The entrepreneurial process diagram (adapted from Bolton and Thompson [62])

The factors shown in figure 4.4 are, according to Bolton and Thompson [62], the ten key ‘entrepreneurial action factors’ which are present to varying degrees in all entrepreneurial processes regardless of context; “it is the combination of these special strengths that enable the entrepreneur to make a significant difference” [62]. However, Morrison [78] compile a similar list of ‘key elements of entrepreneurship’ from a number of sources (including Kirzner, 1980; Timmons, 1994; Carson et al., 1995; Goffee and Scase, 1996; Deakins, 1996). Other researchers (such as Franco and Haase [29]) also add further ‘key success factors’. From these additional factors, those that are not present in Bolton and Thompson’s [62] ‘entrepreneurial action factors’ shown in figure 4.4 are summarised and illustrated in figure 4.5.

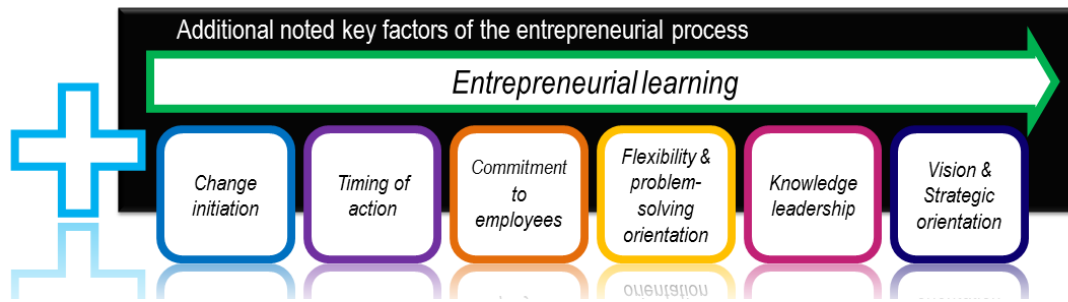


Figure 4.5: Additional noted 'key elements' of the entrepreneurial process (sourced from Timmons *et al.* [210]; Morrison [78]; Franco and Haase [29] etc)

It is important to note that in figure 4.4, the element of innovation and creativity is central to the entire process, as is the element of entrepreneurial learning in figure 4.5. The central process nature of these elements is addressed in section 4.4.1 of this chapter.

Of the additional 'key elements' suggested in figures 4.4 and 4.5, those which emerge as critical in further combined analysis of empirical research and literature are addressed in greater detail as the chapter unfolds.

4.4 Success factors

Research often simplifies success as being equivalent to continued trading and failure equivalent to ceased trading. This simplification is dependent on the assumption that profitable entrepreneurs decide to stay in business and those making a loss decide to exit. However, the decision to exit cannot be assumed to be based purely on profit indicators and thus factors regarding the individual entrepreneurs' motivation need to be taken into account [31].

Traditionally, the environment and industry within which organisations operate were considered to have a great impact on performance [239; 30; 31; 29]. Some still argue that success factors are unique to each industry group such that i) the retail industry is dependent on competitive pricing and quality; ii) the manufacturing industry on competitive pricing and knowledge of competitors; and iii) the services industry on employee relations issues [232; 31; 29].

However, there is a strong counter in research that sectoral effects are slight [58] and internal strengths more important than external industry structure and environment [30; 31]. Additionally, Mahoney and Michael [43] suggest that there are at least five possible levels of influence on the success of a venture, namely; i) the individual, ii) the team, iii) the opportunity, iv) the fit between the individual and the opportunity, and v) the industry. In reality, both internal and external factors impact SME performance to varying degrees [152; 29].

The entrepreneur within the new small firm is regarded as taking complex actions which determine the survival of the business. The entrepreneur is faced with many action decisions including; choices about markets, finance, organisation and innovation (to mention a few), which crucially influence future business viability [58]. Although there are many suggestions regarding the combinations that lead to SME success, it seems logical to conclude that a combination of factors will apply, dependent on the context. Thus, empirical context-based research is combined with literature to develop theories regarding success factors in the rest of the chapter.

The 'critical' success factors which emerged from analysis of the quantitative empirical data collected during interviews are shown in tables D.1 and D.2 in Appendix D. The tables show the total 'critical' success factors identified for small business management abilities and entrepreneurial abilities. These same results are shown in the body of this chapter split according

to the discussion.

Along with the quantitative results shown in the figures in the discussion, qualitative data in the form of quotations is used where relevant to corroborate or contradict literature in order to develop theories. Appendix E shows the totality of the qualitative data, summarised into tables relating to the topics identified. This data presentation methodology is in-line with that suggested by Eisenhardt and Graebner [136] for developing theory from case studies (as discussed in Chapter 2).

4.4.1 Innovation and creativity

The “...direct effect of innovative behaviour on business success is confirmed” [60].

“ RESEARCH HAS SHOWN NO DIRECT LINE BETWEEN SUCCESS AND TALENT, A THIRD FACTOR SUCH AS INNOVATION IS ALWAYS INVOLVED ”

Cruz *et al.* [60], following Schumpeter [35], argue that innovation is the true essence of entrepreneurship [60]. Which is also mentioned by one of the experts interviewed;

“ ENTREPRENEURSHIP IS NOT THE SAME AS SMALL BUSINESS MANAGEMENT. ENTREPRENEURSHIP REQUIRES INNOVATION AND A PROBLEM SOLVING TENACITY ”

Furthermore, “one of the most widely regarded abilities of entrepreneurs is their ability to innovate, create and perceive opportunities” [168], which is corroborated by the empirical evidence collected;

“ ENTREPRENEURS SHOULD BE A GENIUS AT INNOVATION ”

Innovativeness and the ability to develop new and innovative plans is noted as a critical factor for SME success by a multitude of authors (including Ladzani and Van Vuuren [69]; Henry *et al.* [39]; Rae [168]; Jones and English [77]).

Similarly, there is much compelling evidence of the impact that creativity can have on business performance [63]. Creativity is also widely considered to be a key element of entrepreneurial and SME success (as noted by Ronstadt [240]; Ladzani and Van Vuuren [69]; Kirby [3]; Jones and English [77] and Rae [168], among others). Furthermore, Jones and English [77] note the importance of application of both innovation and creativity in social, government and business arenas.

This widely noted importance of innovation and creativity for the success of SME’s is a factor universally agreed upon by the experts interviewed. As can be seen in figure 4.6, innovation and creativity (as the concept was presented in the questionnaire), was regarded by all interviewees to be ‘critical’ for success as a SME or entrepreneurial venture in South Africa.

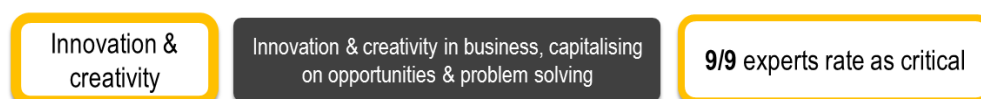


Figure 4.6: The description of ‘innovation’ used in the empirical analysis and the corresponding number of experts that agree that this element is critical for SME success in South Africa

Innovation increases business performance and is therefore significant for the firms’ competitiveness [60]. For this reason innovation is an important element needed by all entrepreneurs, as

noted by Adrienne Viljoen of the SABS Design Institute;

“ ALL ENTREPRENEURS NEED TO BE HIGHLY INDIVIDUALISTIC AND INNOVATIVE ”

In addition, literature has shown that the extent of innovative activities influences firm survival positively [241; 242; 243; 29], and therefore constant innovation activity and focus on innovation is required. This is in-line with commentary from interviewee Albin Bowler, stating that;

“ INNOVATION AND STRATEGY SHOULD BE LIKE BREATHING ”

As noted by Tidd *et al.* [10], it cannot be assumed that organisations will find and make use of the innovation opportunities available in their environment, or create opportunities for innovation. This is an especially important consideration when referring to creative ventures, as the above-mentioned assumption is easily made. However, the reality is that organisations differ widely in their ability to innovate [10]. As can be seen in figure 4.7, the firm's awareness of the need to change, as well as the firm's preparedness and ability to change, all impact the firm's innovation behaviour.

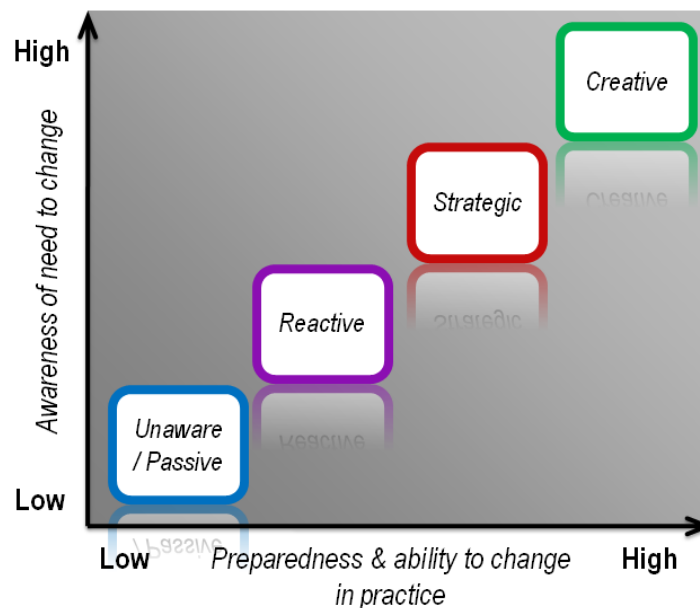


Figure 4.7: Types of firms according to innovation capability (Source [10] who cites Hobday, M., H. Rush and J. Bessant (2005))

Referring to figure 4.7; i) 'unaware/passive firms' are not aware of the need for innovation; ii) 'reactive firms' recognise the challenge to innovate and change but are unclear about the effective process of innovation; iii) 'strategic firms' have a well-developed sense of the need to change and are highly capable in implementing new projects, taking a strategic approach to the process of continuous innovation; and lastly iv) 'creative firms' operate at the international knowledge frontier and take a proactive creative approach to exploiting knowledge for competitive advantage [10]. It is clear that 'strategic' and 'creative' firms are prepared to meet the innovation challenge and thus are more likely to remain competitive and sustain success and prosperity.

The literature has increasingly shifted towards innovation rather than efficiency as the key driver of growth and business success or failure [10; 11]. In addition, changes in markets and

the competitive strategies of large organisations have increased the pressure on SME's to focus on innovation, innovation capabilities and innovation management. In this new competitive landscape, a strategic approach to innovation is required and effective innovation management skills are critical to the survival and long-term prosperity of small businesses [11]. Furthermore, research confirms that ignoring the innovation challenge will inevitably result in business failure [11]. The importance of addressing the innovation challenge is noted by Adrienne Viljoen of the SABS Design Institute;

“ THE ENTIRE PROCESS AROUND INNOVATION AND INNOVATION MANAGEMENT, INCLUDING THE FULL CYCLE OF DESIGN UP TO COMMERCIALISATION, SHOULD BE A FOCUS IN ENTREPRENEURSHIP AND THE FOCUSED USE OF DESIGN SKILLS, DESIGN CREATIVITY AND DESIGN THINKING CAN BE USED TO SOLVE A SPECTRUM OF PROBLEMS ”

As such, many studies have suggested frameworks for guiding the strategic implementation of innovation management [11]. Tidd *et al.* [10] suggest a simple model which focuses attention on the key aspects of the innovation management challenge. This model is shown in figure 4.8.



Figure 4.8: Process model of innovation [10]

The process shown in figure 4.8 is a loop which is continuously implemented in parallel to the entrepreneurial process shown in figure 4.4. The innovation management process forces the owner-manager or entrepreneur to perpetually question the innovation strategy and the innovativeness of the organisation, whilst searching for, selecting and implementing new (and valuable) innovations.

4.4.2 Entrepreneurial learning process

Literature states that successful entrepreneurs generally have years of work and/or management experience in the line and industry of their business before starting a venture [244; 210; 160]. An entrepreneur's experience in the industry, knowledge of the market and related business experience all have a positive effect on business performance [245; 31]. Aldrich and Martinez [246] agree that a certain amount of prior knowledge is required, either through training, experience or formal education. Empirical data gathered supports this position;

“ ENTREPRENEURSHIP IS A HIGHLY EXPERIENTIAL FIELD AND THE BEST WAY TO LEARN IS THROUGH AS MUCH GUIDED PRACTICAL EXPERIENCE AS YOU CAN GET ”

In addition, entrepreneurs and researchers agree that entrepreneurial development occurs through the practical real world experiences of business failure or work experience [246]. Learning from experience and failure also emerges as an important aspect in the empirical qualitative data;

“ ACCORDING TO A RECENT ARTICLE... ALL THE TOP GLOBAL ENTREPRENEURS HAVE FAILED AS MANY AS FOUR TIMES IN THE PAST; SO I THINK IT IS IMPORTANT THAT ENTREPRENEURS REALISE THAT FAILING IS PART OF THE PROCESS AND LEARN HOW TO IMPROVE THROUGH FAILURE AND CARRY ON TRYING, BUT SMARTER EACH TIME... ”

van Gelderen [157] argues that in learning to become an entrepreneur, the central focus should be on the capacity for autonomous action, and Keitz [164] adds that becoming increasingly responsible for personal learning is central to entrepreneurial success. As such, entrepreneurial learning is unique to the individual and therefore diverse. However, research shows that the aspects of experiential and social learning play a significant role [247]. While functional business knowledge is important it is argued that without awareness of the phases of the entrepreneurial learning process, which facilitates the entrepreneur’s approach to sustaining and developing their venture, success is unlikely [247; 248].

According to Tidd *et al.* [10], the innovation process shown in figure 4.8 is an “adaptive learning system” which responds to certain signals, thereby helping the organisation survive and grow. However, Tidd *et al.* [10] argues, the effectiveness of this system requires a second “learning loop” which reprogrammes the system as lessons are learnt. This process is the process of experiential learning, which is proposed by Kolb *et al.* [203]. This experiential learning cycle is shown in figure 3.6b, and is a continual process of experimentation which leads to experience followed by reflection, conceptualisation and further experimentation [203].

In the same way that the experiential learning process is considered critical in improving the effectiveness of the innovation cycle, it is proposed that the cycle is central to the entrepreneurial process. As learning occurs through the experiential learning process, the individual is able to adapt his/her cognition and thus the response to signals. In this way the experiential learning process makes all entrepreneurial tasks more effective and thus forms the basis of entrepreneurial learning.

Therefore, as is suggested in figures 4.4 and 4.5, the entrepreneurial process runs in parallel to the processes of innovation management and entrepreneurial learning, both of which have been shown to be critical to entrepreneurial success.

4.4.3 Motivation and personal attitude

As illustrated in figure 4.4, the starting point of the entrepreneurial process is motivation. Many different motivations for starting the entrepreneurship process exist, however, Bolton and Thompson [62] argue that “motivation to make a difference is the most important”. This is reiterated in the empirical data;

“ ...IT IS CRUCIAL THAT THE IDEA IS VIABLE AND ADDS VALUE ”

While the initial objective of SME’s is often survival, as the business progresses, owner-managers pursue ‘success’ as they perceive it. The objectives of SME owners often relate to personal goals and are subconsciously set rather than formalised in business plans. It is postulated, as discussed in section 1.5.3, that the distinguishing factor between owner-managers and entrepreneurs is that entrepreneurs have growth-related objectives whilst small business managers’ objectives relate to personal goals [31]. One of the greatest barriers to growth is shown to be the owner-manager’s individual characteristics and motivation [30], which is also noted in

empirical data;

“ A BIG CHALLENGE FOR MOST ENTREPRENEURS IS IN GROWING THEIR VENTURE FROM A SUCCESSFUL ONE-MAN SHOW TO LARGER COMPANY WHERE THEY NO LONGER CONTROL EVERY ASPECT ”

The motivations of entrepreneurial individuals in society have been shown to be a crucial driver of economic development [62]. Furthermore, there is a noted call for individuals, especially those who are capable of entrepreneurial behaviours, to become involved and responsible citizens who can function in and contribute to a diverse national and global society [164]. The need to challenge entrepreneurs and instil a motivation to contribute to the greater good is in-line with the research objective of this study, and noted by a number of the experts interviewed, for example;

“ ENTREPRENEURS NEED TO BE THINKING AND BE CHALLENGED REGARDING THE BIGGER PICTURE, WHICH IS MUCH MORE IMPORTANT THAN INTRICATE DETAIL IN ALL OTHER TOPICS. FOR SUCCESSFUL DESIGN ENTREPRENEURS YOU NEED TO GET DESIGNERS INTERESTED IN ADDING TO THE ECONOMY ”

Motivation is noted as a critical factor by numerous academics. Motivation in many ways provides entrepreneurs with a “special kind of drive and purpose to persevere when others might surrender” [62]. In line with this, competitiveness, which is an aspect of motivation, seems to be coupled with individuals showing a remarkable resilience in defeat [62] (an aspect noted in the entrepreneurial process shown in figure 4.4).

Certain personal attitudes that link to motivation are critical in the creation and development of growth-oriented ventures. These necessary attitudes include; i) a willingness to take calculated risks and make changes, ii) commitment [124] and iii) self-confidence and perceived self-efficacy [108; 77; 89] . Experts agree, citing an entrepreneurial mindset and attitude as a critical and distinguishing feature of entrepreneurship;

“ AN ENTREPRENEUR NEEDS TO BE PROACTIVE AND WILLING TO TAKE RISK. ENTREPRENEURSHIP IS A WAY OF THINKING MORE THAN A SPECIFIC SKILL ”

Liñán *et al.* [89] argues that self-efficacy and personal attitude are the “most influential elements of entrepreneurial intention”. It is often assumed that monetary gain is the main motivator for entrepreneurship, however research has shown that fiscal considerations rank relatively low amongst the motivating factors for entrepreneurs, with independence and responding to a challenge emerging as having a much greater impact [62].

Furthermore, it is shown that individuals that possess the personal attitude which links to an internal locus of control are less likely to fail in business attempts. Internal locus of control is an attitude that causes individuals to be able to explain the cause of negative events as linked to internal rather than external factors. For example, an individual that is able to reflect and critically assess the internal reasons for failure is more likely to learn and succeed than an individual who links negative events only to external elements [29]. The internal locus of control element of an individual’s attitude perpetuates willingness and ability to embrace the entrepreneurial learning process effectively and learn from failure.

4.4.4 Strategy

‘Effective’ entrepreneurship requires an entrepreneurial drive and vision [249; 39]. Vision and strategy are impacted by motivations and are the factors that allow for the effective use of unique skills and talents. As noted by Adrienne Viljoen, it is this focused use of design skill that is able

to make a positive contribution;

“ ... THE FOCUSED USE OF DESIGN SKILLS, DESIGN CREATIVITY AND DESIGN THINKING CAN BE USED TO SOLVE A SPECTRUM OF PROBLEMS ”

Self-efficacy [143], proactive development [168] and goals are considered critical in the creation and success of growth-oriented entrepreneurial ventures [108; 110] and are integrally linked with the concept of strategy.

Previous research has identified the sustainability of growth in ventures as often being due to the strategic choices of the entrepreneur [30; 31]. Entrepreneurial firms need to invent their future, base their culture on the vision of the entrepreneur and focus on direction of the enterprise [78].

Increasing competition, limited purchasing power of customers, and low turnover growth rates have created fierce market conditions [29]. Due to their size and limited resources, SME's experience market conditions even more fiercely. In addition, the contemporary nature of competition in business means that success in the 21st century organization depends primarily on building strategic flexibility and competitive advantage. This requires the focused use of strategy and innovation, as well as the focused development of dynamic core competencies and human capital [32]. For achieving sustained growth, superior competitive strategies are critical O’Gorman [30]. Notably, the lack of strategy in small businesses has been linked to causes of venture failure [250; 29]. Figure 4.9 shows the rated critical importance of various strategy-related concepts, as concluded from the empirical analysis.



Figure 4.9: The factors of ‘strategy’ addressed in the empirical analysis and the corresponding number of experts that agree that these elements are critical for SME success in South Africa

As noted in Chapter 1, in the current global situation, no topic is complete without addressing sustainability. Corporate foresight, which is “an approach to enhance competitive position by taking opportunities and managing sustainability... to ensure that the needs of direct and indirect stakeholders will be met today and in the future”, is integral for sustainable development and strategic planning [28]. Foresight procedures are not new in management but lack implementation in SME's [248; 28].

4.4.5 Industry-specific skills and abilities

In the new dynamic business landscape, the survival and performance of a firm strongly depends upon the ability to obtain distinctive capabilities that lead to continuous competitive advantages [31]. Competitive advantage requires a unique relative position, which allows a firm to consistently outperform competitors and sustain an advantage [251; 27]. Key to this is core

competencies which have to be inimitable and tend to be based around human assets, procedures and the entrepreneurs' personal knowledge [27; 172]. Yet, in today's environment the skills, resources, procedures and practises used by organisations need to change perpetually to continuously acquire temporary advantages [27]. However, evidence also suggests that high growth companies build on existing strengths and diversify, restricting their range of activities to a central skill or competence [30]. Many of the experts interviewed specifically note the importance of the entrepreneur focusing on core strengths;

“ ENTREPRENEURS SHOULD OUTSOURCE EVERYTHING EXCEPT THEIR CORE GENIUS AND AVOID WORKING ON THINGS THAT THEY ARE BAD AT BECAUSE IT ONLY MAKES THEM MEDIOCRE AT THEIR WEAKNESSES INSTEAD OF GENIUS AT THEIR STRENGTHS... ”

In the sense of individual entrepreneurship, the entrepreneur is often the sole resource in the business, especially at the beginning [172; 189]. Entrepreneurs should be careful to allocate enough resources to key tasks [86]. The entrepreneur therefore needs to be able to perform all the multiple roles required in starting a business, and thus needs to make decisions about how to allocate their limited time and effort [189].

The factor of focusing on core internal skills and strengths, links closely to the construct of the business concept, especially in the design industry. According to interviewee Goosain Solomon, an academic, lecturer and mentor in the field of entrepreneurship;

“ ...A GOOD BUSINESS CONCEPT ... IS WHERE THE ENTREPRENEUR AND ARTISTIC FORCE FITS IN ”

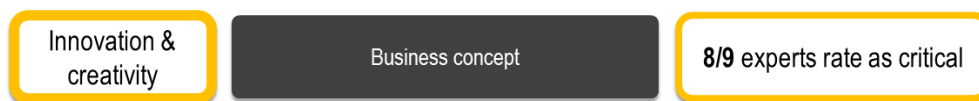


Figure 4.10: The description of 'business concept' used in the empirical analysis and the corresponding number of experts that agree that this element is critical for SME success in South Africa

As is shown by the results of empirical analysis (see figure 4.10), the business concept is widely accepted to be of vital importance, which is further reiterated in the qualitative data collected;

“ THE BUSINESS CONCEPT MATTERS MORE THAN THE [BUSINESS PLAN] DOCUMENT AND EVEN IF THE DOCUMENT IS LACKING, WE [BUSINESS PARTNERS LTD.] WILL ASK FOR MORE INFORMATION IF THE CONCEPT AND THE ENTREPRENEUR IMPRESS US ”

“ ENTREPRENEURIAL SUCCESS IS MORE ABOUT THE ENTREPRENEUR AND BUSINESS CONCEPT THAN IT IS ABOUT EDUCATION, STRUCTURE, PAPERWORK ETC... ”

The core concept of the business needs to be excellent or unique in order to differentiate the venture from competitors [172]. As noted by Prof. Mike Herrington, who researches entrepreneurial failure in South Africa for the GEM;

“ ...[ONE OF] THE GREATEST REASONS FOR FAILURE [IS] THE COPY-CAT MENTALITY THAT IS SO RIFE IN SOUTH AFRICA WHEN IT COMES TO THE BUSINESS CONCEPT... ”

Furthermore, according to the director of one of South Africa's top venture capitalist firms, one of the four criteria on which they judge applications for funding is the uniqueness of the business concept;

“ ... THE BUSINESS CONCEPT MUST BE UNIQUE ENOUGH TO CREATE BARRIERS OF ENTRY TO POTENTIAL COMPETITORS ”

Commentators further note the critical importance of marketing in the survival and progress of ventures, and thus recognise the value in conceiving the business concept from market needs;

“ IF AN ENTREPRENEUR IS ABLE TO CREATE A BUSINESS CONCEPT FROM A MARKET NEED THEN ENTREPRENEURSHIP AND MARKETING MERGE ”

It is argued that one of the main success factors is the interaction of the entrepreneur with the delivery of the service [83], which is also noted as a key element in the entrepreneurial process (see figure 4.4).

As a result of the importance of focusing on internal core competencies and strengths, it is suggested that the development of core skills and abilities specific to the industry of operation should be a central focus. Furthermore, subjective entrepreneurial knowledge and perception is also shaped by experiences within a specific industry, which involves interactions with buyers, suppliers, distributors, and other stakeholders, and produces knowledge about the unique aspects of the specific industry [172].

4.4.6 Entrepreneurial skills and abilities

Entrepreneurial skills and abilities² are difficult to address as distinct from the other themes addressed in this chapter as the topic relates closely and integrally with many of them. For example, entrepreneurial skills and abilities are integrally related to both ‘motivation and personal attitude’ and ‘innovation and creativity’. In addition, the development of direction and purpose for a business is argued to be an entrepreneurial trait [39], which relates to aspects of ‘strategy’, as discussed.

However, certain entrepreneurial knowledge, skills, techniques and behaviours are thought to improve business success [49; 53; 60]. Additionally, problem-solving, creative thinking and critical thinking, reasoning skills are part of the entrepreneurial cognition and thus link to entrepreneurial success [164; 39].

More detailed descriptions of entrepreneurial abilities are widely addressed in literature (and summarised in section 5.2.2) as well as by the experts interviewed. Descriptions of entrepreneurial abilities and skills include;

“ ... ABILITY TO ADAPT, EVOLVE AND PREDICT WHERE TO GO... ”

“ ... PASSIONATE, ENERGETIC, KNOWLEDGEABLE AND EXPERIENCED... ”

Furthermore, an aspect of entrepreneurial ability which emerged in the quantitative analysis as a critical success factor was that of ‘professionalism’, as can be seen in figure 4.11. This factor of ‘professionalism’ includes communication skills and ethical considerations. Written and oral communication skills, especially persuasion, are noted as pivotal in entrepreneurship by multiple authors [252; 39; 143].

²A number of aspects which emerged from quantitative empirical analysis as critical success factors are considered to relate to entrepreneurial skills. Table D.1 in Appendix D shows these factors. A number of these factors are addressed in this section, whilst others are combined with their small business management counterparts and discussed in the small business management section.

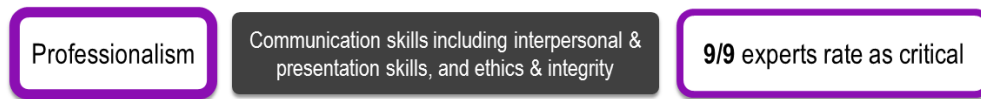


Figure 4.11: The factors of ‘professionalism’ addressed in the empirical analysis and the corresponding number of experts that agree that these elements are critical for SME success in South Africa

Henry *et al.* [39] argue that central to entrepreneurial ability is the shift away from the employee mindset and towards accepting responsibility and realising that success is reliant on personal resources (time and money) and personal risk.

4.4.7 Small business management skills and abilities

A number of aspects traditionally addressed in small business management also emerge as critical to success. The table summarising critical success factors which emerged from quantitative empirical analysis considered to relate to small business management is shown in table D.2. The most often cited factors are financial- and marketing-related considerations [39; 29]. These and a number of other aspects are discussed.

Financial

The issue of access to finance is acutely important because the element of early stage finance has a critical impact on the chances of successful venture creation [109], with success found to be more likely when there are enough financial resources [31]. Lack of finance is regarded as a major inhibitor to business development and SME owners are often unable to raise finance from traditional sources such as banks [67]. Herrington *et al.* [67] argue that over 95% of SME’s started in South Africa do not make use of loan capital, despite funds being available from various players in the financial landscape; including banks, non-bank lenders and public institutions [253; 67]. This could be due to lack of knowledge amongst entrepreneurs regarding where to find funding [67].

“ SUCCESS FACTORS FOR ENTREPRENEURS INCLUDE... ACCESS TO MONEY ”

While external finance is useful and often necessary in launching a business, research suggests that the use of bank loans and overdrafts reduce the probability of survival [58]. This is corroborated by the private equity financier interviewed, who cites failures as often linked to having too much debt to repay;

“ ...COMMON REASONS [FOR BUSINESS FAILURE INCLUDE] A HIGH DEBT GEARING AND THEREFORE TOO MUCH DEBT TO REPAY ”

In addition, research argues that rapid debt repayment and low debt gearing are important for survival, as high debt gearing is not only costly but also increases risk due to uncertain interest rates [58; 29]. High debt to equity gearing is also noted as a reason for funding applications being rejected;

“ ... THE DEBT TO EQUITY GEARING [INCREASES THE ASSESSED TOTAL RISK], ENTREPRENEURS NEED TO MAKE A FINANCIAL COMMITMENT THEMSELVES ”

Lack of financial capital and difficulties in obtaining equity and debt financing are of the greatest challenges faced by SME’s and impose severe restrictions on development and competitiveness [152; 29]. This challenge clearly relates to the South African situation as well, as the

financiers note that;

“ LESS THAN 10% OF APPLICATIONS WE RECEIVE FOR FUNDING ARE SUCCESSFUL, HALF OF WHICH ARE PREVIOUS CLIENTS ”

In the management of SME's, a number of other financial aspects are noted as being critical for success, and often even the cause of failure.

Cash flow problems are responsible for the failure of six out of ten SME's [31]. This key element also emerged from qualitative data gathered during interviews. For example, according to a financial credit risk analyst;

“ ...CASH-FLOW IS KING AND IF YOU FAULT ON THIS, YOU FAIL. WITHOUT CASH YOU HAVE NO BUSINESS ”

An aspect widely noted by both research and the majority of experts interviewed as a central cause of SME failure is the “LACK OF FINANCIAL AND ACCOUNTING SMART”, “LACK OF FINANCIAL SKILLS” and “THE GENERAL LACK OF MAINTAINING A CASH BOOK, THE LACK OF KEEPING TRACK OF DEBTORS, NO ACTIVE CHASING OF DEBTORS”. However, an expert interviewed who is also a professional accountant argues;

“ ALL ENTREPRENEURS CAN'T BE PROFESSIONAL ACCOUNTANTS AND THEREFORE I THINK THAT THE MASSIVE DISPARITY BETWEEN WHAT ACCOUNTANTS ARE CHARGING AND WHAT SMALL BUSINESSES CAN AFFORD IS A MAJOR CONTRIBUTOR TO SMALL BUSINESS FAILURE ”

“MISMANAGEMENT OF FUNDS” is also noted as a cause of failure. In order to survive, a firm should be able to adapt to its environment and protect its core from environmental pressures and fluctuations, which means maintaining a slack resource as buffer. A financial buffer allows firms to mitigate the risks inherent in the dynamic SME environment by creating an allowance, and therefore time, for the organisation to adapt [98].

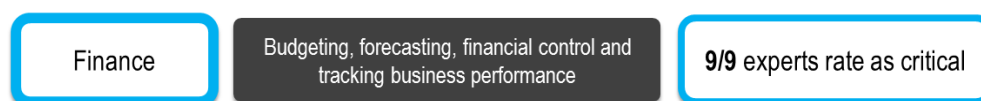


Figure 4.12: The factors of ‘finance’ addressed in the empirical analysis and the corresponding number of experts that agree that these elements are critical for SME success in South Africa

While a number of accounting and finance concepts were included in the questionnaire, the only factors which were generally agreed to be of critical importance were those of ‘budgeting’, ‘forecasting’, ‘financial control’ and ‘tracking financial performance’ (as can be seen in figure 4.12).

Marketing

“ MARKETING IS THE MOST IMPORTANT FACTOR, IF NOBODY KNOWS ABOUT YOUR AMAZING SERVICE OR PRODUCT IT MEANS NOTHING... ”

Other than finance, an aspect commonly cited to cause business failure or lack of performance is marketing and related considerations [167; 254; 108; 77; 39]. Simpson *et al.* [31] argue that marketing is a dominant problem encountered by SME's. This is noted by the majority of the experts interviewed, for example;

“ ...SMALL BUSINESSES SEEM TO BE BAD AT MARKETING THEMSELVES ”

“ ACCESS TO MARKET STILL REMAINS THE LARGEST BARRIER TO ANY SMALL DEVELOPING BUSINESS ”

Franco and Haase [29] add that SME's present an ignorance and non-use of marketing techniques and lack of market knowledge, which contributes to failure. Figure 4.13 shows that one of the critical success factors rated by the experts interviewed relates to market research and matching opportunities to market needs – which is also noted in the qualitative data;

“ THOROUGH MARKET RESEARCH AND COMPREHENSIVE INSIGHT INTO THE MARKET IS VERY IMPORTANT... ”

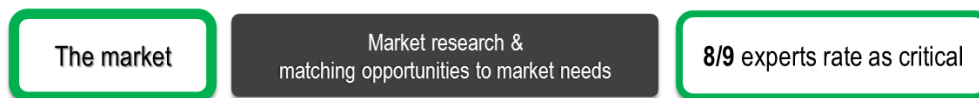


Figure 4.13: The factors of ‘market’ addressed in the empirical analysis and the corresponding number of experts that agree that these elements are critical for SME success in South Africa

Sales, inadequate product development and problems in product commercialization are also considered to be a constraint to success or cause of failure in SME's [31; 29]. Related to this, negotiation and deal-making skills are suggested to be ‘critical’ to success [240; 3; 168]. Figure 4.14 illustrates that similar aspects additionally emerged as ‘critical’ from the quantitative empirical analysis.



Figure 4.14: The factors of ‘product, pricing and selling’ addressed in the empirical analysis and the corresponding number of experts that agree that these elements are critical for SME success in South Africa

Management

Not all managers are entrepreneurs, but all entrepreneurs need to be managers. Ng [255] believes that management means achieving desired results effectively through other people, which requires a vital combination of leadership, communication and people skills.

A number of further management-related issues are cited as critical in the literature, including;

- i) time-management skills [3; 168],
- ii) technical management and leadership skills [252; 39; 143],
- iii) the ability to apply basic management techniques and concepts to new problems and new opportunities [256; 257],
- iv) awareness and understanding of the process involved in managing a new business [167; 39], and
- v) the ability to manage events and conditions in the external environment [249; 39].

The concepts which were rated as ‘critical’ by the interviewees were ‘activity and time management’, ‘personal and team management’, and ‘general management skills’. The results are shown in figure 4.15.

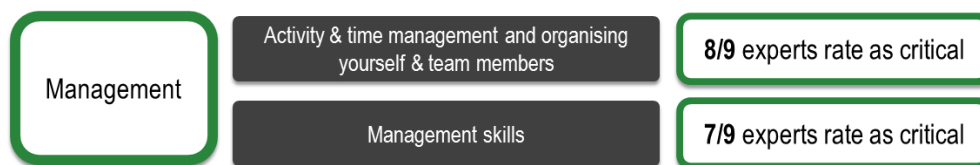


Figure 4.15: The factors of ‘management’ addressed in the empirical analysis and the corresponding number of experts that agree that these elements are critical for SME success in South Africa

Economics

The majority of experts interviewed considered an economic understanding of the nature and characteristics of entrepreneurship in South Africa, as well as an understanding of the modern business environment to be ‘critical’ for success as a SME, as can be seen in figure 4.16. Other concepts related to economics, however, received fairly low importance ratings.

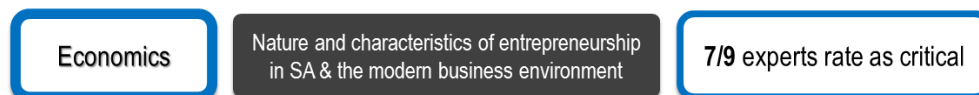


Figure 4.16: The description of ‘economics’ addressed in the empirical analysis and the corresponding number of experts that agree that these elements are critical for SME success in South Africa

Research and analysis

The implementation of research and access to external knowledge and technology in order to develop firm-specific assets has been proven to impact success. The survival and performance of a firm strongly depends upon the ability to obtain distinctive capabilities that lead to competitive advantages [241; 242; 243; 29]. Furthermore, knowledge serves as an input into the innovation process and is therefore linked to the ability to remain competitive in the new business environment [47]. Therefore, knowledge management is argued to be the “new route to competitive advantage”, and thus effective research, analysis and use of new knowledge is critical to SME success [49; 97].

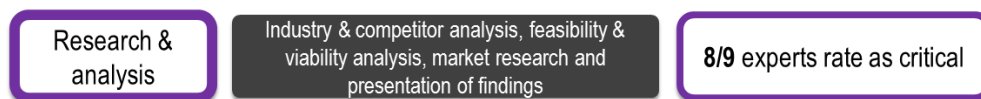


Figure 4.17: The factors of ‘research and analysis’ addressed in the empirical analysis and the corresponding number of experts that agree that these elements are critical for SME success in South Africa

In addition, Townsend *et al.* [258] find that time spent accruing additional market and/or industry knowledge could both better prepare entrepreneurs and prevent excess entry by overly optimistic entrepreneurs, thereby reducing failure.

Figure 4.17 shows the perceived ‘critical’ importance of research and analysis concepts for business success as rated by the experts interviewed.

Quality management, human resource management and operations management

Human resource management and aspects of organisational culture such as; i) shared values initiated by the owner but embedded in employees and working environment, and ii) a collaborative approach involving employees in decision-making, and instilling a sense of ownership are found to have a strong positive impact on SME performance [31]. This effect is noted by researchers and successful owner-managers. Strong but informal cultures and employee integration are vital [257]. The human resource is the most important aspect of culture because employees can shift the culture [97]. The recruitment of quality staff is considered a predominant and major challenge and a barrier to success in SME’s as financial limitations result in less qualified and experienced staff than required being hired [83; 31; 29]. Furthermore, the experts interviewed universally agreed that human resource management was ‘critical’ to SME success (see figure 4.18).

As shown in the figure 4.18, elements of ‘operations strategy’, ‘operations management’ and ‘planning for the implementation of business operations’ are also considered to be ‘critical’ for success by the majority of interviewees.

Quality is noted as an important consideration in competitiveness, as it differentiates a business from its competitors [259]. As shown in figure 4.18, quality control and quality management concepts are considered to be ‘critical’ by seven of the nine experts interviewed.

4.4.8 Networking

“ IF THE ENTREPRENEUR IS GOOD AT ONE THING AND CAN NETWORK AND SOCIALISE WELL, THEN BUSINESS MANAGEMENT SKILLS NEED ONLY BE AVERAGE... ”



Figure 4.18: The factors of ‘human resource management’, ‘operations management’ and ‘quality management’ addressed in the empirical analysis and the corresponding number of experts that agree that these elements are critical for SME success in South Africa

A network of participants is involved in the process of entrepreneurship and the relationships developed with these participants are central to success and have been intensively studied in SME literature [257; 29]. The significance and importance of networks and networking in entrepreneurship is widely recognised [95]. Human and social capital plays a vital role in nascent ventures and evidence from social and entrepreneurship network literature shows that entrepreneurs obtain valuable resources from their networks that make them perform better and help them achieve entrepreneurial goals [88]. Social capital consists of existing and potential resources including; information, advice, social support and legitimacy; which are inherent in and available through networking relations [121]. Furthermore, networks are considered to be a valuable source of learning [4] as knowledge, activity and social relations are closely inter-related and thus through relating with others, individuals are able to maximise useful knowledge [212].

Within networking and social capital, a number of elements are argued to be important [240; 168; 3; 89], including; i) social networking skills, ii) human relations skills, iii) “entrepreneurial know who” (being able to identify the generic actors in new venture creation in a particular sector, locating those who may be interested in or concerned by a project or able to provide finance, etc [53]), iv) role models, and v) mentors .

Network density, business network size and higher levels of social capital have been empirically proven to increase performance [29; 88]. Furthermore, network-related issues are cited for contributing to business failure, and success is stated to be dependent on relationships developed with the other participants in the process [257]. Yet, despite all these factors highlighting the importance of social capital, many owner-managers are “not very concerned about it” [29], and networks remain under-utilised for their ability to aid performance and learning [88].

“Globalisation can only fuel our need to build deeper and wider relationships with individuals, environments, groups and organisations” [12].

4.5 Conclusion

The experts interviewed universally note the importance of entrepreneurship;

“ THE MASSIVE NEED FOR ENTREPRENEURSHIP IN SOUTH AFRICA IS OFTEN UNDERESTIMATED ”

However, it is also widely agreed that there is a serious lack of skill amongst current South African SME owners;

“ SOUTH AFRICA IS LOUSY AT ENTREPRENEURSHIP. THERE IS A HIGHER RATED BUSINESS FAILURE IN SOUTH AFRICA VERSUS OTHER COUNTRIES ON THE SAME DEVELOPMENTAL LEVEL ”

In addition, many of the interviewees consider entrepreneurship education in South Africa to lack relevance and have too little impact on the entrepreneurial intentions and behaviours of their students;

“ THE WAY FORWARD FOR SOUTH AFRICA IS A NEW EDUCATIONAL LANDSCAPE THAT ADDRESSES THE SOCIAL ISSUES OF ENTREPRENEURSHIP THROUGH VOCATIONAL EDUCATION... CURRENT EDUCATION IN SOUTH AFRICA IS LEAVING ASPIRING ENTREPRENEURS BEHIND ”

A lack of education and training in SME's and entrepreneurship amongst current owner-managers is noted to contribute to failure and the inability to achieve success [250; 31]. However, many of the experts note that the aspects of small business management, while important, are much less critical than elements such as innovation, networking and focusing on core competencies;

“ ...OTHER ASPECTS ARE MUCH MORE IMPORTANT THAN DETAILED KNOWLEDGE OF MANAGEMENT PRINCIPLES... ”

One of the few elements upon which there was absolute agreement amongst the interviewees, was the importance of utilising innovation and creativity in the entrepreneurial process. While all experts interviewed regarded this aspect to be of the highest importance, and most pointed out the importance of strengthening core competencies rather than diluting expertise into management fields, it is clear that a certain business understanding and competence remains of critical importance;

“ THE DIFFERENCE BETWEEN AN ENTREPRENEUR AND A CRAFTSMAN, IS TO BE AN ENTREPRENEUR YOU HAVE TO ADD THE BUSINESS ELEMENT TO AN IDEA TO TURN IT INTO A BUSINESS ”

From the above discussion the following key aspects can be concluded:

- i) the central processes of 'innovation and creativity' and 'entrepreneurial learning' are critical and should receive conscious attention and occur continuously and in parallel with the entrepreneurial process;
- ii) motivation towards growth and making a difference provides the stimulation for these parallel processes and drives 'effective' entrepreneurial behaviour, resulting in perseverance and determination to overcome challenges and succeed;
- iii) this motivation instigates development of vision and thus the use of strategy, which differentiates a venture with no direction or control from one in which resources and energies are aligned towards achieving specific outcomes;
- iv) a conscious strategic use should be made of the network and social capital available;
- v) social capital not only aids the achievement of goals, but also facilitates entrepreneurial learning;
- vi) small business management competencies and an understanding of business and the business environment provide the tools to facilitate the other, more critical aspects and processes; and
- vii) while not sufficient, business aspects are also critical for survival and growth of a venture; especially financial and marketing considerations.

Chapter 5

The creative sector



“The very nature [of the creative industries] is innovative and it is this very creativity that needs to be boosted and encouraged” [21]

5.1 Chapter description

The aim of this chapter is to provide insight into the design sector, in terms of both design education and designers in business, both in general and specific to South Africa. Thus the chapter is split into two sections. The first section looks at design education in terms of preparing students for a career as an entrepreneur. In this section, educators at South African design schools in each design division are interviewed, and literature and theory is analysed alongside empirical findings to provide meaningful insight. In the second section, a range of ‘creatives’ in business (referred to, without judgement of accuracy of the term, as ‘design entrepreneurs’) from each of the six selected design sectors are interviewed. Designers are theoretically sampled in order to fit not only the criteria of the selected design fields, but a number of other criteria that add further understanding through the use of cross-comparisons and analysis.

The outcome of this chapter is hoped to be a greater comprehension of; i) the current state of education in design with regards to creating entrepreneurs, ii) the challenges and abilities of design education and problem areas noted by experienced design educators, iii) the current state of designers in business in the six selected fields, iv) their strengths and weaknesses, v) their knowledge basis and gaps, vi) their greatest challenges and issues, and vii) the most prominent areas for improvement.

As discussed in Chapter 2, the discovery of information is guided through both empirical and theoretical research, and gathered and analysed data is presented in both qualitative and quantitative form, along with concurring and contradicting evidence from literature.

5.2 The creative industries and ‘creatives’

Both education and the world of work is adapting to the ‘new reality’ and the creative industries are considered to “embody ideas, technologies and ways of working that characterise the future economy and world of work” [260].

There is no consensus on what constitutes the creative industries [16], and due to a lack of longitudinal research conducted in the industries, there is a gap in the understanding of the commercial characteristics of the sector [21].

However, the challenges faced by entrepreneurs in the creative industry is an important contemporary issue and it is widely agreed that research into the features, barriers and challenges faced by entrepreneurs in this industry in various countries, “is valuable despite its possible incompleteness” [16].

The term ‘creative industry’ encompasses a vast array of companies, products and services whose primary resources are creativity and intellectual property [5]. The term has become an industrial metaphor formally adopted by several nations as including the following sub-sectors: Advertising, Architecture, Art and Antiques Markets, Crafts, Design, Designer Fashion, Film, Interactive Leisure Software, Music, The Performing Arts, Publishing, Software and Computing Services and Television and Radio [74].

5.2.1 Industry characteristics and challenges

The creative industries are economically important and growing rapidly and the environment in which they exist is complex and subject to rapid changes, transient relationships with customers, and extreme competition [21; 5]. These factors create opportunities for new venture creation and growth, but also mean high volatility and increased demands on the individuals working in the field [11]. Furthermore, the creative industries comprise of a flexible, mobile, fluid and entrepreneurial workforce that is constantly seeking new ideas, collaborations and markets

[21; 5; 11]. In fact, the adaptability and flexibility of the industry is argued to provide a model for other sectors to survive in the new economy [21].

Despite the wide range of sectors encompassed in the creative industries, a number of characteristics have been identified as key to the nature of the industry [21; 70], namely that;

- i) small and micro firms dominate,
- ii) work is largely project-based, commissioned and once-off, with a set duration and price,
- iii) work is largely freelance or contract-based, with up to 50% of capacity being contracting in when necessary,
- iv) ventures are generally self-sustaining, but profit margins are low and businesses are often overly reliant on funding, and
- v) ventures are often led by inexperienced ‘creatives’ and managed unconventionally (which is argued to exhibit high levels of motivation and willingness to take risks).

While these characteristics contribute to the strength of the industry in that they allow flexibility, they also create an unstable base in the industry and hamper stability and development [70]. A number of further challenges face the creative industries [21; 70; 63; 23];

- i) a gap exists between the high number of graduates entering the industry and the limited opportunities available for creative work,
- ii) there is a noted disconnect between tertiary institutions and the industry,
- iii) investment levels are low and there is a lack of access to conventional business finance opportunities, as well as poor government development efforts,
- iv) while a gap exists in the knowledge base regarding the local market for the creative industries products and services, it is suggested that it may be small,
- v) competition for discretionary income has never been greater and it is often difficult for locally produced work to compete with internationally produced work, and
- vi) creative workers often earn very low incomes and rely on work in other sectors for survival, reducing the overall capacity of the sector to create and innovate, with only the most dedicated succeeding in creating viable creative careers.

In this competitive, dynamic and volatile industry, well-developed career management competencies as well as speed and effectiveness of learning are critical to success [23; 24]. Furthermore, the creative industries are reliant on trends, resulting in a discontinuous environment characterised by ‘step changes’ which cause rapid replacement of business models and a reduced possibility of establishing routines of best practices, thereby enhancing the critical importance of innovation and innovation management [11].

5.2.2 ‘Creatives’ as entrepreneurs

Creative entrepreneurs are the ‘key stakeholders’ of the creative economy [123; 23]. Similar to research relating to enterprise education, an understanding of entrepreneurs within the creative industries is also emerging [72]. A recent addition to this literature is a research volume called ‘Entrepreneurship in the creative industries: an international perspective’ by Henry [16], which features a variety of definitions for the ‘creative entrepreneur’, such as; “someone who is a holder of tacit knowledge that is realised as part of human capital and includes individual skill, competence, commitment and creativity based mindsets” [63]. According to Matheson [5], people working in the diverse environments encompassed within the creative industries can now

identify simply as ‘creatives’¹ without needing to be defined in disciplinary or more traditional professional terms. Furthermore, these ‘creatives’ are increasingly being recognised as innovative entrepreneurs in their own right [5]. The creative entrepreneur is considered to be someone who uses their “creativity to unlock the wealth that lies within themselves” [20].

Despite repeated confirmation in literature of aspects shared by successful entrepreneurs, it is accepted that there are always exceptions to the rule because entrepreneurs are unique and follow individual paths and therefore no ‘cause-effect’ model can be defined [62; 21]. However, some entrepreneurs continue to differentiate themselves through outstanding performance, perpetuating the continued research into explaining entrepreneurial behaviour and success [62].

Entrepreneurship has been argued to be the function of many fundamental concepts, such as personal characteristics or talent [62; 57]. The role of personality traits in entrepreneurship and the decision to create and successfully maintain a venture is discussed controversially in entrepreneurship research [192], for example; i) psychological literature suggests a combination of skills and characteristics which appear to occur in combination, ii) Rauch and Frese [192] suggest specific traits that may be linked to certain entrepreneurial tasks, and iii) many argue that different categories of entrepreneurs exist that possess different sets of attributes and behaviours [261; 262; 62; 89]. There is an accumulation of research attempting to define, often oversimplifying, characteristics shared by the owners of SME’s which affect their success. However, it is widely agreed that in conclusion, entrepreneurs constitute a highly heterogeneous group and thus there is no simple pattern or archetypal entrepreneur [261; 234; 62; 3; 39; 31; 104; 82; 33; 17].

Morrison [78] proposes an approach that defines entrepreneurship by a list of characteristics. There is a wide diversity in the characteristics and combinations of owner-managers, yet it is not necessary to possess all these characteristics for success [31]. The precise number and types of behaviour are unimportant, “what is important is the recognition of the sort of behaviours/attributes that characterise the entrepreneur and the fact that these characteristics can be acquired and/or developed” [3]. Figure 5.1 shows a list of some of the skills, attributes, traits and characteristics of entrepreneurs commonly cited by researchers. The figure is developed from the lists of Lessem [261]; Bolton and Thompson [62]; Kirby [3]; Rauch and Frese [192] and Heinonen and Poikkijoki [4], amongst others, and is not meant to represent a definitive listing, nor are the colors in the figure representative of anything.

Rae [74], a key researcher in the field of entrepreneurship education in the creative industries, states that entrepreneurship is the act of ‘applied creativity’ [33]. It is often argued that many of the character traits inherent in creative individuals are those possessed by successful entrepreneurs, and considered to be ‘entrepreneurial traits’ [21; 63; 23]. It is widely and internationally claimed that creativity is linked to intentions and “specifically and pro-actively” influences entrepreneurial behaviour due, in part, to its links to innovation, product development and marketing [33]. Creative individuals possess conceptual ability, creativity and innovative ability [210; 21]. Furthermore, these individuals are usually highly educated, possess a strong need for independence and desire to start their own business so as to avoid the regulations imposed by employment [21].

5.2.3 Design education promotes ‘entrepreneurialism’

According to Kirby [3], an international entrepreneurship expert and lecturer, creative students possess attributes which could contribute to excellent entrepreneurialism.

Furthermore, as discussed in section 3.3.3, traditional entrepreneurship education has come under scrutiny for not only being ineffective in producing entrepreneurial individuals, but even reducing entrepreneurial ability and spirit [21]. Researchers suggest that aspects of design education could address many of the weaknesses identified in entrepreneurship education and therefore

¹This term is adopted in this study.

Opportunity orientation	Persistence	Problem-solving	Internal locus of control	Creativity	Profit orientation
Need for achievement	Initiative	Taking responsibility	Orientation to clear goals	Determination	Ability to take calculated risks
New designer	Planner	Leader	Negotiator	Intuition	Persuasive
Ego drive	Versatile	Resourceful	Dedication	Individual perception	Dynamic
Innovativeness	Focus	Perseverance	Activator	Self-confident	Independence
Urgency	Honesty & integrity	Need for autonomy	Courage	Expertise orientation	Team
Flexibility	Pro-active	Tenacious	Endurance	Stress tolerance	Passion for work

Figure 5.1: A list of some of the skills, attributes, traits and characteristics of entrepreneurs commonly cited by researchers

design education is, in many ways, well suited to developing entrepreneurial traits in students [91; 263; 23].

John Cooney, head of ‘Red and Yellow’ communications design school, noted in the research interview, the weaknesses in traditional education for creating entrepreneurs;

“PEOPLE CAN BE TAUGHT ENTREPRENEURSHIP... [BUT] TRADITIONAL EDUCATION SYSTEMS FAIL IN TWO WAYS. FIRSTLY, THEY CREATE A FEAR OF FAILURE. TO BE GOOD IN THIS BUSINESS IN ANY WAY YOU HAVE TO BE PREPARED TO FAIL. WHETHER YOU WIN OR LOSE, DON’T LOSE THE LESSON. A LOT OF ENTREPRENEURS AREN’T SCARED OF FAILING AS LONG AS THEY LEARN, WHICH IS AN IMPORTANT ASPECT [OF ENTREPRENEURSHIP]. [ENTREPRENEURSHIP] IS A RISK BUT, BELIEVING THAT RISK IS GOOD AND WHATEVER HAPPENS WIN OR LOSE YOU HAVE TO LEARN, [IS] A MINDSET. SECONDLY, [THE TRADITIONAL EDUCATION SYSTEM] FORCES [STUDENTS] TO FOCUS ON WHAT [THEY] ARE BAD AT. THESE ARE HUGE ELEMENTS OF BEING SUCCESSFUL IN THIS FIELD AND BEING A SUCCESSFUL ENTREPRENEUR: GO FOR IT, KNOW WHAT YOU ARE GOOD AT, DON’T TRY TO FIX WHAT YOU ARE BAD AT BECAUSE YOU [MAY BECOME] SUCCESSFUL BUT YOU WILL NEVER BE FANTASTIC! ”

It is argued that in order to make traditional entrepreneurship education more effective, a change in content is not sufficient. Developing entrepreneurial individuals requires an environment that changes the way students learn and reinforces the development of entrepreneurial skills [3]. From a neuropsychological perspective, the brain appears to be divided into two hemispheres; the left side promotes logic and narrowly focused systematic thinking whereas the right side processes information intuitively and thinks laterally, unconventionally and produces creativity [75; 264]. According to Chia [265] there is much evidence of calls for traditional education to move away from developing only left-brain analytic skills and to develop right-brain entrepreneurial capabilities, which is the central aspect of creative education. It is thus suggested that individuals that have developed right-brain thinking, as is the case with creative graduates, are able to; i) challenge the status quo, ii) reflect, iii) view things from various perspectives, iv) view mistakes and failures as part of the process, v) generate creative solutions, and vi) see issues from a broader perspective while also focusing in on areas in need of change. Formal education since the time of the ancient Greeks, has developed left brain capabilities in students [3], however Nieuwenhuizen and Groenwald [266] find that the ‘brain preference profiles’ of successful entrepreneurs tend to favour the right hemisphere.

Creative students are continually exposed to right-brain development in their studies, which teaches them to be critical and challenge ideas and concepts. In contrast business schools tend to develop predominantly left-brained thought processes. The creative approach promotes continuous and complex evaluation of situations and circumstances [63].

5.2.4 The creative industries in South Africa

The creative industries are accepted for the value they add to the South African economy and society. However, these are not well quantified, making estimates of contribution to macro-indicators difficult to generate [70].

The SABS Design Institute has been nurturing the progression of design in South Africa for over 40 years through running programmes aimed at keeping South African design innovative and globally competitive. It is thanks to these efforts that there is a strong design culture and talent in South Africa. However, design education focuses primarily on the science and skill of design and thus the strength within the industry is potentially limited to industry-specific skills, not transferable skills [24]. The strong base of industry-specific education and talent creates the potential for development into ‘effective’ entrepreneurial ventures once the weaknesses in the sector are established and addressed.

5.3 Empirical introduction

As discussed in the first portion of this chapter, there are multiple compelling factors that should have created a large sector of ‘effective’ creative and design entrepreneurs. This is because;

- i) designers are likely to become self-employed for a number of reasons including;
 - a) the nature of work in the creative industries,
 - b) the lack of creative work opportunities offset by the large number of creative graduates, and
 - c) their personal characteristics mean that they seek freedom and independence and the opportunity to practice their skill without the restraints imposed by traditional work,
- ii) design education is thought to be better-suited to instilling entrepreneurial abilities than traditional entrepreneurship education, and
- iii) designers are considered to have many of the traits of successful entrepreneurs.

However, despite these factors, there is a lack in both the quantity and quality of design entrepreneurs visible within the South African SME sector. While many small businesses run by designers or ‘creatives’ may exist, there is a noted and visible lack of ‘effective’ (successful) entrepreneurial ventures in the sector [22; 70]. Entrepreneurship in the creative industries and the related development of entrepreneurial skills is not well understood [74; 91]. Thus, the empirical research conducted in the rest of this chapter is aimed at ascertaining reasons for this discrepancy and attempting to find solutions that will increase ‘effective entrepreneurship’ amongst creative individuals, thereby increasing the utilisation of South Africa’s inherent innovation resource.

5.4 Design educators

Business and entrepreneurship education has traditionally been the responsibility of business schools and historically there has been no creative enterprise education. Furthermore, it is suggested that entrepreneurship education has “been part of a hidden curriculum within art and design schools”, and entrepreneurship and business content, although not completely absent, is not the focus [21];

“ WE ARE TRAINING DESIGNERS... [AND FOCUS] ON CREATIVE AND INDUSTRY-SPECIFIC SKILLS RATHER THAN TRANSFERABLE SKILLS ”

It is suggested that business- and entrepreneurship-related soft skills required by designers and artists are embedded into design courses [21], which is corroborated by the a number of the educators interviewed, for example;

“ WE DESIGN BUSINESS SKILLS INTO OTHER SUBJECTS ”

Due to the entrepreneurship and business element in these courses not being explicitly stated, ascertaining the state of entrepreneurship content in design courses requires conducting interviews with individuals involved in design education. For this reason design educators are interviewed regarding the elements of entrepreneurship and small business education which they consider to be included in the curricula offered at their institutions.

5.4.1 Selection of design educators

Design educators are selected using a theoretical sampling strategy, as discussed in Chapter 2. As shown in figure 5.2, design educators that represent each of the six chosen design divisions are interviewed. Design educators, usually the director or head of the institutions, are sought that represent each design division selected.

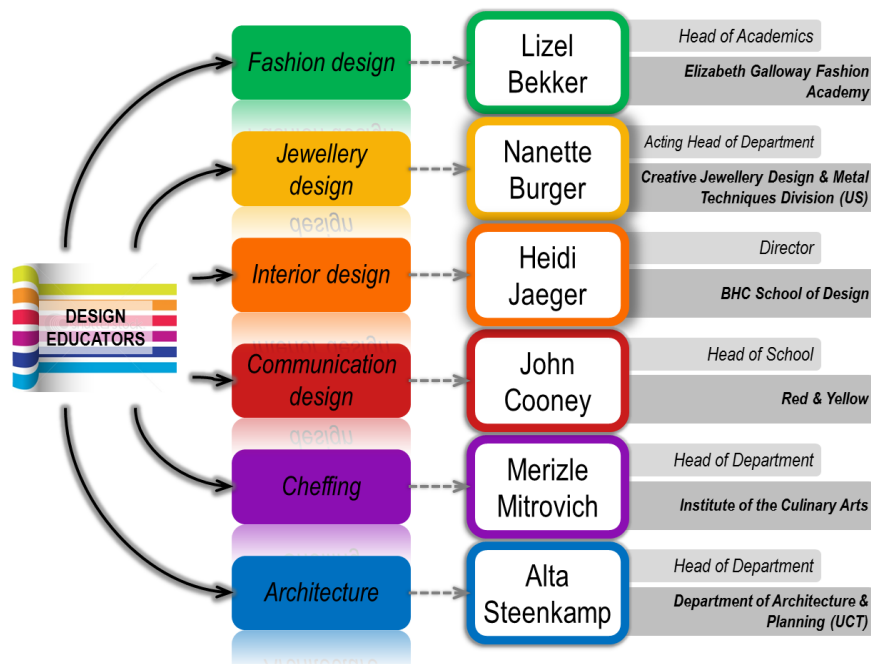


Figure 5.2: Illustration of the theoretical sampling of design educators for the empirical research

5.4.2 The education gap

The gap in provision for design students lies in using their talent and learnt skills in order to make money as a creative business. Some argue that creative discipline students additionally lack specialist industry knowledge and an understanding of their role in it [21].

Raffo *et al.* [73], Leadbeater and Oakley [72] and Rae [214] observe that the use of mainstream approaches for developing entrepreneurial skills cannot be assumed to be relevant or effective for creative entrepreneurs [63]. Business-led pedagogies have failed to make an impact on creative individuals [21]. For this reason, entrepreneurship education needs to adapt, both in content and approach, to better interact with the creative audience, who are unlikely to possess pre-existing business knowledge and understanding [91].

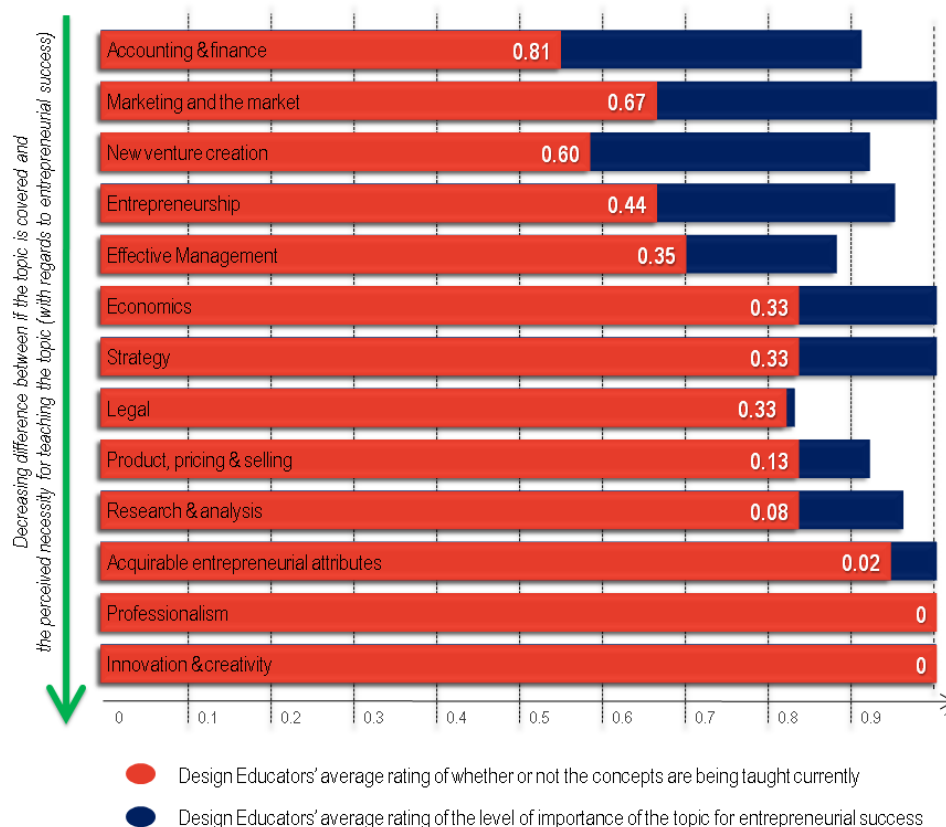


Figure 5.3: The gap between average rated level of importance and degree to which the concepts are taught, as analysed from the empirical data collected from the design educators

Figure 5.3 illustrates the empirical results regarding the education gap that exists in South African design schools. The figure shows the results gathered from quantitative analysis of the data collected through interviewing the design educators. For each of the themes included in the questionnaire, the figure shows (the text is colour-coded to the figure for ease of reference):

- i) The level of importance for success in a small business, as rated by the design educators, with '1' being the most critical.
- ii) the proportion of the design educators who consider the topic to be included in their syllabi².
- iii) The value shown on the bar in the figure relates to the calculated difference between educators' ratings of "is this topic covered?" and "should this topic be taught in order to

²More than one aspect exists within certain topics and as such design educators could rate some aspects within a topic as being covered in the syllabus whilst others are not. The figure shows the average for the entire topic.

increase entrepreneurial success of graduates?”. As such, the values on the bars do not relate to the size of the bars or the values on the horizontal axes. It is these values that determine the vertical arrangement of the topics and relate to the vertical axis. Thus the top-most topics are those that are concluded in this analysis to have the largest gap between the perceived need for teaching the topic for entrepreneurial success and the level to which the theme is considered to currently be taught.

Despite many creative ventures being run by highly educated ‘creatives’, business skills are generally low and the poor profitability of these businesses is partly attributable to the lack of key skills [21]. Although the approach to education in the creative disciplines strengthens entrepreneurial cognition, there is mostly little or no economic background which means that fiscal considerations are not developed [91]. According to Blackwell *et al.* [267], the single biggest area regarded as absent from art and design courses is the link to business or the ‘real world’.

Design education for entrepreneurship

Figure 5.4 shows the comparison between the focus of traditional entrepreneurship education, and the focus of entrepreneurship education aspects included in design education. From this illustration it is clear that the entrepreneurial content in design education predominantly addresses entrepreneurial aspects and motivational aspects, whereas traditional entrepreneurship education presents predominantly small business management aspects³ [3].

These results further corroborate the theory that the entrepreneurial content in design education is more focused on entrepreneurship than traditional entrepreneurship education, which is considered to place more focus on small business management aspects [28].

Teaching methods used

As discussed in section 5.2.3, the focus in design schools is on right-brain development, which not only creates critical thinking cognition, but also prepares individuals to think ‘outside the box’, innovate and create competitive advantages [63]. This aspect is noted by design educators;

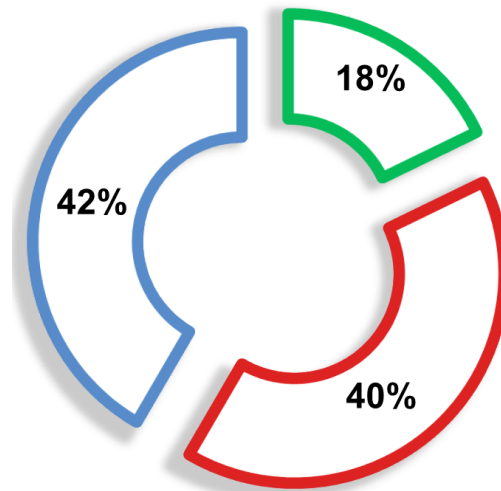
“ WE TEACH ENTREPRENEURIALISM IN GETTING PEOPLE TO THINK LATERALLY RATHER THAN JUST ECONOMICALLY LATERALLY ”

According to Penaluna and Penaluna [63], a number of additional characteristics of design education are frequently cited as being favourable for the development of entrepreneurial individuals, such as;

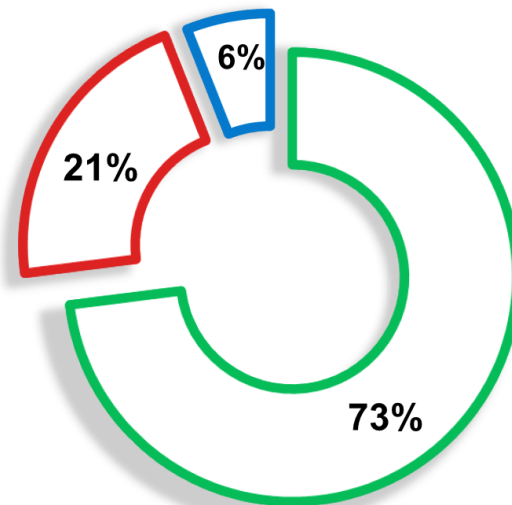
- i) design education constantly challenges students,
- ii) working to briefs continuously extends and challenges knowledge,
- iii) design educators applaud bravery and process regardless of the outcome,
- iv) most design courses consider network and social capital,
- v) designers are taught to respond within constraints, and
- vi) design students are frequently required to present publicly.

Empirical qualitative information from the interviews with design educators confirms the use of many of these methods, as discussed...

³These graphs merely show the division of the focus of entrepreneurship education in the two contexts in question and does not relate to the intensity or quantity of content covered.



(a) Focus in design education



(b) Focus in traditional entrepreneurship education

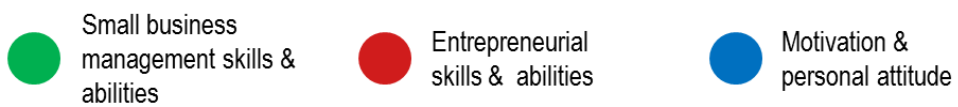


Figure 5.4: The difference in the focus of entrepreneurship education presented into the contexts of design- and traditional entrepreneurship education respectively

“ A LOT OF THE STUFF THAT WE EXPOSE PEOPLE TO IS THROUGH PROJECTS AND WE HAVE A VERY BIG THING HERE OF LEARNING BY DOING ”

“ [THE STUDENTS] RUN A RESTAURANT... IT IS LIKE A LIVING CLASSROOM ”

Design education constantly challenges students which develops a mindset of confidence to create change and face challenges [63]. This need to be continuously challenged is an aspect that is noted as critical to entrepreneurial development [208; 41].

The ability of students to anticipate and accommodate change and work within the contexts of ambiguity, uncertainty and unfamiliarity is central to design education as design students *work to briefs*, which *constantly extend and challenge their knowledge*.

Furthermore, *design educators applaud bravery and process regardless of outcome* which encourages students to attempt new and ambitious projects and thus teaches a tolerance of risk and the ability to learn from failure [63]. This is in contrast to traditional business education processes which a number of authors argue instil a fear of failure and unwillingness to take risks [3; 144; 268]. Alberti *et al.* [108] states that undoing the risk-averse bias is an obvious move away from traditional business education which focuses on quantitative analyses with an emphasis on postponing action until all the necessary data has been collected and examined. As John Cooney of ‘Red and Yellow’ argues in relation to the teaching philosophy of the school;

“ WHETHER YOU WIN OR LOSE, DON’T LOSE THE LESSON... RISK IS GOOD AND WHATEVER HAPPENS YOU HAVE TO LEARN ”

Most design courses *consider the broader team and links with other professionals* in an integrated way [63]. A number of educators note the extensive use of team work for teaching important skills in their curricula, such as;

“ LEADERSHIP AND OTHER ENTREPRENEURIAL ABILITIES ARE COVERED IN PRACTICAL GROUP WORK... ”

“ MANAGEMENT AND LEADERSHIP TAUGHT IN THE PRACTICAL NATURE OF INDIVIDUAL AND GROUP PROJECTS... ”

A number of the design educators pointed out the importance of the industry in developing their students, and attempt to integrate the industry into their teaching methods, for example;

“ THE SCHOOL IS VERY MUCH INDUSTRY-BASED ”

“ WE GET ROLE MODELS FROM THE INDUSTRY TO COME TALK TO STUDENTS ABOUT BUSINESS ISSUES ”

“ ROLE MODELS FROM THE FIELD PRESENT THE REALISTIC AND BUSINESS ASPECTS ”

In addition, designers are *taught to respond within constraints set by others*, and thus learn to balance the demands of personal creative endeavour with the constraints of the client brief [63].

Another aspect in which design education prepares students for entrepreneurial competencies is through the extensive use of public presentations as an assessment method. Design students are *frequently required to present publicly* and assessment is peer-enabled, discussion-based and involves critique [63]. This instils in the individual the ability to present ideas and sell concepts in a professional and clear way. This aspect of design education is widespread and used by all the school included in the analysis. Furthermore, Lizel Bekker, the Head of Academics at ‘Elizabeth Galloway Academy of Fashion Design’, mentions that industry experts are brought in to watch presentations and critique the students in order to improve their preparedness for the working world;

“ WE EVEN HAVE TRUWORTHS COMING TO LISTEN TO THE PRESENTATIONS OF OUR THIRD YEARS AND [CRITIQUE] THEM ON THEIR PRESENTATIONS ”

All these techniques overlap with those suggested for an effective entrepreneurial learning process [63; 23].

Lastly, the business plan, which is generally utilised in traditional EEP’s, is also widely employed in design education as a means, often the only means, through which to teach the business skills [21]. Kellet [21] proposes that in order to help students become “entrepreneurially conversant”, the development of a viable business plan is of primary importance, a philosophy which appears to be shared by most of the design educators interviewed;

“ WE DO HAVE A UNIT IN WHICH THE STUDENTS HAVE TO RESEARCH A BUSINESS IDEA AND PRODUCE A BUSINESS PLAN ”

“ STUDENTS HAVE TO COME UP WITH A DESIGN CONCEPT AND PUT A BUSINESS PLAN TOGETHER FOR THE DESIGN ACHIEVERS AWARD ”

“ ...[STUDENTS] HAVE TO DO A BUSINESS PROPOSAL WHICH INCLUDES FINANCIAL FORECASTS ”

However, the impact and importance of using the business plan as a central teaching pedagogy is debated [59; 167; 173; 82; 39]. Many believe that the business plan is too stagnant a concept and as such opposes the dynamics and characteristics of change and flexibility which are central to entrepreneurial success [82; 39]. As Gibb [82], a number of the industry experts from Chapter 4, and a number of design entrepreneurs presented later in this chapter warn; excessive focus on the business plan as an output may inhibit entrepreneurial response to subsequent changes in the environment. Furthermore, in-line with commentary from the ‘financiers’ from Chapter 4, Henry *et al.* [39] argue that a business plan does not reflect the abilities of the individual entrepreneur, which have the strongest impact on the ultimate funding decision. Yet the business plan document in itself is required if the individual is applying for funding, which is often necessary for growth potential;

“ THE BUSINESS PLAN IS CRITICAL IF YOU WANT TO GO FOR FINANCE OR TO SEE IF THE CONCEPT IS VIABLE AND WILL WORK OVER THE LONG RUN... IN OUR INDUSTRY IT’S A LOT OF EQUIPMENT YOU MIGHT NEED SO IF YOU WANT TO HAVE GROWTH POTENTIAL IN YOUR BUSINESS YOU WILL MOST PROBABLY NEED FUNDING FOR YOUR BUSINESS START-UP ”

The solution in education may be to use the business plan as a teaching tool, but emphasise the dynamic nature and the need for a “good business plan... [to] discuss people, opportunity, and context as a moving target” [33].

Emergent discussion and conclusions

From analysis of literature and the empirical data collected from the design educators interviewed, a number of findings and conclusions emerge. These emergent results are:

- i) design educators recognise the importance of business management skills for success,
- ii) despite this, teaching design skill claims precedent as it is the ultimate purpose of design education,
- iii) design education includes many entrepreneurship aspects which are implicit in the pedagogies employed,
- iv) minimal small business management content is included in design syllabi, and
- v) the few business-related concepts taught do not have the intended impact on the design students.

These findings are presented, along with literature and empirical data, in the section that follows.

While design students may be taught to think in the way that successful entrepreneurs are considered to think, there remains a knowledge gap with regards to business aspects; with creative individuals widely regarded as lacking business acumen. Yet, empirical evidence shows a universal awareness and recognition amongst design educators of the importance of business skills for graduates' success as SME owner-managers;

“SOMETIMES WE THINK A SPECIFIC STUDENT IS NOT A GOOD DESIGNER AND THEY BECOME SUCCESSFUL IN THE BUSINESS SENSE BECAUSE THEY HAVE A GOOD BUSINESS MODEL...”

“EVERYTHING IS IMPORTANT IF YOU WANT TO BECOME AN ENTREPRENEUR. YOU NEED TO BE COMPETENT IN ALL OF THESE THINGS OR IF YOU NOT THEN YOU NEED A BUSINESS PARTNER WHO IS...”

“ENTREPRENEURSHIP IS ALL ABOUT MAKING MONEY SO ALL THE FINANCIAL CONCEPTS ARE OF HIGH IMPORTANCE...”

Despite this recognition of the importance of small business management skills, often noted as ‘critical⁴’, business-related concepts are often not a central or available part of design courses [21] and all the educators argue that the priority of their programmes is to create designers with strong industry-specific skills and abilities;

“WE ARE TRAINING DESIGNERS... [AND THEREFORE] ... THE SCHOOL FOCUSES ON CREATIVE AND INDUSTRY-SPECIFIC SKILLS RATHER THAN TRANSFERABLE SKILLS...”

The design educators further note that these industry-specific skills are vital as a framework from which designers have to build themselves, their product, and their business ventures;

“THE STRATEGY OF THE COURSE IS TO MAKE THEM COMPETENT AND COMPETITIVE IN THE INDUSTRY... WE TEACH THEM SKILLS THEY DON’T GET SOMEWHERE ELSE. THEY NEED TO KNOW HOW TO DESIGN AND MAKE A PRODUCT THEMSELVES AND THE REST IS LEARNT IN THE INDUSTRY...”

“THERE IS AN [INDUSTRY SPECIFIC] KNOWLEDGE FOUNDATION THAT NEEDS TO BE IN PLACE AND A FRAMEWORK OF REFERENCE SO THAT THEY CAN SELL THEMSELVES WITH CONFIDENCE...”

“KNOWING EXACTLY EVERYTHING ABOUT THE CORE BUSINESS OF FASHION DESIGNING IS CRITICAL...”

⁴“FINANCE AND ACCOUNTING WILL ULTIMATELY MAKE OR BREAK YOU...”

Additionally some educators argue that many of the small business management tasks would be outsourced to professionals and are therefore not necessary to teach;

“ FROM THE POINT OF VIEW OF STARTING A COMMUNICATIONS COMPANY, YOU WILL OUTSOURCE MANY FUNCTIONS ”

As such, many of the concepts which educators rate as critically important are consciously excluded from the curricula;

“ FINANCIAL ABILITIES ARE IMPORTANT AS A LIFE SKILL BUT NOT TAUGHT IN OUR CURRICULUM ”

“ FINANCE AND ACCOUNTING ARE IMPORTANT WHEN RUNNING YOUR OWN SMALL BUSINESS HOWEVER IT IS NOT IN OUR CURRICULUM AS IT IS SO TIGHT ”

“ BUSINESS MANAGEMENT CONCEPTS ARE IMPORTANT BUT NOT COVERED BECAUSE WE HAVE HAD TO PRIORITISE ”

However, many of the design educators expressed a desire to be able to teach more small business management skills in order to better prepare graduates for the business world;

“ PERSONALLY I THINK IT SHOULD BE GIVEN MORE ATTENTION BUT I DON'T KNOW WHICH SUBJECT WE DROP IN ORDER TO DO THAT... I WISH WE COULD DO MORE OF IT BUT JUST DON'T HAVE THE TIME ”

Much entrepreneurship is implicitly taught in design education

As can be seen in figure 5.5, much of the ‘motivation and personal attitude’ and ‘entrepreneurship’ content mentioned in the questionnaire is considered by design educators to be included in their syllabi. The gap that exists between the perceived importance of these concepts and the level to which they are currently taught is small in comparison to the gap exhibited in the ‘small business management’ domain. Further details on the topics which are considered to be included in design education can be seen in figure 5.3.

“ WE DEFINITELY ENCOURAGE ENTREPRENEURIAL CHARACTERISTICS THROUGHOUT OUR SYLLABUS... IT'S ALMOST THE WHOLE ETHOS OF THE COLLEGE TO ENCOURAGE ENTREPRENEURIAL QUALITIES; WHICH IS MORE OF A MINDSET THAN SKILLS-BASED, BUT NO WE DON'T PHYSICALLY TEACH ANY THEORY ON IT ”

Clews [269] argues that the entrepreneurship content in design education is so implicit, it has become invisible. This is an important aspect to note as explicit inclusion of entrepreneurial objectives in the curriculum will not only improve focus on the topic, but will make students aware of the entrepreneurial abilities which they are developing, and thus impact their confidence and ability to see themselves as entrepreneurs.

“ ENTREPRENEURIAL CHARACTERISTICS ARE FOSTERED VERY STRONGLY I THINK ”

“ PERSONAL ENTREPRENEURIAL STRATEGY IS INSTILLED IN THE WAY WE APPROACH OUR TEACHING. IT'S DIFFICULT TO EXPLAIN THAT IN A NUTSHELL BUT THAT'S WHAT WE PROVIDE ”

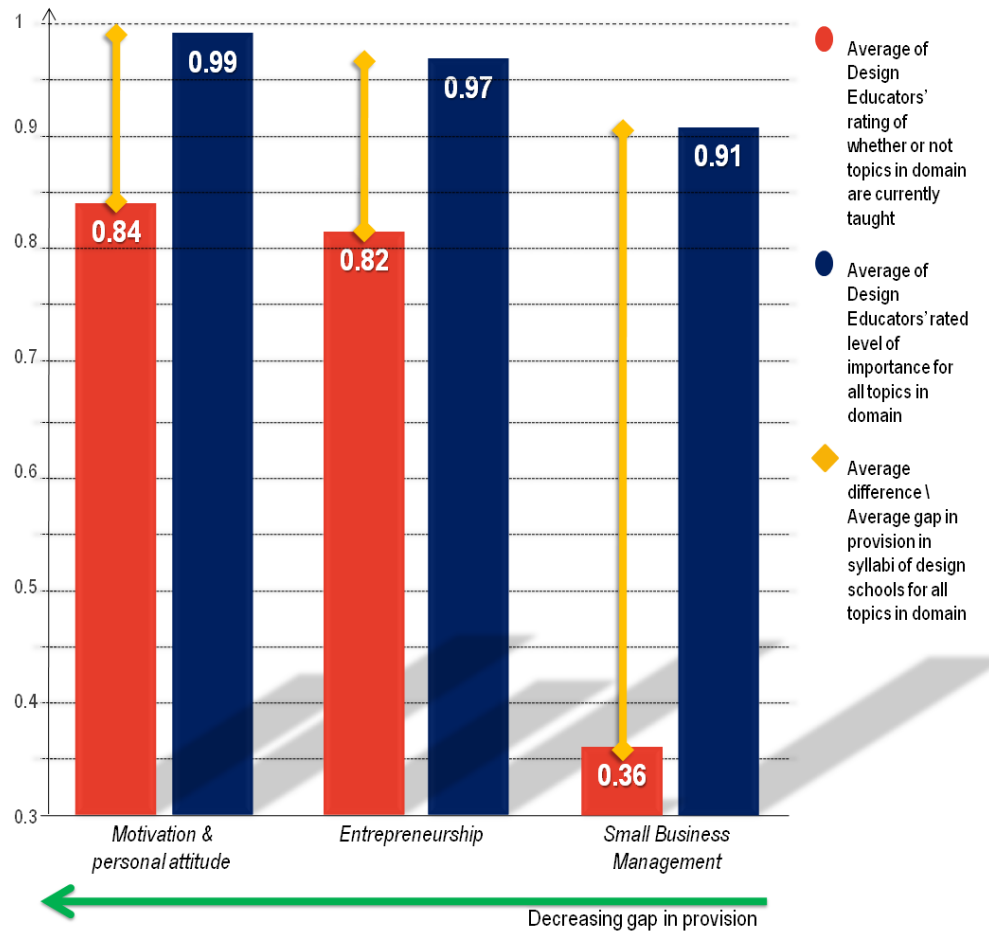


Figure 5.5: Level of importance and perceived ability for each domain of entrepreneurship education, as analysed from data collected from the design educators

Very little is taught regarding small business management skills and abilities

Figure 5.3 and figure 5.5 illustrate the gap in education that is shown to exist in design schools, which is significantly evident in reference to small business management concepts. Whilst the other domains of entrepreneurship education (namely; 'motivation and personal attitude' and 'entrepreneurship') are considered to be fairly well covered in design education, it is clear that there is a large gap between the perceived importance and the level of coverage of 'small business management' concepts.

Specifically, the empirical qualitative data accentuates the areas of i) 'effective management skills', and ii) 'marketing and personal selling skills' as being extensively included in design education. This data is discussed in the following section.

As can be seen in figure 5.3, 'effective management' concepts are fairly widely covered. This aspect emerges due to how often it is accentuated by quotes from the design educators, for example;

“ WE SPEND A LOT OF TIME ON EFFECTIVE MANAGEMENT TECHNIQUES BECAUSE IT IS VERY IMPORTANT IN FASHION ”

“ THEY ARE TAUGHT THROUGH PRACTICAL WORK THE SKILLS OF EFFECTIVE SELF-MANAGEMENT WHICH ARE VERY REALISTIC IN TERMS OF THE INDUSTRY ”

“ EFFECTIVE MANAGEMENT IS CRITICAL AND IS INSTILLED FROM DAY ONE ”

“ EFFECTIVE MANAGEMENT IS INTEGRAL TO ARCHITECTURAL EDUCATION AND THAT IS THE THING THAT YOU ARE CONSTANTLY CHALLENGED TO ENGAGE WITH AND TO GET TO KNOW YOURSELF THROUGH. THAT IS CRITICAL AND MANAGEMENT IS SUBMERGED INTO THE SYLLABUS BECAUSE YOU ARE CHALLENGED IN IT CONSTANTLY ”

Furthermore, despite ranking as one of the areas in which the greatest education gap exists (see figure 5.3), design educators make reference to the focus of educational content on ‘marketing and personal selling skills’;

“ THE PROFESSIONAL ASPECT OF MARKETING AND ADVERTISING ARE TAUGHT AS WELL AS THE PRACTICAL SKILLS OF MARKETING THEMSELVES AND THEIR BRAND ”

“ WE DEAL WITH BOTH INDIVIDUAL MARKETING AND MARKETING YOURSELF CORPORATELY ”

The small business management concepts taught do not have the intended impact

As discussed, there is a large gap in the provision of ‘small business management’ skills and abilities amongst creative individuals. Adding to the intensity of this problem is that the few business-related concepts and skill that are covered, are noted as *not having the intended impact* on the creative audience. This is in part due to students not being able to perceive themselves as anything other than creative, and thus are not able to relate to, or see the benefit of, business content;

“ I DON’T THINK THEY TAKE IT SERIOUSLY BECAUSE IT IS AT THE SAME TIME AS THEY ARE WORKING ON THEIR RANGES AND PREPARING FOR THE FASHION SHOW. START-UP AND BUSINESS PLAN ARE TAUGHT, BUT I DON’T THINK IT MAKES THE RIGHT IMPACT ”

In addition the facilitators of business-related courses in design education are generally practicing in the field of business and thus do not contextualise the information in order to make it relate-able to the creative audience [23]. Many of the design educators, who are also the heads of their schools, note this as an issue;

“ THE PROBLEM WITH ENTREPRENEURIAL EDUCATION IN DESIGN SCHOOLS IS THAT THE ENTREPRENEURIAL AND BUSINESS MANAGEMENT CONTENT IS TAUGHT BY INSTRUCTORS WITHOUT A DESIGN BACKGROUND THAT ARE THEREFORE UNABLE TO RELATE THE INFORMATION TO THE STUDENTS IN AN EFFECTIVE WAY... ”

“ WE HAVE REALISED THAT THE SUCCESS OF THE BUSINESS CONTENT OFFERED ALSO DEPENDS ON WHO THE FACILITATOR IS BECAUSE IT IS DIFFICULT TO FIND SOMEONE IN THE FASHION INDUSTRY THAT IS ALSO GOOD WITH THE BUSINESS MANAGEMENT SIDE OF IT ”

The solution can be found in sourcing a facilitator that can teach the business side but also understands the creative audience that is being taught, as noted by Chef Mitrovich of the Institute of the Culinary Arts (ICA);

“ THE SMALL BUSINESS MANAGEMENT SUBJECT IS OUTSOURCED TO INDUSTRY EXPERTS... IT IS WORKING WELL BECAUSE WE SELECTED SOMEONE WHO HAS A BACKGROUND AND INTEREST IN FOOD AND THEREFORE UNDERSTANDS THE ANGLE WE ARE COMING FROM ”

5.4.3 Findings and suggestions for entrepreneurship education in design

It is evident that currently the tension between creativity and business planning is one of the main areas to be addressed when teaching entrepreneurship in design schools [21]. Furthermore, entrepreneurship courses for ‘creatives’ need to adapt to both the content requirements of ‘creatives’, as well as to take into account that the background of a creative individual does not generally include preparatory material for business-related content. Thus topics routinely addressed in entrepreneurship courses may not be available to, or appropriate for ‘creatives’ [91].

Most importantly though, students lack comprehension of the role of business, the concept of the creative industries, creative enterprise and research has shown that they undervalue the role of their design skills in business, the economy and as an agent of social change [270; 21].

Creative industries education is widely called on to improve the preparedness of graduates for the reality of business, yet literature argues and empirical evidence presented in this chapter corroborates that design education is in fact teaching entrepreneurial cognition and many entrepreneurial abilities, as well as a limited amount of small business management concepts. It is also clear however that there is a general strategic decision in design education to focus on imparting and improving design skill and talent. As it is the core design skill that, in the creative sector especially, provides the ability to gain and maintain competitiveness, this is indeed a critical aspect and as such the correct area to focus on. However, business content should not be neglected completely due to the importance thereof, but it is unnecessary to increase the amount of time spent on this aspect.

However, the impact of business content needs to be improved. This can be done in a number of ways, all of which essentially revolve around improving students’ attitude and motivation towards business:

- i) Entrepreneurial content should be an explicit inclusion in curricula rather than implicit. If explicitly stated, course designers, facilitators and students will place a greater emphasis on these aspects [269], and making students aware of the entrepreneurial skills they are developing could have a positive impact on their entrepreneurial identities and confidence (discussed later in this chapter),
- ii) Students’ awareness of the importance and value of business acumen, as well as an understanding of their personal value in business and the economy should be the primary focus. This will impact the personal attitude and motivation of creative students towards business, thus increasing the impact of business content as students would not neglect this content as ‘not relevant’ to them – as is currently the case, and
- iii) The facilitators of business-related subjects should be selected such that they are able to relate to the creative audience. If the facilitator understands and relates to the audience, they would; a) be more able to impress upon the students the importance of the content, which would improve business motivation, and b) present only relevant content in a relate-able way.

A number of further possibilities exist for enhancing the delivery of entrepreneurship and small business for ‘creatives’, including i) involving local role players, ii) providing the opportunity to learn from local ‘creatives’ in business, iii) having professional ‘creatives’ as guest speakers, and iv) collaboration between creative and business faculty in designing courses [91]. Ultimately design institutions should increase, encourage and support the development of valuable transferable skills for the commercial world and give the necessity thereof a higher credence [21].

5.5 Design entrepreneurs

The arguably inherent ‘entrepreneurial qualities’ of creative individuals discussed earlier, as well as the suitability of certain aspects of design education for preparing entrepreneurs, are wasted if individuals do not possess a groundwork of commercial skills and the ability to capitalise on their innovation and creativity [21; 271]. Creative individuals often have difficulty transferring their ideas into commercially successful ventures [21] and have little understanding or interest in business [74].

“ I DON’T THINK IN TERMS OF PRACTICALITY AND LOGISTICS... I JUST LOOK AT WHAT LOOKS PRETTY ”

Penaluna and Penaluna [63] quote Heller and Fernandes (1995) in saying that “a cold, hard fact [that] must be faced [is that creative individuals] cannot hope to succeed these days without a modicum of business acumen. Viability in the market depends on having an edge.” According to Kellet [21], skills analysis shows that the creative industry as a whole “suffers from a lack of management and leadership capacity”. Designers lack commercial awareness and have poor business creation and management skills, as well as lacking a well thought-through business strategy. This is considered to be due to not only a lack of experience, but also a lack of understanding the commercial world, the creative industry, and ways in which to penetrate it for profit [21].

5.5.1 Selection of design entrepreneurs

Design entrepreneurs are selected to be interviewed using the method of theoretical sampling, as discussed in Chapter 2. Figure 5.6 shows that the design entrepreneurs are selected to represent each of the six chosen design divisions. Further characteristics of the design entrepreneurs categorise them into the additional groupings of; i) current small business owner, ii) failed small business owner, and iii) fast growth small business owner, iv) aspiring entrepreneur. For the purposes of anonymity, the links between the design entrepreneurs and these additional groupings are not shown. These additional categories allow for the cross case analysis used in analysing data to construct emergent theories, as discussed in Chapter 2.

While the term ‘design entrepreneur’ is used widely in this study, it does not indicate that the individuals or their ventures exhibit the behaviours of ‘effective entrepreneurs’ as defined in Chapter 1 section 1.5.3. The categories listed above are a more general description of the individuals included.

5.5.2 Challenges, gaps and weaknesses in ‘creative’ entrepreneurs

There are a number of challenges found to be unique to the creative individuals in business. Firstly, not only do creative entrepreneurs confront the usual challenges of running a business, but they also have the distinct challenge of sustaining their businesses from creative activities [123; 23]. Further challenges are found to be related to;

- i) entrepreneurial identity,
- ii) motivation,
- iii) self-confidence, and
- iv) networking.

The aspects are discussed in the following section.

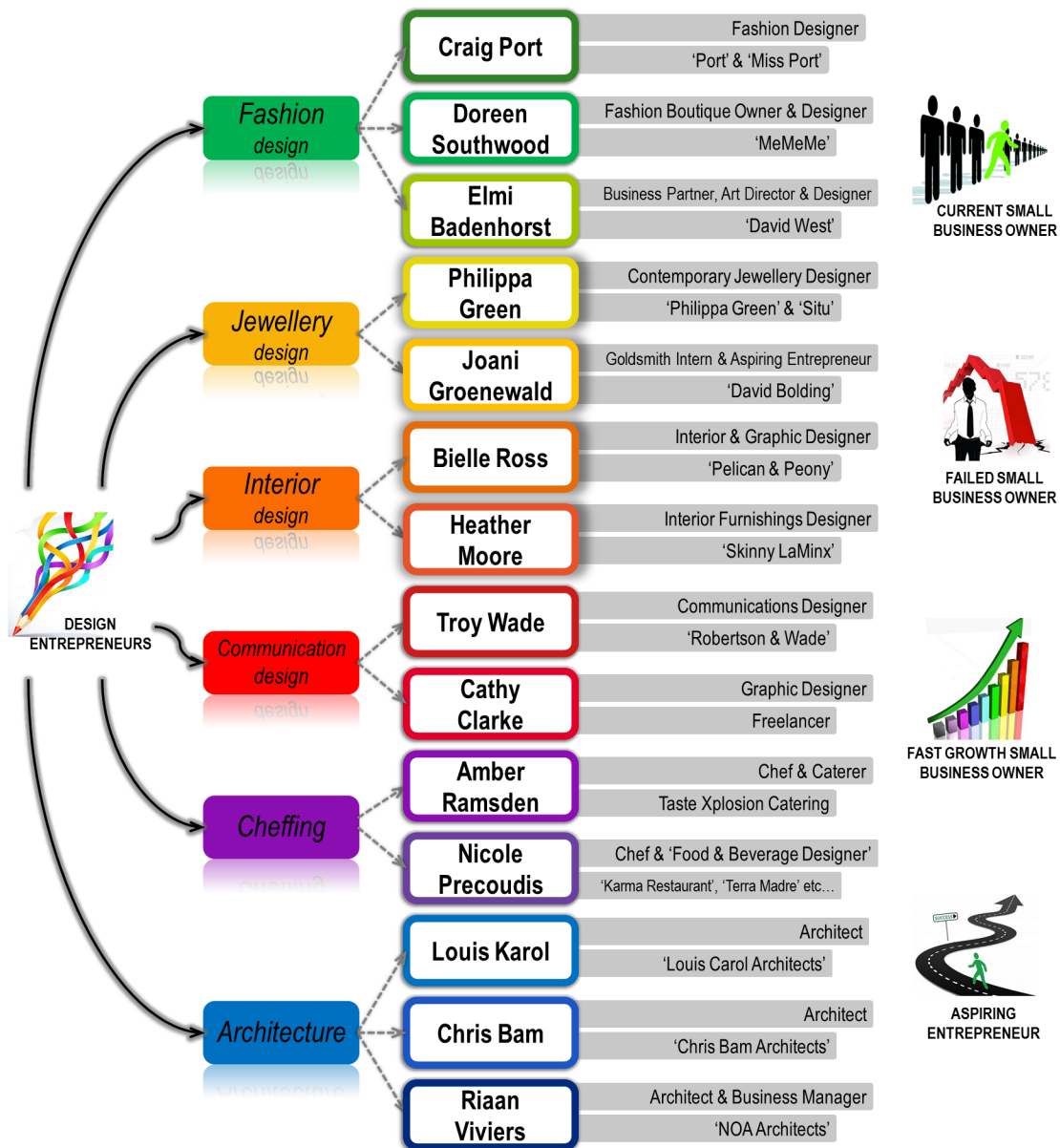


Figure 5.6: Illustration of the theoretical sampling of design entrepreneurs

Entrepreneurial identity

The concept of the entrepreneur is changing and evolving, shifting from a skills-based agenda to an entrepreneurial identity agenda [170].

The 'entrepreneurial identity' construct is integrally linked to the concepts of 'motivation', 'values', 'personal attitude' and 'self-confidence' in entrepreneurship. The search for identity and understanding oneself within the personal social environment is a central theme in life. Identity is re-evaluated throughout life as conditions change or in response to crisis. Occupational identity is one of the latest areas of development and is critical in establishing personal beliefs, commitment to values and objectives, activity towards commitments, consideration of identity alternatives and personal approval and drive for the future [272].

On the basis that within entrepreneurship there exist a number of distinct entrepreneurial roles that can be undertaken (types of entrepreneurship), Vesalainen and Pihkala [272] define entrepreneurial identity as a person's inclination to adopt a certain type of occupational entrepreneurial role. Stanworth and Curran [273] note three types of entrepreneurial identities, each relating to specific growth behaviours of a venture. The first is termed the 'artisan' identity and is related to a lack of concern for growth, and often found in individuals who have recently adopted an entrepreneurial role. The second identity, the 'classical entrepreneur', is related to sustained profitability within a venture. Finally, a 'manager' identity, relates to the need for recognition and managerial development and excellence [273].

These different entrepreneurial identities appear to fit a number of the design entrepreneurs interviewed. The older and more experienced of the sample group showed a higher willingness to embrace themselves as business people or as entrepreneurs driven towards growth and achievement. In relation to this, they also rated themselves highly in growth and strategy-related constructs such as 'personal entrepreneurial strategy'.

An individual's ability and willingness to adapt their personal perception of themselves to that of what they perceive entrepreneurs or businessmen to be is fundamental. In entrepreneurship, personal identity has critical impacts on the type of entrepreneurship that is practised and therefore impacts the operations and processes of growth within the venture [273].

The issue of entrepreneurial identity is further complicated by the obvious tension that exists in combining the concepts of art and business [21; 63]. Kellet [21] quotes Richards (2006) who notes that the historical media depiction of entrepreneurs as 'wheeler dealers' or 'hard-nosed businessmen' adds to the reluctance of creative individuals to identify as entrepreneurs. It is clear from statements made by some of the design entrepreneurs interviewed that the perception of entrepreneurs and business people as villains remains to a degree;

“ I'M EVENTUALLY GOING TO HAVE TO GET A TOUGH BUSINESS PSYCHO WITH ME TO PUSH IT BECAUSE I DON'T FEEL LIKE IT ”

However, recent changes in the perception of entrepreneurs in the media have begun a shift towards a more positive image that is more likely to fit creative individuals [21]:

“Business people are no longer vilified. Today they and the so-called bohemians not only get along, they often inhabit each other's world they are often the same people. Jobs, Wozniak, Gates and Allen and others have inserted the idea entrepreneur into the fabric of popular mythology. They created a powerful new identity that broke with the old images of the robber baron and the organisation man. They became celebrities in the truest sense of the term and continue to rank among the most well-known and popular people in the world” [15]

Despite operating within commercial realities, creative workers cannot relate to themselves as entrepreneurs and view themselves more as artists or designers, preferring to refer to themselves as 'self-employed' or 'freelance' [74; 21; 5]. This contributes to the perception of and perpetuation of design businesses as “small, lifestyle businesses with little commercial value” [21]. Most of the design entrepreneurs do not view themselves as business people, or as professional entrepreneurs;

“ I DON'T REALLY THINK ABOUT MYSELF AS A PROFESSIONAL LIKE A LAWYER OR SOMETHING...”

Even in the case of successful ventures which have survived and grown, the founders would not necessarily consider themselves to be entrepreneurs [74], as is illustrated by the following quote by Troy Wade who is running a successful high growth venture:

“ I DON’T HAVE AN ENTREPRENEURIAL STRATEGY; I KNOW I AM AN ENTREPRENEUR BECAUSE PEOPLE TELL ME I AM ”



Figure 5.7: Result of the designers’ average personal rating of the extent to which they possess a ‘personal entrepreneurial strategy’

It is clear from the quotes and the result illustrated in figure 5.7 that the ‘creatives’ interviewed do not recognise themselves as entrepreneurs and prefer to see their business development as a natural creative process, rather than one that was purposefully driven and motivated toward business success. This can be seen in their rejection of terms that imply purposeful action towards business success;

“ I DON’T LIKE THE TERMINOLOGY OPPORTUNITY OBSESSION... ”

These identity issues are problematic because when, if at all, “...does a ‘freelance’ creative person, motivated by creative freedom and self-expression, become an entrepreneur?” [74]. As is shown by the quotes of the design entrepreneurs interviewed, many cannot perceive the possibility of themselves as entrepreneurs or business people;

“ IT’S REALLY REALLY IMPORTANT FOR A DESIGN PERSON TO HIRE SOMEBODY TO HELP THEM TO RUN THEIR BUSINESS ”

This lack of entrepreneurial identity is integrally related to motivation aspects, personal attitude and self-confidence. These concepts are discussed in the following sections.

Motivation

Negative motivations or ‘push factors’ as a trigger for SME’s have repercussions on the ability to survive, and impede growth and success. The ‘wrong kind’ of motivation constrains growth and leads to cases of ‘necessity-driven’, imitation-based and ‘lifestyle’ entrepreneurial activity, not the ‘effective’ high growth entrepreneurial activity required for change. It is important that motivation toward self-employment is not based on it being perceived as the only option, but rather a desire for the business aspect of it. Yet, while ‘necessity-driven’ small businesses are more likely to expire, research shows that the greater higher satisfaction with the results of the venture improve the motivation of the owner-manager, and thus performance of the venture. Thus entrepreneurial educational interventions may counter the impact of start-up motives [274].

In addition, motivation toward being your own boss or continuing creative work without restraint, is not the same as motivation towards business. This is an important aspect considered to stunt the entrepreneurial development of creative individuals.

While economists have traditionally been reluctant to use attitudinal variables in empirical research, much emerging literature recognises the critical role that attitude plays in SME success [58]. Many issues and problems are unique to specific SME’s often because their origins are embedded in the characteristics and beliefs of the owner, and “not least of the many determinants of success is the influence of the owner when defining objectives” [31]. On the premise that not all forms of entrepreneurship or SME activity have the same positive impact on the economy

and change, motivation is a critical aspect in creating ‘effective entrepreneurship’.

Motivation distinguishes between types of business owners. ‘Lifestylers’ are motivated by independence, personal growth, enjoyment and avoiding failure, but are not driven towards ambitious monetary or social goals. These ‘lifestylers’ see entrepreneurship as an alternative to unemployment or a means to fulfil personal dreams [58]. In contrast, ‘professional’ business-owners are focused on career advancement, aim to run and drive an efficient enterprise and be acknowledged as successful business people [97]. If the business is treated as a ‘lifestyle’ business, survival prospects are diminished. On the other hand, if the entrepreneur is willing to sacrifice short-run profit for growth, there is a significant increase in likelihood of success [58]. To increase intention for growth, motivation towards growth needs to be impacted.

Heather Moore, one of the high growth design entrepreneurs interviewed, notes this lack of business motivation and personal attitude in young designers;

“ I WAS AT MEETING WITH A BUNCH OF YOUNG DESIGNERS WHO CURRENTLY HAVE PRODUCTS OUT THERE, AND I WAS SHOCKED BY THEIR ATTITUDE. THEY ARE SUCH BABIES; THEY MOAN ABOUT HATING DOING THEIR INVOICES AND SAY THEY JUST WANT TO STAY IN PYJAMAS AND DESIGN ALL DAY... THEN YOU ARE NOT RUNNING A BUSINESS, THAT’S A HOBBY ”

It is accepted that intrinsic motivation plays a vital role in intention to start ventures as well as intention towards growth [96], and has a greater impact than external factors [29]. The personality, managerial skills and managerial style of the entrepreneur are all considered to be barriers to growth [30]. Many researchers agree that the important internal factors for sustained growth are the managerial and strategic choices made by the entrepreneur, the ability to respond to the market, and superior competitive strategies [30; 29].

Amber Ramsden, a successful caterer in Johannesburg, corroborates the fundamental importance of intrinsic motivation;

“ I THINK PEOPLE ARE UNPREPARED FOR THE DEDICATION, LONG HOURS AND JUST PLAIN HARD WORK THAT IS NEEDED TO KEEP A COMPANY LIKE THIS GOING ”

Motivation for start-up

Most entrepreneurs are responsive to external environmental opportunities and gaps whereas artistic entrepreneurs are generally driven from within to “search for ways in which they can exploit their personal gifts and talents” [62]. Creative individuals are likely to start their own ventures due their need for independence and autonomy and the lack of creative work opportunities for graduates. However, literature argues that the trigger for starting creative enterprises is not necessarily linked to the desire to start a business, a position that is strengthened by the empirical evidence collected.

“ I NEVER THOUGHT OF GOING TO GET A JOB... I JUST DIDN’T THINK ABOUT ANYTHING ELSE, BUT I DIDN’T HAVE ANY BUSINESS THOUGHT ABOUT IT ”

As noted by Kellet [21], creative individuals often choose self-employment for reasons related to their creative ambition.

“ I AM VERY CREATIVE AND NEED A DIFFERENT OUTLET FROM YOUR AVERAGE DESK-JOB ”

Creative ambition is vastly different from business ambition, and thus impacts business performance. Motivations commonly link to a desire to continue creative work as a natural progression

from higher education practice, rather than motivation to start a business [21].

“ NEITHER OF US KNEW WE WANTED IT BADLY ENOUGH... THERE WAS NO SET PLAN IT WAS BY DEFAULT WHEN WE LEFT SCHOOL ”

As mentioned previously, creative individuals want to be independent and are likely to start their own business to avoid the regulations imposed by employment [21].

“ IF YOU WORK FOR SOMEONE YOU HAVE TO ABIDE BY CERTAIN RULES AND I WANT TO MAKE MY OWN RULES, DO MY OWN THING AND NOT BE PUSHED INTO A CORNER WHERE I CAN'T BE CREATIVE ”

“ THE PERCEIVED FLEXIBILITY THAT NOT WORKING FOR A COMPANY WOULD BRING ME ”

The approach to starting up is often more something that “just happens” (as quoted by a number of the design entrepreneurs interviewed – see table G.15), as opposed to being a planned business venture development;

“ I DIDN'T EVEN WANT A BUSINESS, IT JUST STARTED AND HAD A LIFE OF IT'S OWN ”

Impacts of lack of business motivation

Due to this unconventional and ‘natural development’ of ventures, almost accidentally as opposed to purposefully and with direction, the ‘lifestyle’ approach is often followed, leaving a lot to chance and rarely setting marked goals for planned sustainability [21].

This is corroborated by the quantitative results shown in figure 5.8 as well as from a multitude of quotes by the design entrepreneurs which make it evident that very few, if any, utilise any form of planning. Many of the interviewees express regret at this lack of planning. These quotes can be seen in the tables (specifically table G.25) in Appendix F.



Figure 5.8: Result of the designers' average personal rating of their utilisation of a ‘business plan’

The lack of planning and goal-setting results in no business tracking being utilised and thus the owner-manager is not aware of the performance, or lack thereof, of their venture. Awareness of the state of the venture allows for adaptation before the situation becomes critical, and thus not tracking the performance of the venture increases risk of failure [98]. This lack of awareness of the state of the venture is evident in many of the cases of the design entrepreneurs interviewed;

“ I DON'T KNOW IF I HAVE FAILED AS SUCH BUT I DEFINITELY HAD TO REDO MY STRATEGY, NOT THAT I EVER HAD A STRATEGY AS SUCH, I HAD TO CHANGE THE WAY THAT I DID THINGS ”

Apart from leading to failure, lack of business tracking also means a lack of ability to learn from failure. Furthermore, the incorrect attitude and motivation means an unwillingness to learn from failure. This is illustrated in the following quote by one of the creative entrepreneurs who has, without being aware of it due to not tracking the business, failed repeatedly. While this particular design entrepreneur notes that she has needed to down-scale a number of times and has developed large amounts of debt, she has never considered the venture to have failed, but has lost ambition and commitment to the venture due to becoming disillusioned;

“ THAT HAS ALL CHANGED... I DON'T CARE AS MUCH AS I USED TO. NOT AS COMMITTED AS I USED TO BE EITHER. IF YOU WANT TO DO WELL YOU HAVE TO BE OBSESSIVE BUT I'M NOT ANYMORE ”

A central issue which results from possessing the ‘wrong kind’ of motivation and personal attitude, is that strategy is completely neglected or ineffectively utilised. This is apparent in the quantitative and qualitative results;

“ STRATEGY IS VERY IMPORTANT AND I AM ONLY NOW GETTING BETTER AT IT BECAUSE EVERYTHING JUST HAPPENED AS IT WENT ALONG ”



Figure 5.9: Result of the designers' average personal rating of their ability to utilise 'business strategy'

“ WHAT LED TO OUR FAILURE WAS MORE THAT WE DIDN'T DRIVE THE BUSINESS AND NEVER HAD A PLAN OR STRATEGY OR DEFINED ROLES ”

An entrepreneurs' personal knowledge and perceptions influence the rate and direction of the growth of a firm [275]. Most design entrepreneurs are not explicitly driven towards growth, and when growth does occur it is more a “happy accident” (see quotes in Appendix G) than an achievement of set goals. However, this is not always the case and a number of the more experienced design entrepreneurs interviewed, display a need for growth and development;

“ I AM OBSESSED WITH GROWING MY BUSINESS... IF IT STAGNATES I WON'T BE HAPPY. THE PRODUCT HAS TO KEEP PEOPLE HAPPY, THEN THE BUSINESS WILL GROW ”

Literature and empirical evidence gathered, however, suggests that this is the exception rather than the rule.

In addition, entrepreneurial (or business) motivation is considered to provide successful entrepreneurs with the dedication and perseverance required to overcome obstacles, create solutions and continue where many others would give up. The lack of this motivational force is evident in a number of the design entrepreneurs interviewed;

“ I HAD A NAME IN ART SO THE SHOP BECAME A PRODUCT OF MY ALREADY EXISTING CAREER AND IT JUST WORKED. IF IT HADN'T I WOULD HAVE LEFT IT ”

The impact of a lack of perseverance is that those creative ventures that are not “lucky” in that they “just work” (both terms used by many of the design entrepreneurs in describing the development of their ventures, as can be seen in Appendix G) without being actively driven and overcoming a number of obstacles, either fail and disappear or simply stagnate. This can be argued to be evident in the fact that the majority of design entrepreneurs that were interviewed note this luck in reaching success.

Self-confidence

Self-esteem is central in the ability of individuals to act on opportunities and to attempt businesses with high growth potential [167; 77].

“ I THINK THE GREATEST CHALLENGE WAS HAVING THE CONFIDENCE TO TAKE THAT LEAP AND START MY OWN COMPANY ”

The entrepreneurial process is characterised by limited windows of opportunity, as discussed in Chapter 3. Performance and success in this process is thus critically linked to the ability to adapt, take on risks and assess and grasp opportunities without hesitation [276]. Empirical evidence has linked self-confidence to the likelihood of an individual to take on risk and some researchers believe that self-confidence is a prerequisite for success as an entrepreneur, and is also linked to both the tolerance for ambiguity and ability to behave creatively [3]. These factors are therefore integrally linked to individual’s self-confidence in the entrepreneurial process. As such self-confidence in the process is a central factor impacting behaviour and performance in entrepreneurship. In line with this, a number of commentators argue that the primary benefit of entrepreneurship education interventions is to increase self-confidence for taking entrepreneurial actions [107].

An individual’s self-concept forms through experience and interpretations of the environment and comprises of personal aspects such as self-esteem, self-confidence and self-efficacy. Self-esteem is an individual’s perceived sense of self-worth and self-confidence is an individual’s belief that they possess the ability to produce the results, accomplish goals or perform tasks competently. According to Bandura [198], self-confidence links closely to the construct of ‘self-efficacy’, which is discussed in Chapter 3. As discussed in Chapter 3, self-efficacy is defined as “people’s judgements of their capabilities to organise and execute courses of action required to attain designated types of performances” [194; 277; 198]. Self-efficacy theory holds that the best predictor of behaviour, and therefore performance, in a specific situation is the individual’s personal perception of their ability and self-belief within the situation [194; 179; 277; 188; 198]. In this case, the design entrepreneur’s perception of their personal ability in business thus impacts their behaviour and performance.

Furthermore, self-efficacy affects goal-setting and information-processing [277], impacting ‘motivation’ and the effectiveness of the ‘entrepreneurial learning process’. Rae and Carswell [204] conclude in their ‘conceptual model for entrepreneurial learning’ presented in Chapter 3 that the need for achieving ambitious goals is linked to personal belief in accomplishing the goals set. For these reasons, entrepreneurial ‘motivation’, the intention to- and ability to- exploit identified opportunities and respond effectively and creatively to external changes in the uncertain environment that characterises the entrepreneurial process, is impeded by lack of ‘self-confidence’ and self-belief.

It is clearly shown in figure 5.10 that the greatest gap between perceived importance and perceived ability in a concept exists within the small business management domain. The gap for motivation and personal attitude and entrepreneurship are much smaller, showing that among the design entrepreneurs interviewed, the area perceived as most lacking in their abilities is small business management.

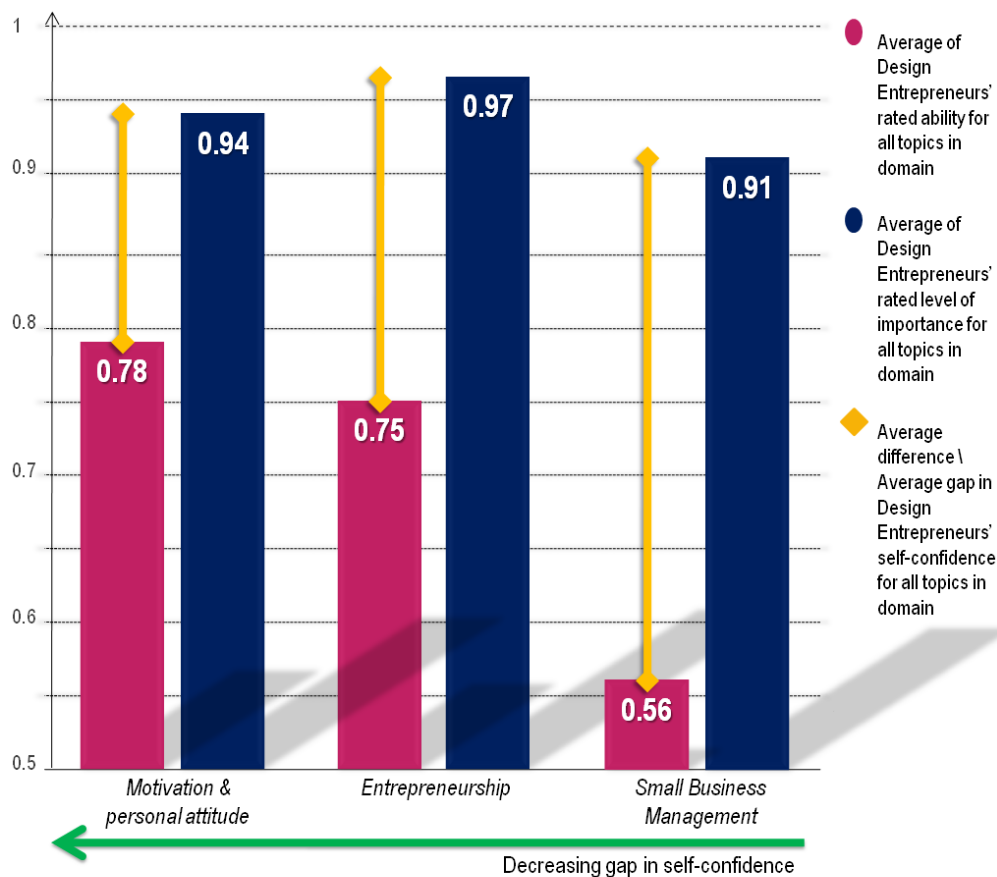


Figure 5.10: Design entrepreneurs' average rated gap between level of importance and personal perception of ability by entrepreneurship education domain

The qualitative data supports this lack of confidence in ability to perform business functions;

“ I AM A BIT OF A BUSINESS IDIOT ”

“ I NEVER HAD A BUSINESS MIND ”

Figure 5.11 illustrates the empirical results regarding the ‘confidence gap’ calculated from interviewing the design entrepreneurs. The figure shows the results gathered from quantitative analysis of the data collected for each division of entrepreneurship education established in Chapter 3. For each of the themes included in the questionnaire, the figure shows the cumulative results of;

- i) The level of importance for success in a small business, as rated by the design entrepreneurs, with ‘1’ being the most critical.
- ii) The average of the design entrepreneurs’ perceived personal ability regarding the topic (an average of the elements included in the topic). The data relates to the question asked in the questionnaire: *“How good are you at it?”*
- iii) The value shown on the bar in the figure relates to the difference between the design entrepreneurs’ rated level of importance for the topic, and their perceived personal ability in the topic. As such the values relate to the size of the blue bar which is visible, but

do not relate to the values on the horizontal axes. It is these values that determine the vertical arrangement of the topics and relate to the vertical axis. Thus the top-most topics are those that are concluded in this analysis to have the largest gap between the perceived personal ability and rated level of importance.

The color of the text correlates to the elements in figure 5.11 that are being described.

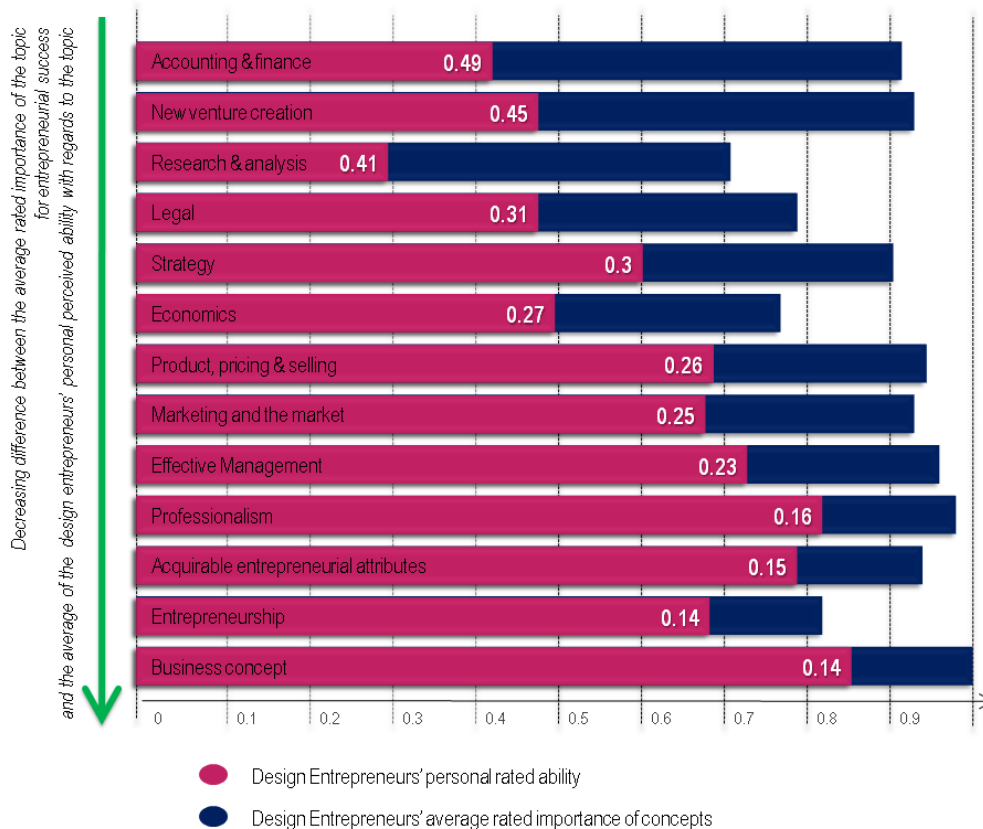


Figure 5.11: Design entrepreneurs' average rated level of importance and average personal perception of ability by topic

Furthermore, the results illustrated in figure 5.10 show that design entrepreneurs are more confident in their entrepreneurial abilities than their small business management abilities. The figure, however, covers general themes. Some of the most highly rated individual aspects are illustrated. As can be seen, the top-rated concepts generally relate most closely to entrepreneurial behaviour and abilities rather than small business management;

- i) Design entrepreneurs have the most confidence in their ability to behave creatively and adapt to market and environmental changes, as can be seen in figure 5.12 which shows the average personal rating of this aspect;
- ii) The design entrepreneurs perceive themselves to possess many of the listed entrepreneurial characteristics. The high rating of this concept is shown in figure 5.13;
- iii) Design entrepreneurs also perceive themselves as highly competent in the aspects of personal selling and management and leadership, the ratings of which are shown in figures 5.14 and 5.15;



Figure 5.12: Result of the designers' average personal rating of personal 'creativity, self-reliance and the ability to adapt'



Figure 5.13: Result of the designers' average personal rating of their 'entrepreneurial characteristics'



Figure 5.14: Result of the designers' average personal rating of their ability in 'personal selling'



Figure 5.15: Result of the designers' average personal rating of their 'management and leadership skills'

Therefore the gap in the perceived personal ability of design entrepreneurs which impedes their ability to perform business functions and utilise their strengths effectively, is greater in the small business management domain.

Impact of low self-confidence

Lack of confidence in business abilities affects not only the motivation of an entrepreneur towards performing entrepreneurially, but also impacts the willingness of an entrepreneur to take risks and their ability to act without hesitation.

A further impact of lack of self-confidence in design entrepreneurs specifically, is that they undervalue their time and skills, which can lead to failure. This is mentioned in the literature and corroborated by the qualitative data;

“ PRICING AND COSTING WAS ONE OF MY BIGGEST PROBLEMS FOR THE FIRST FEW YEARS ”

“ I HAVE NEVER EVER ACCOUNTED FOR MY OWN TIME OR EFFORT [IN COSTING MY PRODUCTS]. YOU NEED SOMEBODY ELSE'S INPUT TO PUT A VALUE ON IT BECAUSE IT IS DIFFICULT ”

The above quote additionally introduces the importance of social capital in working independently in the creative industries.

5.5.3 Networking

The creative industries represent the continuously shifting domains of economic activity in which social networks are the predominant factor determining value [14]. Creative-based SME's function off a strong local network, but many can be linked to regional, national or even global markets and surroundings [121]. In fact, Penaluna and Penaluna [63] notes the importance of social capital in the creative sector by quoting Csikszentmihalyi (1999) in saying that "what dictates [creative entrepreneurs'] behaviour is not rigid inner structure, but demands of the interaction between them and the domain in which they are working". The level of importance of social capital is also noted by a number of the design entrepreneurs interviewed;

“ [ONE OF THE GREATEST CHALLENGES HAS BEEN] FINDING THE RIGHT SPACE WITH THE RIGHT PEOPLE ”

“ FASHION IS REALLY IS ABOUT RELATIONSHIP BUILDING ”

Kellet [21] notes that small start-ups in the creative industries often experience isolation. Furthermore, the negative impacts of isolation as a creative entrepreneur are apparent in the qualitative data;

“ AS AN ENTREPRENEUR YOU ARE VERY ISOLATED WHICH HAS 2 MAJOR NEGATIVES; YOU HAVE NO ONE TO BOUNCE COSTING OR CREATIVE IDEAS OFF OF ”

Networks are important for the knowledge systems of the creative industries [271]. Social capital and networks also reduce isolation and provide connectivity and mutual support. The vital importance of networks mentioned in the creative industries is noted in the literature [21]. Creative people have always gravitated towards certain communities, which provide support, stimulation and rich diverse experiences that foster creativity and prevent the typical isolation felt by SME start-ups [21]. Networking or formation of clusters of small businesses with regional trade associations and/or external consulting is especially important concerning sustainable development, as it requires broader alliances and new ways of thinking [28].

However, the use of social networks in the creative industries is often informal, and socially-driven and based on little other than trust and intuition, rather than evidence and market intelligence. This of course impedes the sustainability of creative businesses and, "unless a rich slice of luck is involved can be linked to the false economy whereby many businesses remain small, operating on a portfolio rather than a corporate basis" [125]. Thus it is clear that, despite the vital importance thereof, network and social capital in the creative industries are not effectively utilised.

In addition, there is a risk in the way in which creative individuals use their social capital in that social capital can have negative impacts on business if not controlled. One of the design entrepreneurs interviewed notes this negative impact of being too trusting with regards to social capital;

“ [BE] VERY PRECIOUS ABOUT YOUR BUSINESS. I ONCE ALMOST ALLOWED SOMEBODY TO BUY INTO THE BUSINESS WHO WE THEN REALISED WAS STEALING FROM THE BUSINESS. PEOPLE [SHOULD] HAVE TO PROVE THEMSELVES BEFORE THEY ARE GIVEN ANY ACCESS OR RIGHTS WITHIN THE BUSINESS, INSTEAD OF JUST TRUSTING FREELY ”

5.6 Conclusion

There is clearly a gap in the education and self-confidence of creative individuals with respect to small business management concepts. Self-confidence and motivation in entrepreneurs are critical. In addition, due to the fact that a high proportion of ‘creatives’ will need to become freelance or self-employed, it is important that their understanding of their own enterprising abilities be improved. There is a need to produce a vision and greater clarity of ‘the creative entrepreneur’ and successful creative businesses for students to aspire to [21].

Furthermore, motivation and self-esteem impact important variables such as network and social capital and entrepreneurial learning – and vice versa. An individual’s collective self-perceptions are formed through experience and interpretations of the personal environment, and heavily influenced by reinforcements from social capital [194; 277; 198]. Self-esteem in entrepreneurship is also improved through the use of active learning techniques and the improvement of network relationships [121; 189].

Entrepreneurs develop positive self-esteem through a realistic perception of personal capabilities and potentials [164]. If designers were able to be motivated toward seeing the economic contribution they are able to make, then they would be more willing and able to develop self-confidence in their business abilities.

Research shows that there is a skill shortage amongst entrants into the creative industries in business strategy and understanding how the industry operates commercially [21], a fact which is substantiated by the empirical data;

“ I WISH I HAD LEARNT MORE BUSINESS SENSE EARLIER ON ”

In addition, ‘creatives’ lack an understanding of business which results in them not being aware of the degree to which business functions dominate creative functions when running a business;

“ I WISH I HAD KNOWN THE AMOUNT OF ADMINISTRATION THAT GOES INTO IT ”

While it is shown here that motivation and self-confidence impact all other factors and are of critical importance for business success, high self-confidence and motivation will not produce competent performance when the requisite skills are lacking [277]. Thus the issue of lacking business acumen and skills also needs to be addressed.

Chapter 6

Model development



“If we accept that there are a range of difficult challenges facing the human race at present, ...then every effort should be made to empower the next generation of social, cultural, environmental and economic entrepreneurs to reinvent the world” [5]

6.1 Chapter description

A large amount of qualitative and quantitative data has been collected and translated in each chapter, distinctly from other research chapters, in order to develop multiple aspects of knowledge with regards to creative entrepreneurship in the South African business context. The research design makes use of multiple cases, each of which contributes a large amount of rich and complex mixed-data to the study [131]. However, “good theory [is] simple” [135]. Therefore the synthesis of this information is central to interpreting the knowledge, which bridges the gap between research and decision making [138].

This chapter combines the conclusion and theories which emerged from Chapters 3, 4 and 5. The relevant theories and conclusions from both the literature and the analysis of the mixed data, are presented for each chapter. Thereafter, the model developed from the research process is presented. Each element of the model is discussed in further detail, and the links and inter-relationships between the elements are explained. Where relevant, conclusions from previous chapters are discussed in more detail.

6.2 Conclusions from research

The chronology of this study is presented in the steps through which the research progressed, as illustrated in figure 2.3. Each chapter develops distinct emergent theories as well as adding validity or further detail to theories developed in previous chapters. The most vital contributing conclusions and information from the relevant research chapters are summarised.



Chapter 1: ‘Inspiration’

- i) proves the *value of creative individuals* in the economy; and
- ii) *defines ‘effective entrepreneurship’* based on the global need for *sustainability, competitiveness and economic transformation* as well as local goals of increasing the *quality and quantity* of both *start-ups* and entrepreneurial *success*. As such ‘effective entrepreneurship’ is entrepreneurial activity based on *innovation, opportunity and growth*.



Chapter 3: 'Entrepreneurship education'

- i) argues that entrepreneurship education should focus on more than small business management content, as is currently the case, and include factors such as *entrepreneurial skills, abilities and cognition*, which research has repeatedly shown to be of value;
- ii) proposes that an entrepreneurship educational intervention should be adapted to suit the *audience and context* for which it is intended;
- iii) shows that *intention and motivation* are the factors which most impact entrepreneurial activity, as well as the factors which are the most easily impacted by educational interventions;
- iv) proves that *self-efficacy/self-confidence and personal attitude* are central to intention and entrepreneurial behaviour and impact all factors involved in entrepreneurship;
- v) presents the concept of '*entrepreneurial learning*' and shows that it is a circular process of *experimentation, experience, reflection and conceptualisation* (learning). The individual should pro-actively and continuously '*self-direct*' the learning process and be willing and prepared to *use failure as a conscious learning opportunity*. Furthermore, entrepreneurial learning should be *active and experienced-based*, yet not completely void of *theoretical knowledge* as a foundation. *Social capital* and mentors should be utilised and are critical in this process.

Furthermore, conclusions are drawn from a number of theoretical learning models which are presented, including:

- i) Pretorius *et al.*'s [59] model for *educating for 'entrepreneurial performance'*; which suggests that the *facilitator* plays a central role and that the impact of entrepreneurial skills and business skills on entrepreneurial performance is exponentially impacted by *motivation*;
- ii) Rae and Carswell's [107] '*conceptual model of entrepreneurial learning*', which proposes that *confidence and 'self-belief'* are central constructs which combine the processes of achieving and learning. Rae and Carswell [107] state that central to developing entrepreneurial capability is the circular process whereby *confidence in combination with motivation* drives the setting of ambitious goals; the achievement of which increases confidence. Furthermore, confidence is impacted by the elements of the *learning process*, which includes *active learning, relationships, known capabilities and personal theory*; and
- iii) Rae's [74] '*triadic model for mid-career entrepreneurial learning*', which postulates that entrepreneurial learning occurs through the concurrent processes of *personal and social emergence, contextual learning* and *negotiated enterprise*.



Chapter 5: 'The creative sector'

- i) argues that creative individuals *inherently possess* many of the *traits of successful entrepreneurs*;
- ii) shows that, due to the nature of the creative industries, the traits of creative individuals and the disparity between the number of creative graduates and the available creative work opportunities, creative individuals are *likely to enter self-employment*;
- iii) proves that *creative education pedagogies* are *better suited for teaching entrepreneurial traits* (such as creativity, innovation, willingness to take risks, ability to learn from failure and personal selling skills) and *entrepreneurial cognition* than traditional business education pedagogies are; and
- iv) asks *why*, despite these factors, there is an obvious *lack of entrepreneurial performance in the creative sector*.

In addressing this question the chapter concludes, from literature and empirical research with design educators from representative South African design schools, the following findings regarding the current state of entrepreneurship content education in design schools with regards to entrepreneurship education:

- i) many *aspects of entrepreneurship*, especially entrepreneurial cognition and some entrepreneurial attitudes, are *taught in design schools*, however this portion of the curricula is *'implied'* to the point where it loses impact;
- ii) most *small business management* aspects which are considered *'critical'* for entrepreneurial success are *missing* from the syllabi;
- iii) the small business management aspects which are taught do not have the right *impact*; either because of a) the *motivation and personal attitude* of the design students which causes them to focus only on creative aspects and not take business aspects seriously because they do not understand the importance of the business aspects and do not realise the contribution they can make to the economic and social situation due to their unique and required skill set; or because b) the *facilitators* lack an understanding of the creative audience and thus do not contextualise the knowledge and content or change their teaching technique to make a better impact;
- iv) design schools, despite recognising the importance of business and entrepreneurial skills, *prioritise* and choose to focus their attention on developing the *core skills of design and industry-specific knowledge*; and
- v) the elements which are concluded from empirical analysis to be the *most neglected by design education* whilst also rated by design educators as highly important relate to the themes of *'accounting and finance'*, *'marketing and the market'* and *'new venture creation'*; which are concluded from Chapter 4 to be of the most *critical factors* for SME success.

Further insight is gathered from interviewing creative individuals currently running their own ventures, as well as from the related literature. The conclusions drawn from this section include that:

- i) the concept of *entrepreneurial identity* is integrally linked to personal characteristics such as motivation, personal attitude and self-confidence;
- ii) entrepreneurial identity determines the type of *entrepreneurial role* which an individual will take on, and thus determines the ‘effectiveness’ of the entrepreneurial activity which the individual undertakes;
- iii) creative entrepreneurs *struggle to develop an entrepreneurial identity* for many possible reasons such as; a) the tension between the concepts of business and art, b) a negative perception of businessmen and entrepreneurs, c) being unable to identify as anything other than a ‘creative’ and d) lack of self-confidence in their ability to perceive business concepts;
- iv) motivation distinguishes between the types of entrepreneurship, ‘*effective entrepreneurship*’ is entrepreneurial activity motivated toward progress, *achievement and growth* and is in response to an *opportunity* rather than driven by necessity;
- v) creative individuals tend to start ventures but do not possess any *business motivation*, but rather are motivated by the *love of their art*, for creative *independence*, or start ventures “by accident” or as a natural and *unplanned progression* from design education;
- vi) *self-confidence* is central in driving entrepreneurial development and *progress* as it allows individuals to make *timely decisions* based on little information, *adapt* to changes and set and achieve increasingly *ambitious goals*, which is crucial in the contemporary competitive and dynamic business environment;
- vii) creative individuals *lack self-confidence* in their ability as entrepreneurs and business people, viewing many of the tasks and elements of the entrepreneurial process as ‘critical’ for success whilst rating themselves as completely inadequate or barely adequate at these same concepts; the lowest confidence and greatest gap between perceived level of importance and perceived personal ability is exhibited in ‘*accounting and finance*’, ‘*new venture creation*’ and *strategy* (amongst others);
- viii) creative individuals generally exhibit *high levels of confidence* in their personal *entrepreneurial characteristics and abilities*, including the critical success factors of *creativity and innovation* and *personal selling*;
- ix) creative individuals *underestimate their value*, both for the service or product they offer, as well as for possessing the *vital skill of innovation and creativity* that is needed to *address local and global challenges*;
- x) *network and social capital* form a critical part of the processes of entrepreneurship, entrepreneurial learning and creativity, and even more so in the creative industries due to the nature of the industry, the work and the *pivotal role* which networks play therein;
- xi) in general – due to the creative individual’s lack of entrepreneurial identity, business motivation and low self-confidence for business – the critical aspects of *strategy, networks and social capital, innovation and creativity* and *entrepreneurial learning* are ineffectively utilised, if at all.

6.3 Development of a model that solves the research problem

The ultimate goal of the research is to address the problem statement through fulfilling the research objectives and answering the research question. For this reason the above-noted conclusions are analysed with the aim of developing a model that has relevance due to providing an answer to the research question, and therefore addressing the problem statement. The research question is stated in figure 6.1, along with the original problem statement (also shown in figure 1.5) and research objective (also shown in figure 2.1) from which it is developed.

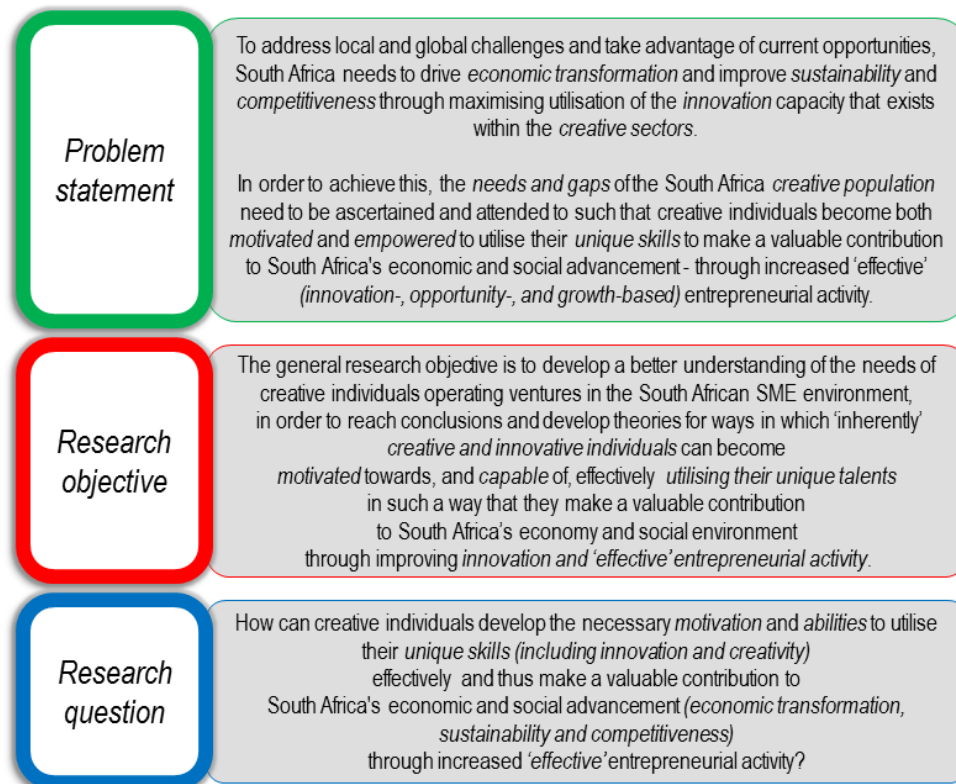


Figure 6.1: The research question (developed from the research objective and problem statement) which needs to be answered by the research outcome

The conclusions for each chapter presented above are analysed and summarised into tables that present the important elements that emerge. Thereafter, the conclusions are further studied in order to ascertain the relationships between the elements and how they impact one another. These tables can be seen in Appendix H.

From these tables it is clear that the important elements in the development of 'effective' entrepreneurial motivation and ability, that address the research problem noted above are;

- i) **Entrepreneurial identity:** which is the general construct used to describe the interlinked elements of;
 - a) entrepreneurial identity,
 - b) entrepreneurial motivation,
 - c) personal attitude, and
 - d) self-confidence;
- ii) **Entrepreneurial learning;**

- iii) **Network and social capital;**
- iv) **Skills and abilities:** which consist of the various requisite skills categories, namely;
 - a) industry-specific skills and abilities,
 - b) entrepreneurial skills and abilities, and
 - c) small business management skills and abilities; and
- v) **Context and external influences:** which consider the following aspects that impact the model;
 - a) audience,
 - b) context, and
 - c) mode of learning (is the model being used to guide personal development or by an institution and facilitator).

Literature is then further consulted to validate the emergent elements, their relevance and the links between them. Empirical detail is added to the discussion from analysis of the research results. This literature and empirical evidence is discussed as a means of introducing the logic and relevance of the model elements and their interrelationships. Thereafter the model and its intended uses are presented.

6.3.1 Entrepreneurial identity

Entrepreneurial identity is the central element with the greatest impact on the other factors and thus the type of entrepreneurial role which is filled by the individual. As mentioned, ‘entrepreneurial identity’ combines the overlapping elements of:

- i) *motivation* toward entrepreneurship and making a valuable contribution,
- ii) *personal attitude* towards entrepreneurship and business, and
- iii) *self-confidence* in business and entrepreneurial abilities and tasks.

The elements¹ are all interlinked and have a knock-on effect on each other. As Ajzen’s [176] ‘theory of planned behaviour’ discussed in section 3.2.5 postulates, intention is impacted by the individual’s perception of the desirability and feasibility of the task. In the context of entrepreneurship, desirability is a combination of the individual’s attitude toward entrepreneurship and perceived social norms. Feasibility is impacted by the individual’s perception of personal self-efficacy or ability to control the situation. Therefore, entrepreneurial intention can be improved by increasing: i) the ability of the individual to successfully achieve enterprise goals through increasing entrepreneurial and business skills and abilities, and ii) impacting motivation and attitude toward entrepreneurship by helping individuals (and specifically creative individuals) understand the value of their role in society. These factors in turn improve perceived self-efficacy, thereby increasing ability to achieve which increases self-esteem and strengthens the motivation and attitude towards more ambitious goals.

Entrepreneurial identity is anchored in; values and motivations, education and career experiences; and strengthens and changes entrepreneurial intentions according to circumstances [272]. A positive or strong entrepreneurial identity not only impacts the intention to start and drive a venture towards growth, but also impacts the awareness and willingness of an individual to

¹The terms used for elements in the ‘model for the development of effective entrepreneurship’ (figure 6.5 differ from those presented in the theories from the literature, as theories use varying terminologies which tend to overlap. It is irrelevant to determine exactly where each term used in the theory fits in with the elements of motivation, personal attitude and self-confidence, as the model proposed sees all these concepts as integrated and overlapping – which is why the central term ‘entrepreneurial identity’ is used to group these elements and minimise confusion. Where it is of value, the elements are addressed distinct from one another.

effectively and purposefully utilise i) the parallel processes of *entrepreneurial learning* and *innovation*, ii) the *network and social capital* available, as well as iii) the *small business management* and *entrepreneurial skills* that are critical for growth and progress (such as strategy, planning and tracking) .

Furthermore, literature widely claims that the aspects of entrepreneurial identity are the “most influential elements” of entrepreneurship [89], and that these elements can be developed [154]. Rae [74] postulates that “in becoming recognised as an entrepreneur, people renegotiate their personal and social identities which express who they are, who they want to be, and how they prefer to be recognised by others within their social world”. This identity is developed over time and shaped by changes, developments and learning experiences.

There is unanimous agreement that innovation and creativity are critical factors in business. However, due to the perception that creative individuals are unable to apply business knowledge and creative individuals’ inability to relate to themselves as entrepreneurs, the business world generally perceives them as lacking in business acumen. This perception has implications within business, as aspiring entrepreneurs often require funding from external and private sources, and a lack of trust in their capabilities and professionalism will impede their ability to utilise networks and social capital outside of the creative industry. A divide exists between the business and design world, and increasing the awareness of business in design students, as well as their self-confidence and motivation, will improve this. The financiers admit that the application for funds for design businesses are not often successful because creative individuals have a poor reputation for business success. However, it is also stated that the design industry is an emerging, and therefore high-growth industry, and therefore is considered a viable sector for success and growth.

Motivation and personal attitude

As discussed, entrepreneurship that is triggered by negative motives results in less dynamic and entrepreneurial behaviour and an increased probability of venture failure [42]. For this reason, possessing the ‘right’ motivation is critical in the entrepreneurial process.

In addition, it is a vitally important aspect of this model, and noted by numerous researchers (such as Kirby [208], Fayolle and Gailly [53] and Nabi and Holden [170]), that individuals develop an understanding of the importance of entrepreneurs in the economy and society. Furthermore, creative individuals need to become aware of and understand the value of their unique talents for innovation and creativity in the bigger picture. If motivated to effectively utilise their unique talents, creative and design entrepreneurs will contribute notably to the changes needed in South Africa and globally.

Furthermore, in order for an individual to assume responsibility for self-directing entrepreneurial learning, the individual needs to possess the right attitude and motivation [143].

As can be seen in figure 6.3, which is addressed in section 6.3.4, the ‘motivation and personal attitude’ aspects of entrepreneurship content are of more importance than small business management skills and abilities. Design educators rank ‘motivation and personal attitude’ as the most important aspect, whilst experts and design entrepreneurs rank it as only slightly less important than the ‘entrepreneurship’ aspects.

Self-confidence

Entrepreneurship is characterised by uncertainty and the need to make decisions fast based on little evidence, and the perceived personal ability to judge and take action is central in allowing the entrepreneur to respond effectively. High self-confidence relates to the ability to perceive and act upon opportunities in their limited window of availability. Connected to an individual’s need to achieve ambitious goals and act on opportunities, is their personal belief that they can

accomplish what they set out to [204].

According to Drnovšek *et al.* [193], entrepreneurs with higher levels of self-efficacy beliefs for attaining success on tasks, are more likely to persist longer and attain higher levels of performance on opportunity exploitation.

Imparting entrepreneurial identity

The core strategy of imparting the aspects of entrepreneurial identity is awareness. The most important thing creative individuals need to become aware of is the fundamental importance of their unique skill in changing and progressing society and the economy. If ‘creatives’ realise their economic importance and therefore become interested in adding to the economy, their motivation, attitude, confidence and identity in relation to entrepreneurship would shift. This would also aid in easing the tension that exists between ‘art’ and ‘business’, as creative individuals could begin to see business motivation as a positive attribute. Another key aspect is in making ‘creatives’ aware of the number of entrepreneurial skills which they possess. As discussed in section 5.4.3, entrepreneurial content in design schools is implicit and as such designers are unaware of that these skills have been developed. Awareness of their entrepreneurial attributes will further impact all the elements of entrepreneurial identity.

Yet another means of improving this element is through purposeful and regular networking with creative entrepreneurs that have set ambitious goals and achieved them, despite “only thinking creatively”. Role-models and mentors with whom creative individuals can relate could impact the way creative individuals perceive the role of creativity in business. Furthermore, using techniques such as the questionnaire used in this study, asking “*how important is the skill for success?*” and “*how good are you at it?*” could not only help individuals identify areas in which they lack confidence, but also areas in which they are confident.

These are just a few of the ways in which motivation, attitude, confidence and entrepreneurial identity can be shifted positively towards entrepreneurship. Many more are mentioned throughout the study, and within specific contexts additional methods would have value.

Apart from the entrepreneurial identity element; skills and abilities, relationships with the network and participation in active entrepreneurial learning are also of pivotal importance [204] and discussed below.

6.3.2 Network and social capital

Not only does the effective management of network and social capital impact on the success of the business, it is also links to self-confidence and the development of small business management and entrepreneurial capabilities. The importance of mentors and role models in small business and the development of entrepreneurial ability is repeatedly emphasised in the literature [172].

The effective and purposeful utilisation of network and social capital impacts; i) the entrepreneurial learning process, as learning involves and is improved by other players in the process, and ii) entrepreneurial identity, because social emergence is affected by the social context.

While relationships and networks are central to creative industry success, and creative individuals tend to have extensive networks, research shows that they generally do not utilise and manage these networks for economic performance. Creative individuals tend to make social rather than strategic/commercial use of their networks; often basing business decisions on trust rather than judgement or entrepreneurial action. Design entrepreneurs need to learn the value of effective utilisation of their social capital [14].

6.3.3 Entrepreneurial learning

Entrepreneurial learning does not simply occur through experience, but is interdependent on a number of other aspects of the entrepreneurial process. Learning to achieve, and learning from achievement, are vital in the process of entrepreneurial formation. In the process of entrepreneurial learning, goal-directed, regulated action should be reflected on and integrated into future behaviour, which increases both entrepreneurial cognition and ability. Reflection is the basis of adult learning and is a precondition for the formation of ideas and thoughts that will produce changes [204].

According to Schein and Schein [278], as people move into their careers they develop clearer self-concepts in terms of their talents and abilities, motives and needs, and values. These “talents, motives, and values become interrelated in a total self-concept through a reciprocal process of learning” [278], which can create an important link between personal values and the occupational base [272]. Furthermore, the learning process involves co-participation among entrepreneurial individuals [4].

6.3.4 Skills and abilities

‘Skills and abilities’ emerges as an important aspects of the model which encompasses industry-specific skills and abilities, entrepreneurial skills and abilities, and business management skills and abilities. The relevant results of the empirical research and analysis provide the detail regarding which of these skills and abilities are important and should be focused on. The results are discussed in this section.

Three groups of stakeholders are interviewed, totalling 29 cases. The total sample group of stakeholders is divided as can be seen in figure 6.2 and is as follows; i) 9 experts, ii) 6 design educators, and iii) 14 design entrepreneurs .

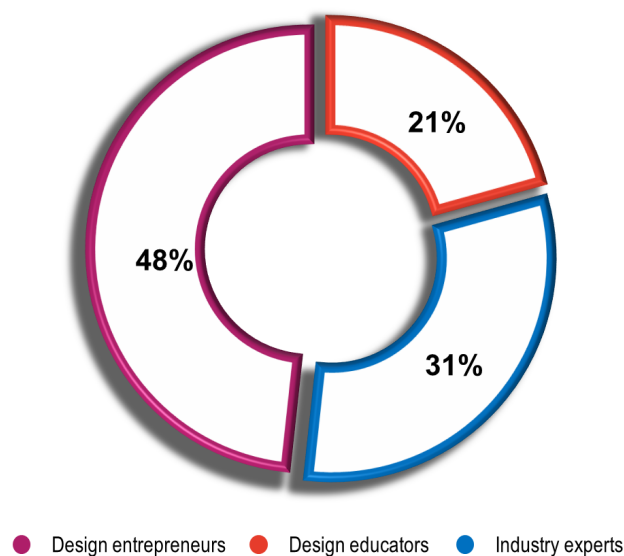


Figure 6.2: The division of total interviewees by stakeholder group

Figure 6.3 illustrates the empirical results regarding the average rated level of importance for success of the domains of general entrepreneurship education. As can be seen in the figure, the

elements that relate to ‘entrepreneurship’ are collectively ranked as the most important, with ‘motivation and personal attitude’ elements ranking slightly lower, and ‘small business management’ related elements ranking notably lower. The experts and design entrepreneurs’ rankings are in-line with this over-all ranking; rating ‘entrepreneurship’-related concepts as the most important, followed by ‘motivation and personal attitude’ and then ‘small business management’ – as illustrated in the figure. Interestingly, design educators rank motivational aspects as slightly more important than entrepreneurship aspects.

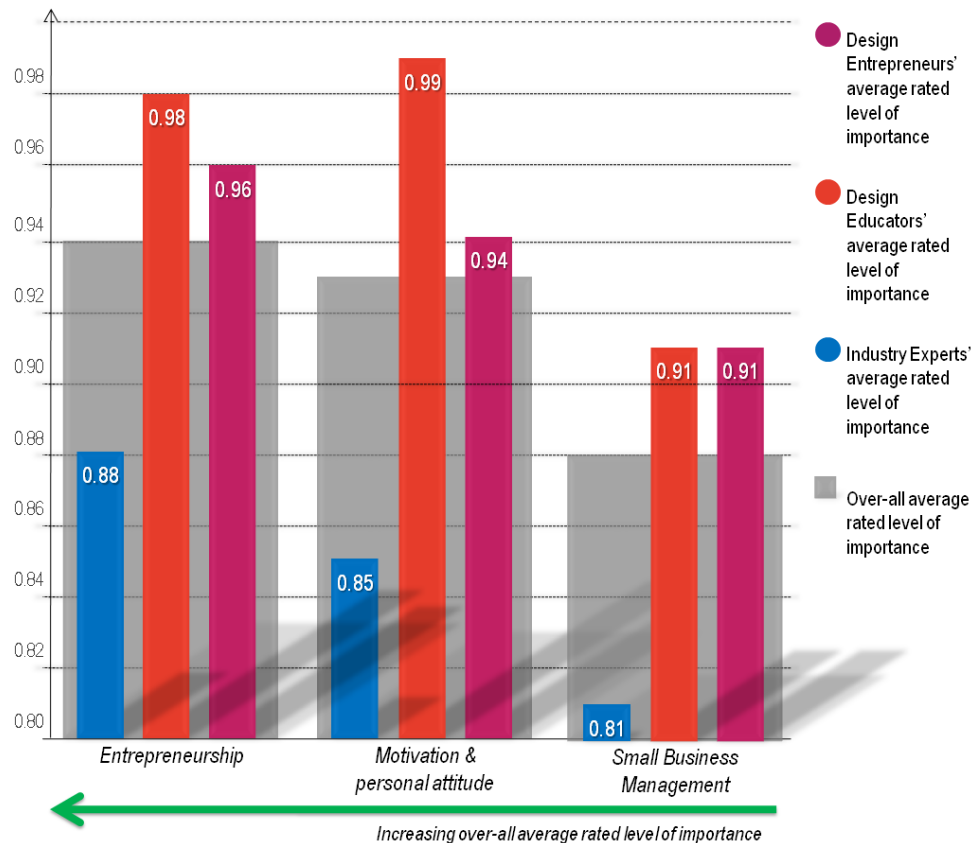


Figure 6.3: The average rated level of importance of the domains of entrepreneurship educational content

Additionally, figure 6.4 shows the percentage of the over-all interviewees, as well as the percentage of each individual group of stakeholders, that rate the aspects within the themes shown to be of ‘critical’ importance for the success of a SME in the South African context.

The vertical axis relates (from top to bottom) to an increasing percentage of the over-all interviewees that consider the topic to be of ‘critical’ importance. As can be seen, there is a fairly large disparity between the stakeholder groups in some cases. However, general agreement is shown in those topics which rank as the most critical, such as; i) innovation and creativity, ii) professionalism (which includes communication aspects), iii) entrepreneurial attributes, and iv) product, pricing and selling elements.

In using the framework to guide entrepreneurial learning, it is suggested that ‘skills and abilities’ elements be prioritised according to their importance and the degree to which the elements are currently lacking. Depending on the context in which the model is being used to guide learn-

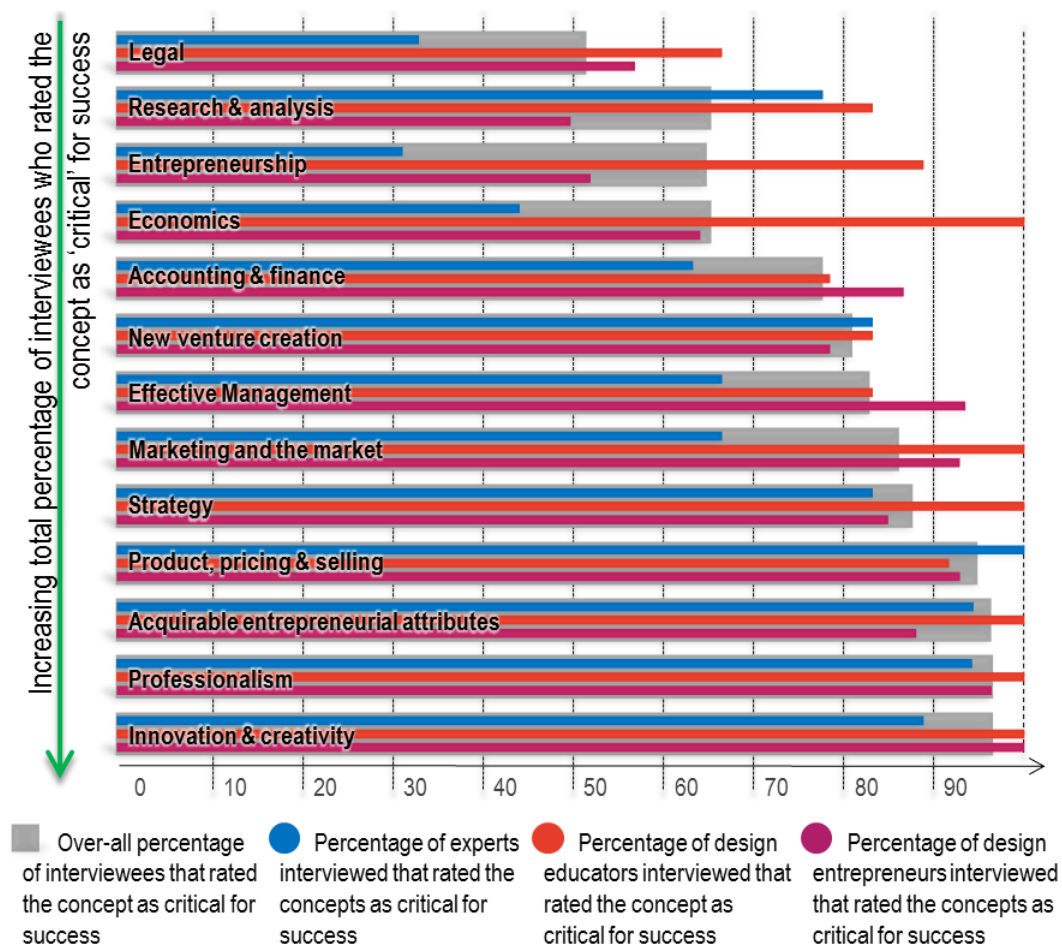


Figure 6.4: Results of over-all level of importance of the elements of entrepreneurship educational content

ing, the ranking can be based on a combination of;

- i) the most critical success factors (which are discussed section 4.4, tabulated in Appendix D and summarised in table 6.1),
- ii) the education gap, which is likely to be situation-specific and can be ranked according to ratings regarding the degree to which topics and elements are currently taught, and
- iii) the self-confidence gap, which is unique to each individual (or can be averaged for a group), and can be ranked according to ratings in response to the questions; a) *“how important do you think it is for success?”* and b) *“how good are you at it?”*. In this study, it is the difference between these rankings that is considered to illustrate the level of self-confidence of the individual.

Table 6.1 shows a summary of;

- i) the over-all rating of the extent to which the topic is considered to be ‘critical’ for success, as shown in figure 6.4,
- ii) the most important elements which were also rated as missing from design education, as concluded from the analysis in section 5.4 of the design educators’ rating of the level of importance of elements in relation to the degree to which the element is taught,

- iii) the elements which were concluded to exhibit the greatest lack of self-confidence, calculated in section 5.5 as the difference between a) the design entrepreneurs' perception of the importance of the element and b) their perception of their personal ability with regards to the topic, and
- iv) the most critical success factors, according to the percentage of the experts stakeholder group that ranked the element as 'critical', as shown in the tables in Appendix D.

Each of the above-mentioned lists are ranked according to the priority of the topic. Out of the 13 topics addressed in the analysis, a ranking of '1' shows high importance ratings, lowest level of self-confidence, or greatest gap in education. The combination of these values, along with whether or not the topic is concluded to be a critical success factor from analysis in Chapter 4, establish the position of the topic in the priority table, as shown in table 6.1.

Table 6.1: Summary of aspects for prioritising the *skills and abilities* for entrepreneurial learning

Topic (listed from highest priority according to rankings show)	Over-all 'critical' ranking (of 13)	Design education greatest gap ranking (of 13)	Designer lowest self-confidence ranking (of 13)	Critical success factor
Accounting and finance	9	1	1	✓
New venture creation	8	3	2	✓
Strategy	5	7	5	✓
Marketing and the market	6	2	8	✓
Research and analysis	12	10	3	✓
Legal	13	8	4	x
Entrepreneurship theory	11	4	12	x

Innovation and creativity

It is widely accepted that innovation and creativity form a central and integral part of the entrepreneurial process. Notably, creativity and innovation were, without exception considered to be of critical importance by all the role-players interviewed. Furthermore, the literature confirms the direct effect of innovative behaviour on business success [31; 60]. However, studies suggest that the SME sector still demonstrates an innovation management deficit and finds innovation management a challenge [11].

For the creative industries, the 'industry-specific' and 'entrepreneurial' skills and abilities overlap. Innovation and creativity exist in this joint area. For other industries, innovation and creativity would fall into entrepreneurial skills and abilities, and the industry-specific skills would be independent of these constructs.

While creative individuals possess a heightened capacity to innovate, they require a more strategic approach to innovation and effective innovation management skills to succeed [11].

According to NESTA, “the successful creative entrepreneur is a market focused innovator” [21]. Kellet [21] notes that the profitability of creative ventures is based on continuous innovation and creative development, and that the key to success is the union of industry-specific and enterprise skills...

Industry-specific skills and abilities

While the factors of motivation and entrepreneurial identity are of critical importance, other factors, most notably talent and core skill, have to exist as well [62]. High growth ventures are shown to build on existing strengths and diversify, restricting their range of activities to a central skill or competence [30]. This is in-line with the almost unanimous suggestion made by the experts interviewed in Chapter 4 that entrepreneurs should focus on their core skills.

All the design entrepreneurs interviewed portrayed high levels of self-confidence in their industry-specific talent, skills, abilities and knowledge, especially their creativity and product concept and quality. This is in agreement with literature that suggests that individuals in the creative professions are generally highly qualified. Furthermore, the result reflects the claim of the SABS Design Institute that design education in South Africa is high quality, and that a strong creative industry has been fostered in South Africa. The design entrepreneurs consider the quality of their product and their business concept to be excellent.

Entrepreneurial skills and abilities

While traditional business skills and “technical ability” are essential, they are not sufficient to make a successful entrepreneur, and more attention needs to be given to the development of entrepreneurial skills, as entrepreneurial skills are considered to be the element which differentiates an entrepreneur from a manager [168; 77; 39].

The design entrepreneurs interviewed generally ranked themselves as more than competent in many entrepreneurial skills, and perceive themselves to have an entrepreneurial mindset and possess many entrepreneurial attributes – although they do not consciously realise that these skills and attributes make them well-suited to entrepreneurship.

Small business management skills and abilities

While core strengths and talent should be the focus, ignoring the other functions of small business management will undoubtedly lead to failure. It is noted by the experts interviewed that SME’s in South Africa are generally not in the position that they can afford managers for every function within the business, nor is it affordable to outsource all professional functions. This makes a basic understanding of the main functions of business operation and management necessary for venture success. Entrepreneurs are required to perform multiple roles within the business, but cannot realistically develop strong capabilities in every field involved in the operation of a business venture.

Analysis of the data gathered relating to small business management skills and abilities, shows a lack of confidence in their own ability to behave and take actions that they consider critical for success. Design entrepreneurs rate many small business management concepts as critical for success but consider themselves completely incapable of performing these tasks.

6.3.5 Model for the development of effective entrepreneurship

From the above conclusions and emergent theories, the ‘model for the development of effective entrepreneurship’, as shown in figure 6.5 is developed, to be used in combination with figures 6.6, 6.7, 6.8, 6.9 and 6.10.

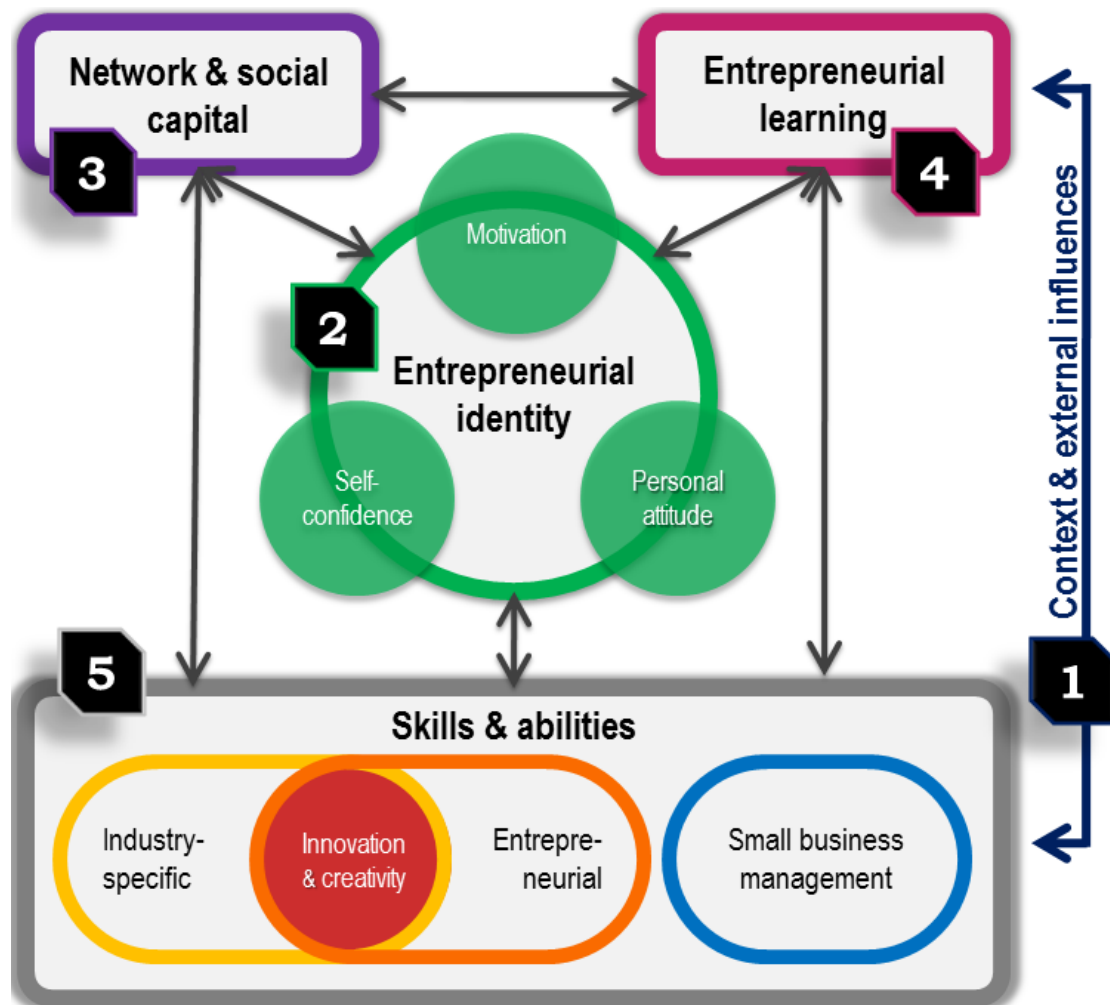


Figure 6.5: Illustration of the 'model for the development of effective entrepreneurship' (developed in this study)

To address the problem statement as shown in figure 6.1, the model is intended to act as a guideline, description and justification of the aspects necessary for improving entrepreneurial motivation and capability in creative individuals.

It is postulated that the development of high impact entrepreneurial capability is dependent on the elements and the inter-relationships between these elements shown in the model illustration in figure 6.5. The arrows indicate relationships between elements, as well as processes by which the elements presented develop and improve. Furthermore, many of the elements also represent continuous processes. These processes run in parallel and develop entrepreneurial capability, leading to both sustained success and competitive advantage.

As suggested by Rae [168] and Trevelyan [189], entrepreneurial learning should be an integrated approach in which participants develop their own parameters for entrepreneurial attainment, establish their own goals, develop their own criteria for assessment and reflect critically on their performance in relation to the developed criteria. In this way assessment becomes an integral and self-directed part of the learning and achievement process, emphasising greater personal development and change. Furthermore, independence and autonomy in learning positively impact the development of identity and intrinsic motivations and career self management skills and behaviour [24; 89].

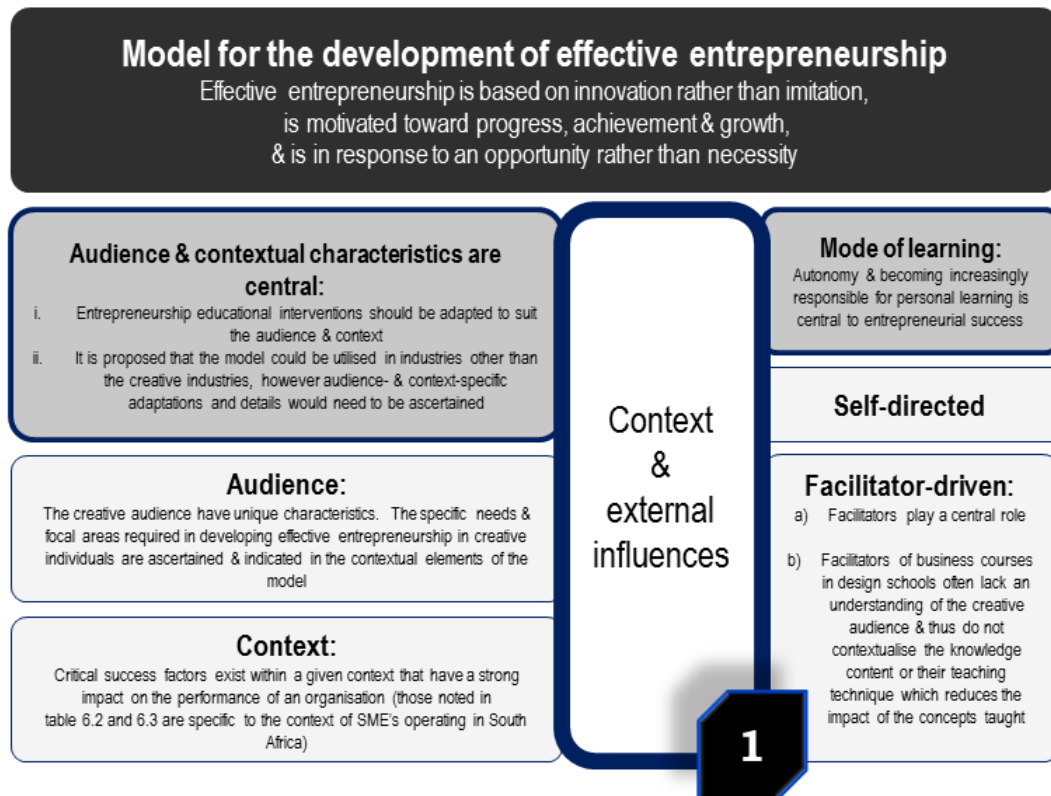


Figure 6.6: Model for the development of effective entrepreneurship: Context and external influences

Figure 6.6 introduces the model and the specific context and external influences. In this figure, the need for autonomy in the learning process is noted. Furthermore, this figure shows the intended uses of the model as either for self-directed learning, or for use by facilitators to guide the learning of others. However, a central aspect of the model (as noted in figure 6.6 is that in both these cases, the 'learner' needs to take responsibility for learning and continuously self-direct the process to meet personal needs, which continue to change.

This 'model for the development of effective entrepreneurship' could be used by institutions or individuals to plan and direct the emphasis of the learning process. In addition, the model would add value in guiding the development of any initiatives aimed at improving the success of creative businesses, as it highlights critical areas for focus, and raises awareness of aspects often assumed or taken for granted. An example of this is the assumption that creative individuals need no further awareness or guidance regarding innovation and creativity, when the model proposes that they should be made aware of the need to more actively and effectively utilise and manage the innovation process.

Entrepreneurial identity

Figure 6.7 presents all the relevant details regarding the importance of the entrepreneurial identity components (entrepreneurial identity, motivation, personal attitude and self-confidence). This figure describes how the components impact each other as well as the other elements in the model. The audience-specific characteristics ascertained are also noted. These characteristics of creative individuals and specific areas in which they struggle or lack knowledge are described, along with possible reasons therefore. The aim is to inform the user of the model about the important aspects and needs that should be considered when developing effective entrepreneurial capability, such that they are able to either design or self-direct programmes which effectively address these points.

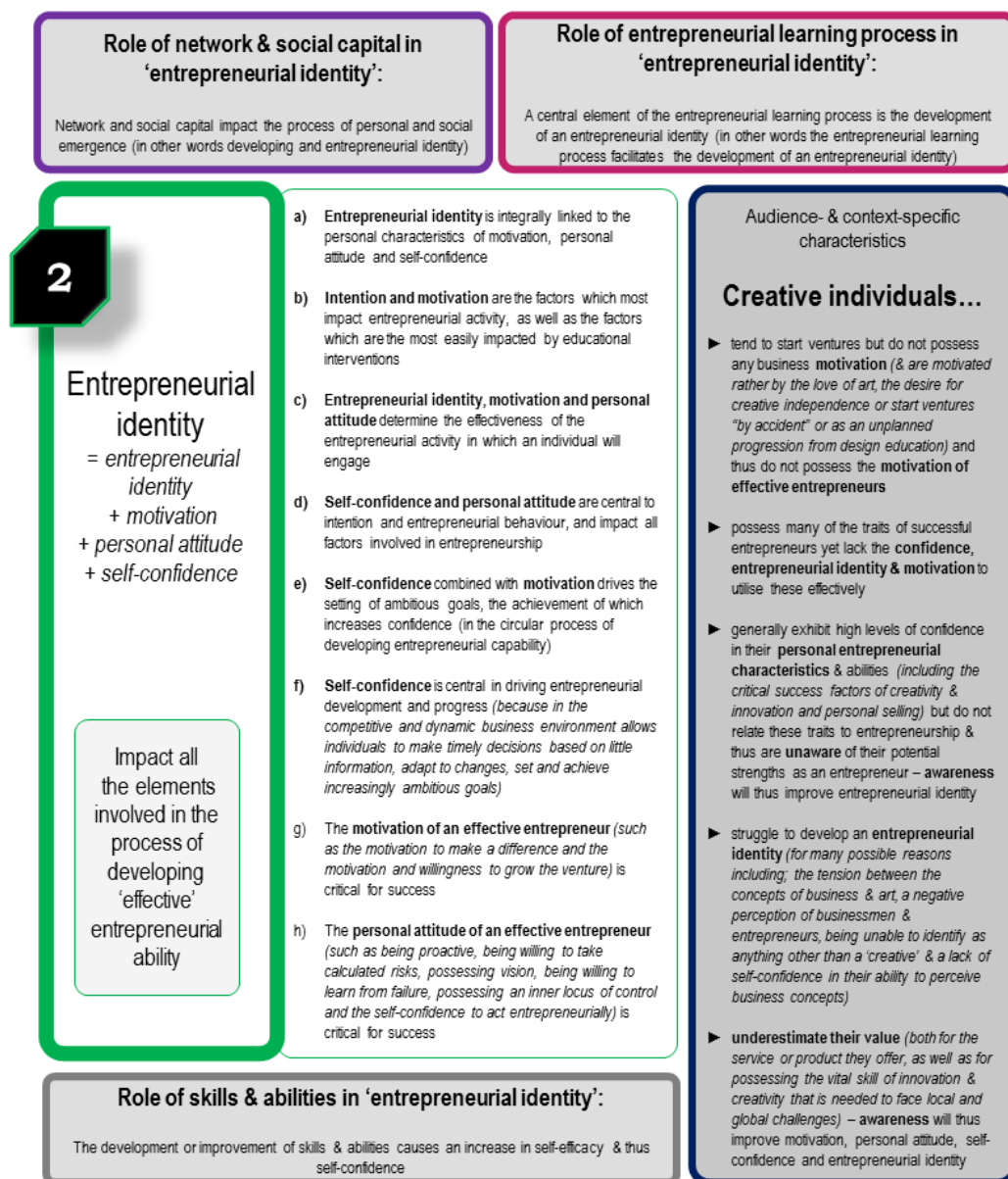


Figure 6.7: Model for the development of effective entrepreneurship: Entrepreneurial identity

Network and social capital and the entrepreneurial learning process

Figure 6.8 shows the network and social capital element and the relationships and impacts involved, in order to justify and highlight the importance of this element, thus encouraging and directing the better utilisation of this aspect for entrepreneurial success.

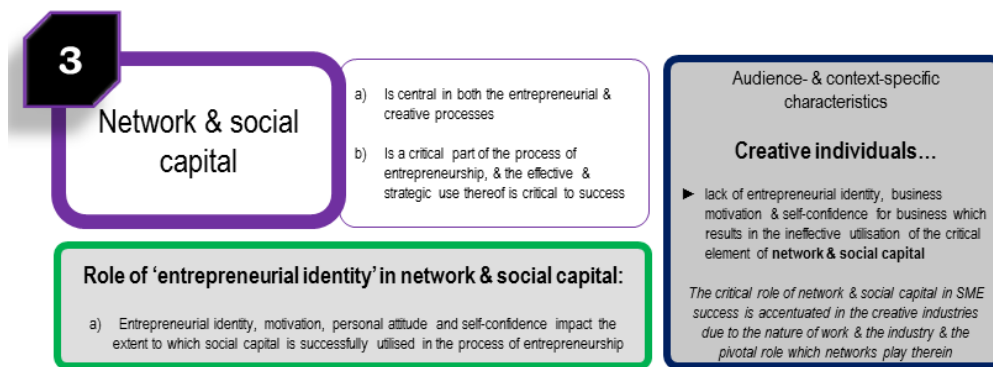


Figure 6.8: Model for the development of effective entrepreneurship: Network and social capital

In figure 6.9 the importance of the entrepreneurial learning process, and characteristics thereof, are described. The figure explains the circular process nature of entrepreneurial learning and the distinct steps within the process. Furthermore, the importance of learning from failure and experience is highlighted, which links to possessing the correct attitudes and motivations in order to do so. The aim is to justify and encourage the use of continuous entrepreneurial learning for better entrepreneurial behaviour, as well as to provide guidance as to how this can be done and which aspects need to be considered or accounted for.

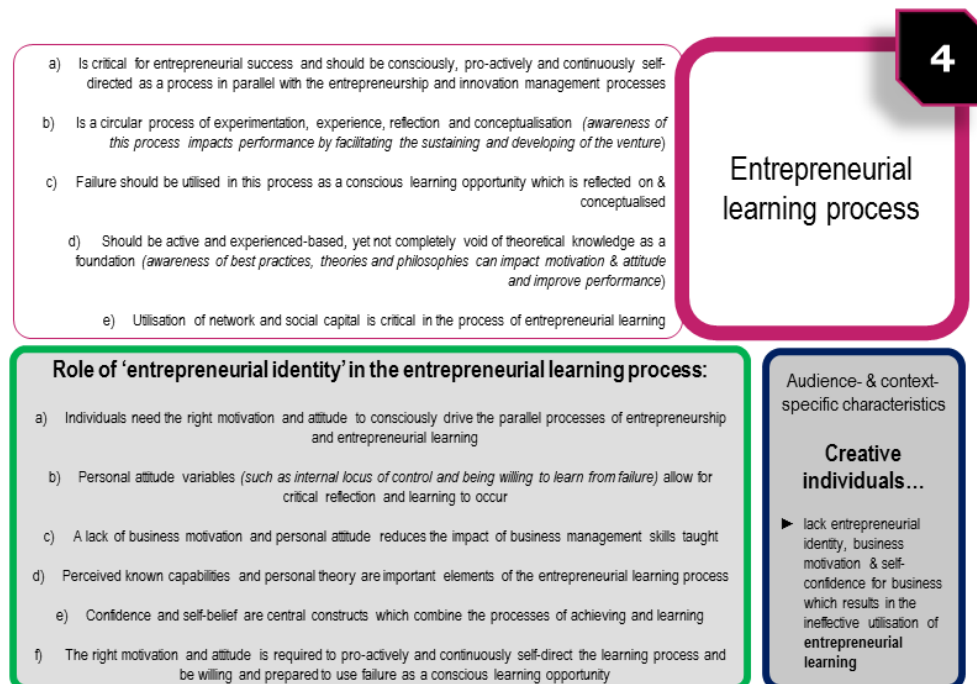


Figure 6.9: Model for the development of effective entrepreneurship: Entrepreneurial learning process

Skills and abilities

Figure 6.10 shows the divisions of skills and abilities that are included in the model, notes the important areas within each area of skill, and addresses the relationships and impact of the other elements in the model on these skills and abilities. Specific critical success factors ascertained are noted where relevant, and the characteristics of the creative audience are presented such that facilitators are able to design courses and interventions that counter or accentuate these. Once again, the purpose of this figure’s inclusion in the model is to not only justify and encourage better utilisation of the aspects addressed for the purpose of entrepreneurial success, but also to provide direction as to where and how this can be achieved.

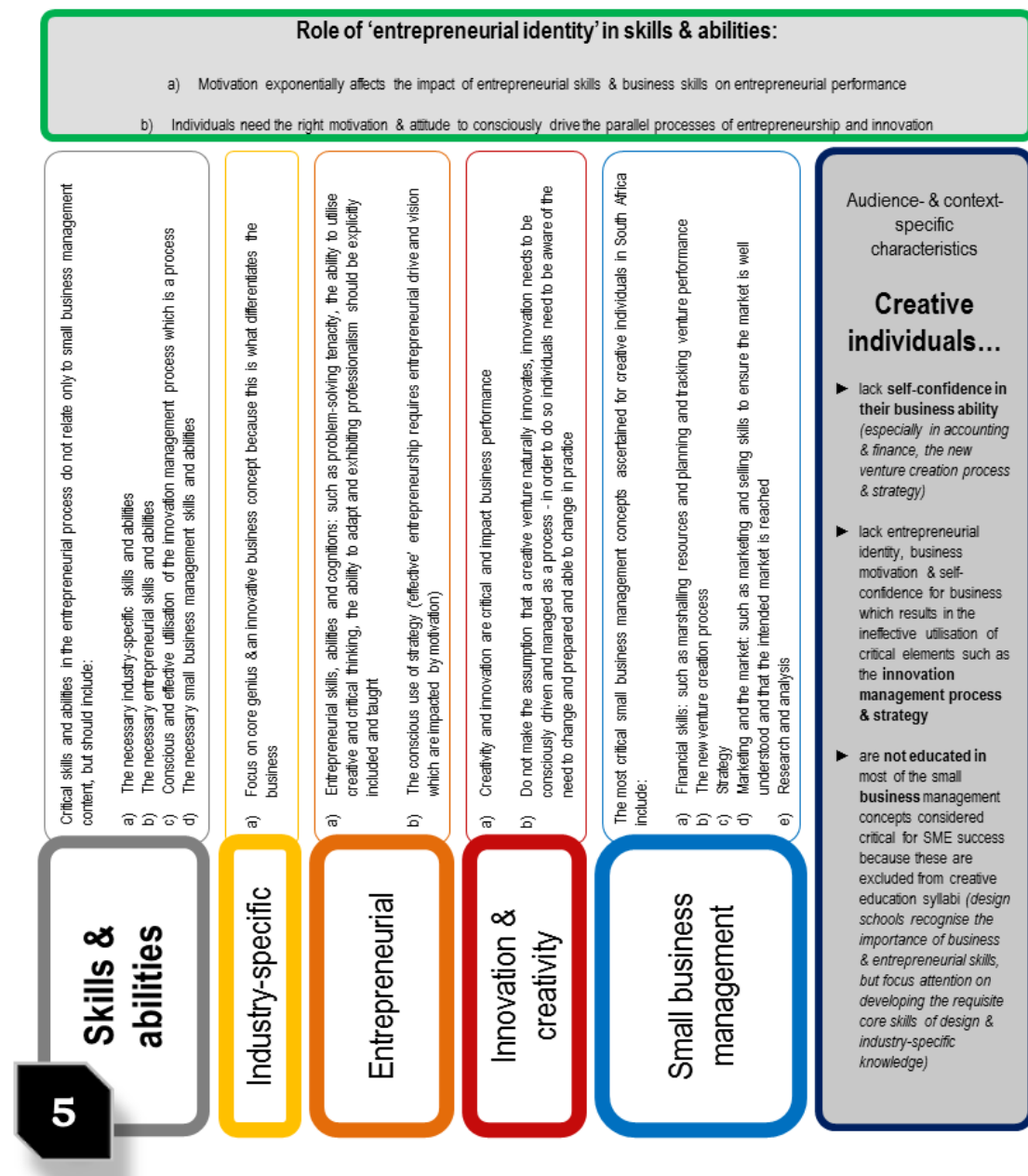


Figure 6.10: Model for the development of effective entrepreneurship: Skills and abilities

The detailed figures should be used in conjunction with the model illustration in order to gain a comprehensive understanding of the elements which are important, why they are important and how they can or should be addressed. The aim is that users are able to design context and audience specific programmes around the theoretically-based model which shows which aspects and areas need to be addressed and why.

6.4 Practical application of the model

The illustration of the model, and the accompanying descriptive figures that direct the utilisation thereof, are intended to be a complete guide, which can be used independent of the research discussion in this study. As such the use of these guidelines are intended to provide the necessary guidance, information and justification that can aid facilitators of established programmes and other intervention initiatives, as well as guiding the self-directed process of developing effective entrepreneurial capability for current creative entrepreneurs.

A strength of the model is that it presents the critical aspects, concepts and justifications without imposing constraints on the design of the outcome. As such there is broad possibility for application of the model to assist in the design of a number of varying initiatives and educational interventions, but also the possibility of adjusting the level of content included to suit the needs of varyingly educated audiences. There are a number of practical applications for which the model is well-suited:

- i) As a learning map to raise awareness in creative entrepreneurs as well as guide their individual and self-directed learning process. The weakness of this application is that it relies on the individual that, presumably lacks motivation towards entrepreneurship, for execution. However, if entrepreneurial motivation and intention is impacted, the model could be used on an individual basis, but may well lack the impact possible in facilitator-driven applications.
- ii) A more realistic intention of the model is to be used as a basis for the design of curricula in creative education institutions. The model (and accompanying tables) note specific weaknesses in the entrepreneurship and business content of current design curricula and warns against the negative impacts thereof. These pitfalls include; a) while many entrepreneurship aspects are taught, the content is implied to the point that it is invisible and individuals do not reap the linked motivational and attitudinal benefits of explicit content (for example, individuals are unaware that they have been taught many of the entrepreneurial capabilities of successful entrepreneurs and thus do not experience the related increases in entrepreneurial self-confidence or identity), and b) facilitators of business programmes often do not understand the creative audience and therefore are not able to adapt the content and pedagogies to be more accessible to them.

The most promising and exciting of the intended applications of the model, is for use by organisations and initiatives operating within the creative sectors of South Africa. The following list provides a non-definitive listing of a few of the possible organisation and initiatives that could make use of the model, and how:

- i) Cape Town Activa: the Cape Town Activa project mentioned in Chapter 1 is a long-term strategic initiative aimed at transforming Cape Town into a global entrepreneurial hub, with a specific focus on innovation activity. One of the three focal sectors of this project is that of the creative and design industries. The project has set up a number of initiatives aimed at assisting entrepreneurs and SME's in Cape Town to operate as closely as possible to maximum potential. This is done by ensuring that entrepreneurs can find the support, resources, skill, networks and tools they need. The use of the 'model for the development

of effective entrepreneurial capability' would be of great relevance in guiding the design of workshops and further initiatives for increasing innovation and entrepreneurial activity. In fact, Troy Wade² of 'Robertson Wade Design. Firm.', the design firm that won the contract for all marketing and design work for the Cape Town Activa project, noted that "The City of Cape Town would be very interested in what you are doing".

- ii) A number of large well-funded institutions operate projects in the creative sector and have the necessary funding as well as an existing database of young professional creative individuals. However, as mentioned by a number of the 'creatives' interviewed, these institutions and projects are stunted by the lack of professionalism, confidence and motivation in designers, and thus struggle with getting the design input they require for their programmes. A few organisations and initiatives are noted along with the possible application of the model in their projects;
 - a) **African Fashion International and South African Fashionweek:** African Fashion International is the foremost fashion events and promotions company in Africa and provides platforms for showcasing African creative talent, and South African Fashionweek is an annual fashion event which showcases top South African fashion design talent. Both these events could use this model to great benefit. If the model were used as the basis for an entrepreneurship workshop presented to the most promising designers each year, not only would the improved entrepreneurial behaviour of the promising designer mean an improved input for the organisations, but marketing of the campaign could serve to build the organisations' brand.
 - b) **The Design Indaba:** The Design Indaba is also an annual design event which aims to facilitate creativity in "fuel[ling] an economic revolution in South Africa". The Design Indaba has two aspects; the exhibition and the conference. The conference has become one of the world's leading design events. The presentation of the 'model for the development of effective entrepreneurial capability', or a workshop based on the model, could be a relevant inclusion in this conference.
 - c) **The Cape Craft and Design Institute:** The Cape Craft Design Institute is a partially government-funded organisation that promotes and supports the growth of craft as an economic sector in South Africa. As such the institute would be well-served by a research-based model for improving the entrepreneurial intentions and abilities of creative individuals, on which to base workshops and other initiatives.
 - d) **The SABS Design Institute:** The SABS Design Institute discussed in Chapter 1 currently run a number of initiatives in the design sector and could utilise the model to either improve and adapt current initiatives, or develop further initiatives.

Furthermore, government is searching for ways to support the development of valuable entrepreneurial activity, and could utilise the model as a basis for an initiative aimed at achieving this goal. As the motivation for this study is in-line with local and global economic requirements, the model is specifically developed to achieve the same macro-economic goals as those set by government.

²One of the successful design entrepreneurs interviewed

Chapter 7

Validation



“Everything came together perfectly, as a blend between business as a science and the creative entrepreneur’s guide to success” (Endri Smit, validator)

7.1 Validation strategy

The entire research process is one of continuous internal validation. However, external validation is also necessary in order to determine the practical value of the model.

As noted by Fuller *et al.* [248], one strong test of the normative value of research is the extent to which the relevant individuals find the model and ideas behind it of value. In addition, as stated by Matheson [5] and Rae [74], the creative industries are broad and encompass a variety of divisions. As such, a number of individuals operating in varying areas of the creative sectors are selected to validate the model.

Following Eisenhardt's [131] suggestion for 'theoretical sampling' used widely throughout this study, validators were also selected based in their experience and knowledge of the systems and operations within the creative industries. The experts and their link to the creative industries are:

- i) **Professor Eric Lutters:** is an associate professor at the 'University of Twente' in the Netherlands and a Professor Extraordinary at the University of Stellenbosch. His field of expertise is the 'Management of Product Development', with research and educational interests ranging from packaging design to information and knowledge management. Prof. Eric Lutters is also involved in the design and execution of curricula for 'Mechanical Engineering' and 'Industrial Design Engineering' and is involved in the Netherlands' 'National Project Platform Creative Industry Scientific Programme'. His area of expertise effectively combines engineering and design, providing him with an understanding of how these fields can and do overlap.
- ii) **Endri Smit:** is a strategic marketing specialist in the field of personal care and cosmetics. This sector is one in which competition is "particularly fierce", and requires a high level of continuous innovation in the form of new product development and marketing campaigns which provide for a range of target markets. Aside from new product development, creativity and innovation is required in the form of strategic-thinking in which innovation is critical in order to "outwit and outmanoeuvre" the competition and make an impact in the "very cluttered market place". Her experience in this demanding industry has taught her the importance of innovation, creativity and strategy in maintaining competitive advantage in dynamic industries.
- iii) **Dino Chapman van Rooyen:** studied 'Copywriting and Marketing Communications' at 'AAA School of Advertising' and attended the 'Business Acumen for Artists' course which the UCT Graduate School Business has recently¹ included in their offerings. Dino Chapman van Rooyen has worked extensively as a journalist, copywriter, music producer and digital creative strategist. His years of experience in these creative sectors have given him insight into the challenges, characteristics and unique dynamics of work, business and entrepreneurship in these sectors.

7.1.1 Questions

Validators were asked to read the validation document (essentially Chapter 6), which presents a summary of conclusions made throughout the study as well as the model in detail, and answer a few questions with respect to the extent to which the model addresses the problem statement, fulfils the research objective and answers the research question. Figure 7.1 states the research question along with the research objective and problem statement (presented in figure 2.1 in

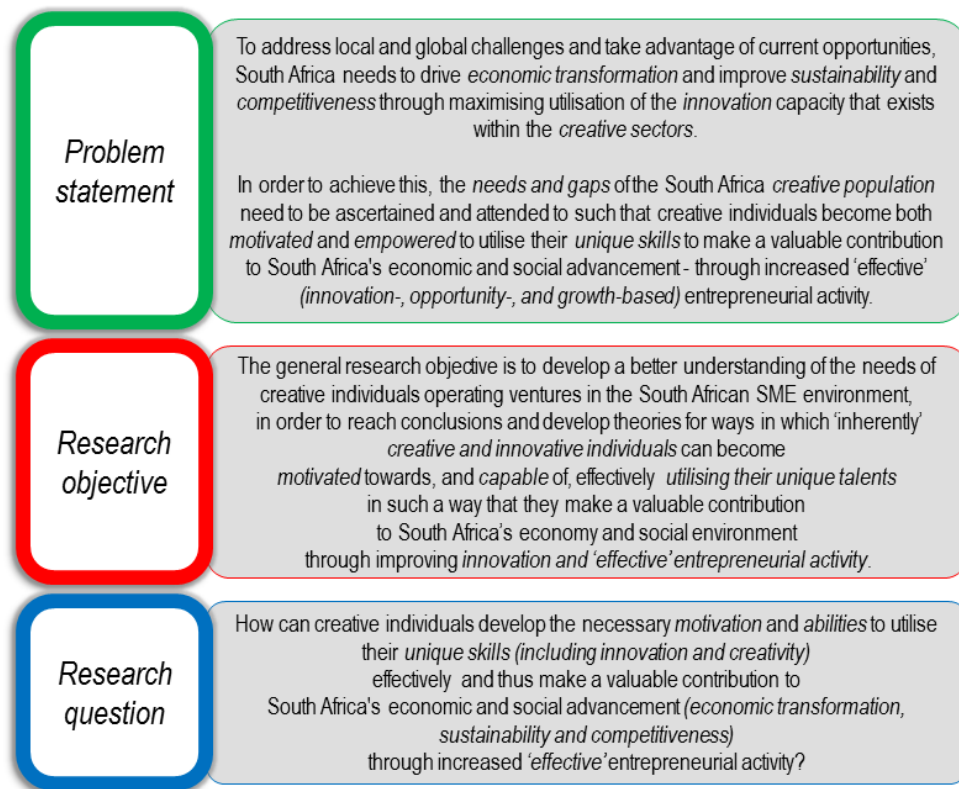


Figure 7.1: The research question and research objective and problem statement from which the research question is constructed

Chapter 2) from which it is developed.

The following questions are asked of the validators:

- i) *“Does the model make sense and is it relevant to the context of the problem statement and research objective as stated? Does this model answer the research question?”*
- ii) *“Do you disagree with any of the conclusions made or theories presented in the model and description thereof?”*
- iii) *“Are there any aspects missing from the model that, in your experience, aid in answering the research question described?”*

The validators were also asked to provide any additional comments, suggestions or information they felt were important or relevant.

7.2 Validation results

The results obtained from the validation questionnaires are summarised and where relevant, direct quotes are presented.

Relevance of the model

The validators found the model to be of relevance and comment on a number of reasons why the model answers the research question.

¹During the course of this study.

Prof. Eric Lutters finds the model to be relevant in aiding creative professionals in viewing the entire process in which they operate, thus allowing them to become aware of potential opportunities or challenges in time to adapt and position themselves for competitive advantage;

“ THE MODEL IS CERTAINLY RELEVANT, BECAUSE MANY PROFESSIONALS IN THE CREATIVE INDUSTRY ARE EXTREMELY FOCUSED ON THEIR OWN FIELD OF EXPERTISE, THUS LACKING THE OVERVIEW OF THE WHOLE ENTERPRISE ENVIRONMENT. THEREFORE THEY RUN THE RISK OF MISSING EITHER PITFALLS OR OPPORTUNITIES. WITH THIS MODEL, THEY CAN BETTER POSITION THEMSELVES IN THE COMPETITIVE ENVIRONMENT ”

Dino Chapman van Rooyen also considers the model to be relevant and believes that it will be helpful in creating awareness amongst creative practitioners of the importance of developing the business and strategic outlook and cognition which is neglected by creative education institutions;

“ THE MODEL IS INDEED RELEVANT AS IT HIGHLIGHTS THE IMPORTANCE OF BUSINESS ACUMEN AND THE STRATEGIC OUTLOOK THAT IS OFTEN OVERLOOKED BY CREATIVE EDUCATION INSTITUTIONS. MOST CREATIVE EDUCATION INSTITUTIONS CULTIVATE AND NURTURE THE STUDENTS’ CREATIVE SIDE WITHOUT EMPOWERING THEM AT ALL AS ENTREPRENEURS, PREPARING THEM TO ENTER THE INDUSTRY AS EMPLOYEES AS OPPOSED TO ENTREPRENEURS ”

In addition, Dino Chapman van Rooyen notes the relevance of mentorship and the importance of utilising social capital in learning to become an entrepreneur. In agreement with the importance of the entrepreneurial identity element, he notes;

“ THE MOST INTEGRAL COMPONENT IS TO EMPOWER ‘creatives’ AND ARTISTS WITH THE KNOWLEDGE THAT THEY SHOULD DISTANCE THEMSELVES FROM THE NOTION THAT “ARTISTS ONLY MAKE MONEY ONCE THEY DIE” AND THAT ‘CREATIVES’ ARE NOT CAPABLE OF RUNNING THEIR OWN BUSINESSES. CREATIVE INDIVIDUALS NEED TO BE INSTILLED WITH THE KNOWLEDGE THAT THE CREATIVE PROCESS IS A FORM OF BUSINESS I.E. MOVING SOCIAL AND CREATIVE RESOURCES FROM IDEA TO MANIFESTATION ”

Dino Chapman van Rooyen agrees that it is both critically important and totally possible to impact creative individuals’ entrepreneurial identities by using the strategy of awareness proposed in Chapter 6.

Endri Smit believes that the model is relevant in that it simplifies the areas of business and entrepreneurship, making them relatable to the creative audience for whom the model is intended;

“ THE MODEL MAKES SENSE ON EVERY LEVEL. IT ALLOWS THE AREA OF ENTREPRENEURSHIP, WHICH MANY ‘CREATIVES’ STEER CLEAR OF BECAUSE OF ITS LEVEL OF COMPLICATION AND BAD REPUTATION FOR A HIGH FAILURE RATE, TO BECOME SIMPLE IN THE WAY IT IS SET OUT; WITH LOGICAL AND ACHIEVABLE GUIDELINES ”

Validity and completeness of the model

The validators generally agree with the validity of the model, find it to be complete, whilst also drawing attention to a few areas which they consider to be highly relevant and also warn against potential pitfalls in utilising the model.

Prof Eric Lutters finds the conclusions to be valid, stating that there are no conclusions made which he can counter;

“ GENERALLY, I AGREE WITH THE CONCLUSIONS; IN ANY CASE I DO NOT SEE SPECIFIC CONCLUSIONS THAT I CAN PROVE WRONG OR IMPLAUSIBLE. ”

He further adds that the model is of relevance to the context addressed and audience addressed;

“ IN GENERAL, I THINK YOU’VE COME UP WITH A MODEL THAT IS VALID IN THE CONTEXT OF USERS IN THE CREATIVE INDUSTRIES (SME’S). CONTRARY TO MANY EXISTING MODELS, THE HUMAN INTEREST IS AN IMPORTANT POINT HERE, THAT MAKES THE MODEL RELEVANT IN THE CONTEXT ”

Prof. Lutters also note the credibility of the model and notes that the conclusions made in each area of research do underpin the model and it’s description;

“ IN THE BIGGER PICTURE, THESE CONCLUSIONS CERTAINLY UNDERPIN THE MODEL AND ITS DESCRIPTION... IN MY OPINION, THE MODEL IS CREDIBLE AND APPLICABLE. ”

Dino Chapman van Rooyen also finds the model to be complete and does not disagree with any conclusions made or theories presented, noting that the model represents an accurate description of the current state of the ‘creative economy’ in South Africa;

“ ALL KEY ASPECTS ARE INCLUDED AND ALL THE CONCLUSIONS ARE PERTINENT TO THE PROGRESSION OF OUR CREATIVE ECONOMY. I THINK THIS IS A CONCISE BREAKDOWN OF THE CURRENT STATE OF AFFAIRS IN OUR CREATIVE ECONOMY. THERE IS A SERIOUS GAP IN THE MARKET WHEN IT COMES TO EMPOWERING SOUTH AFRICA’S CREATIVE COMMUNITY WITH BUSINESS ACUMEN AND VITAL ENTREPRENEURIAL KNOWLEDGE ”

Endri Smit also states that there are no conclusions with which she disagrees and finds the model to be complete and not missing any key elements, stating that;

“ THE CHAPTER IS PHENOMENAL AS A SUMMARY AND INDICATION OF THE WORK THAT WAS DONE IN THE STUDY. EVERYTHING CAME TOGETHER PERFECTLY, AS A BLEND BETWEEN BUSINESS AS A SCIENCE AND THE CREATIVE ENTREPRENEUR’S GUIDE TO SUCCESS ”

Warnings, important aspects and further research possibilities

Prof. Eric Lutters warns that use of the model should be specifically aimed at facilitating SME’s. He further notes the importance of focusing on industry-specific aspects, as widely addressed in Chapter 4, and notes that the model will aid ‘creatives’ in focusing on their strengths whilst addressing other important aspects;

“ ...IN CREATIVE INDUSTRY, YOU DON’T WANT TO DISTRACT PEOPLE FROM THE WORK THEY’RE GOOD AT, YOU WANT TO FACILITATE THEM IN DOING THEIR WORK. THE MODEL HELPS THEM IN DOING THAT, BUT SHOULD NOT BE USED TO EMBED THEIR WORK IN A BIG ENTERPRISE, AS YOU ADDRESS SME’S ”

Furthermore, Prof. Lutters warns that personal utilisation of the model may be ineffective and thus the model should rather be used by external institutions for guiding ‘creatives’ in their entrepreneurial development;

“ A SLIGHT DANGER OF THE MODEL IS THAT THE ‘USER’ OF THE MODEL INTERPRETS THE ARROWS IN ‘THEIR OWN SPECIAL WAY’, THUS NOT EXPLOITING THE MODEL TO ITS FULLEST EXTENT. THIS IMPLIES THAT THE MODEL WILL BE ALL THE MORE POWERFUL IF IT IS EXPLICITLY ‘IMPOSED’ ON THE CREATIVE USER BY AN EXTERNAL PERSON; IN THIS CASE, THE MODEL WILL RENDER MORE RESULTS AS IT IS MORE CONFRONTING ”

Lastly, Prof. Lutters notes that the model does not specifically address the potential negative aspects of network and social capital;

“ ONE OF THE BIGGEST THREATS TO PEOPLE WORKING IN (SMALL) CREATIVE INDUSTRIES IS THE FACT THAT THEY OFTEN - IN THEIR ENTHUSIASM - RELY A BIT TOO MUCH ON THE RELIABILITY AND SINCERITY OF OTHER PEOPLE AND COMPANIES. INTERESTINGLY ENOUGH, THIS IS ALSO VISIBLE IN THE MODEL, AS IT CONSTRUCTIVELY FACILITATES THE USER IN A POSITIVE MANNER. UNFORTUNATELY, I’M AFRAID THAT THE MODEL SHOULD ALSO HAVE SOME ATTENTION FOR THE ‘LESS POSITIVE’ EXTERNAL INFLUENCES ON THE WORK OF THE USER. ”

This aspect, whilst not noted in the validation summary sent out, is addressed in section 5.5.3. Prof. Lutters suggestion was that the model should include an aspect of ‘external influences’. This aspect is added to the model for completeness but “discussing the exact content and influence would be topic for future research”, as suggested by Prof. Lutters. Furthermore, more emphasis is placed on the mention of the potential negative aspects of network and social capital in describing the model.

Prof. Lutters also suggests that an area for future research would be addressing the exact relationships between and leading to the general element of skills and abilities;

“ THE ASPECT OF THE MODEL THAT ATTRACTS MY ATTENTION IS THE ‘GRAY BOX’ IN THE LOWER PART, THAT INDEED ACTS A BIT AS A ‘BLACK BOX’: ALL ARROWS POINT AT THE ENTIRE BOX, AND THE RELATION WITH THE CONTENTS OF THE BOX (I.E. SMALL BUSINESS MANAGEMENT, INNOVATION AND CREATIVITY ETC.) REMAIN UNSPECIFIED. THIS LEAVES A LOT OF ROOM FOR INTERPRETATION THAT HAS TO BE SOLVED BY THE (EXTERNAL) PERSON APPLYING THE MODEL ‘TO’ THE CREATIVE USER. IN MY OPINION, IT WOULD BE A SUGGESTION FOR FURTHER RESEARCH TO FURTHER SPECIFY THOSE RELATIONS ”

In addition, Endri Smit questions how the motivation and confidence of ‘creatives’ may be impacted. In response, as stated in the study, motivational and attitudinal aspects have not only the greatest impact on entrepreneurial behaviour, but are also the factors most easily impacted by interventions [89; 148; 153]. Participation in EEP’s is shown to inspire entrepreneurial intention and impact entrepreneurial behaviour by generating self-confidence in personal capacity and strengthening knowledge and abilities [60]. In further addressing this question, section 6 which describes the awareness strategy for imparting entrepreneurial identity, is included in the description of the ‘model for the development of effective entrepreneurship’ in section 6.3.

7.3 Validation conclusion

The external validation results highlighted a number of important aspects, which while addressed in the study were not adequately emphasised or explained. The inclusion of these suggestions in the model resulted in a stronger and more complete theory presented in the ‘model for the development of effective entrepreneurship’.

The model is generally validated as relevant, credible and applicable. The individuals working within a wide variation of divisions of the creative industries are in agreement that the model has value, do not disagree with any of the conclusions made and believe the model to be complete. While the process of developing theories and the model is one of continuous internal validation, the external validation strengthens the study by concluding that the model has value and is of relevance in addressing the problem statement and answering the research question. Other than a few areas which they point out require greater emphasis or need to be addressed in future research, it appears that the model developed is accepted by individuals with insight into the creative industry. From the above evidence it can be generally concluded that the ‘model for the development of effective entrepreneurship’ is valid, relevant and of value.

Chapter 8

Research conclusion



“A well-planned and effective team effort is required to put the South Africa economy on the road to victory” [106]

8.1 The research objective

As illustrated in figure 7.1, the problem statement is stated as:

To address local and global challenges and take advantage of current opportunities, South Africa needs to drive economic transformation and improve sustainability and competitiveness through maximising utilisation of the innovation capacity that exists within the creative sectors. In order to achieve this, the needs and gaps of the South African creative population need to be ascertained and attended to such that creative individuals become both motivated and empowered to utilise their unique skills to make a valuable contribution to South Africa's economic and social advancement through increased 'effective' (innovation-, opportunity-, and growth-based) entrepreneurial activity.

Intricate analysis of the steps involved in the processes of entrepreneurship and managing a venture can be found in any textbook. The goal of this study was to combine the multitude of theories with insight on a number of levels in order to build theories that have real practical and valuable application in the contemporary environment under consideration. The aim was not to develop a scientific analysis of phases, steps or processes. For this reason the research was directed towards rich data and developing context-based theories that could fulfil the research objective, which is;

...to develop a better understanding of the needs of creative individuals operating ventures in the South African SME environment, in order to reach conclusions and develop theories for ways in which 'inherently' creative and innovative individuals can become motivated towards, and capable of, effectively utilising their unique talents in such a way that they make a valuable contribution to South Africa's economy and social environment through improving innovation and 'effective' entrepreneurial activity.

The emergent theories and findings from the research process are then analysed in order to develop a model which answers the research question of;

How can creative individuals develop the necessary motivation and abilities to utilise their unique skills (including innovation and creativity) effectively and thus make a valuable contribution to South Africa's economic and social advancement (economic transformation, sustainability and competitiveness) through increased 'effective' entrepreneurial activity?

The answer to this research question is the 'model for the development of effective entrepreneurship' illustrated in figure 6.5.

8.2 Lessons learnt

In the process of researching the justification for the problem statement, a surprising amount of literature and research was uncovered that substantiated the problem statement. It was initially considered that it would be difficult to corroborate ideas and create strong links between the concepts combined in the research problem. However, it is found that the opposite is true. Masses of literature deal with the links between innovation, entrepreneurship and creativity and argue the importance of the combined use of these concepts in making the necessary changes required on micro- and macro- social and economic levels.

Furthermore, a body of literature exists dealing with the importance and central need for creative and design-oriented individuals in actioning 'effective entrepreneurship' (as it is defined here). At the start of the research process, it was not thought that such a research area was in

existence.

With regards to the methodology used, it is found that ‘building theory from case studies’ is a powerful means of overcoming researcher biases and developing extant theories initially not conceived. In each step of the research process theories would develop which would then either be corroborated and strengthened as the research process continued, or proven wrong and removed. The research method used provided an exciting research story-line in which the internal systems of validating the developing theory strengthened the outcome of the research at each step. The method of ‘building theory from case studies’ is found to be an exciting and valid means of researching complex problem areas with undefined boundaries; as is the case in this study.

Thanks to the power of the research methodology in overcoming biases, many of the initial theories were excluded as the study developed and the outcome provided new ideas and insight that the author had not, at first, considered to be relevant or important in addressing the research problem.

8.3 Document summary

The main conclusions from Chapters 1, 3, 4 and 5 are summarised in Chapter 6. The following chapter summaries outline the research which has been conducted and how the research fulfils the methodology selected, briefly refers to major conclusions and provides a description of the research process in relation to figure 2.3 presented in Chapter 2.



Chapter 1: ‘Inspiration’ makes use of an extensive review of literature and evidence to develop a basis for the research problem and research objective. The chapter concludes that the greatest global challenges faced are in ensuring sustainability, improving and maintaining competitiveness and driving progressive economic transformation. Thereafter, Chapter 1 provides proof that in order to meet these challenges, a new paradigm consisting of innovation, creativity and entrepreneurship is critical. It is also shown that there is strong design and creative talent in the country, and that increasing the output from this sector is a means of

increasing the value-added output of the South African economy as a whole. Furthermore, from the current state of entrepreneurial activity in South Africa, it is ascertained that there is a need to increase both the quality and quantity of small business activity in the South African SME sector. ‘Effective entrepreneurship’ is thus defined as a solution for local and global challenges, as it is based on innovation rather than imitation, opportunity rather than necessity and growth rather than stagnation. Essentially the chapter argues that South Africa has a residual innovation resource in the creative industries, that this resource is under-utilised, and that improving the entrepreneurial capacity of creative individuals will be an effective means of utilising the innovation resource as well as changing the economic base; and thus instigating the development of sustainability, competitiveness and economic progress.



Chapter 2: 'Research design' addresses the multiple issues inherent in research conducted in the creative and entrepreneurship domains. As a means of countering these limitations and developing a strong research framework and methodology that would allow for valuable research outcomes, a number of perspectives and concepts of research are addressed. The chapter proves the necessity and value of inter-disciplinary research methods, mixed-data utilisation, a strong literature basis and the use of stakeholder perspectives for contextualising knowledge. Furthermore, the dis-

cussed complexity of the domain of the research requires that a scientific approach to the research is developed, such that intricacies can be explored whilst maintaining a systems-view of the entire process and its broader context. The chapter thus develops a research design which allows for complex analysis using both quantitative and rich qualitative data to be performed, whilst maintaining the over-all objectives of the study. This results in the development of emergent theories which are valuable due to their relevance to the context, and their validity and simplicity.



Chapter 3: 'Entrepreneurship education' focuses on entrepreneurship education theory and the current state thereof in South Africa. An in-depth analysis of the broad variety of literature available concerning entrepreneurship education exposed a number of key themes which are discussed in Chapter 3, such as; i) whether entrepreneurship can generally be learnt, concluding in-line with the majority of literature that it can be, ii) where and how entrepreneurial interventions impact entrepreneurial behaviour, iii) aspects to consider when designing entrepreneurship education interventions, and iv) weaknesses in the current status

quo of entrepreneurship education. The concept of the entrepreneurial learning process is uncovered and the aspects of entrepreneurial learning are discussed in detail. Furthermore, a number of educational frameworks and models which contribute to the 'model for the development of effective entrepreneurship' are introduced and outlined.

In the empirical section of the chapter, the South African context of entrepreneurship education is briefly discussed. Thereafter, a complex analysis of the syllabi of the theoretically sampled EEP's is performed. From the analysis a list of topics emerge. Each topic consists of a number of elements. It is concluded from the analysis that the focus of entrepreneurship education in South Africa is, as the literature suggests is commonly the case worldwide, on small business management techniques and skills. The other domains which are much less comprehensively addressed are those of entrepreneurial skills and abilities, and motivation and personal attitude.

The outcome from the curricula analysis is a list of topics and the elements which describe each topic. This thorough description of current entrepreneurship education is used as a priori construct, as presented in the dominant research methodology of this study; 'theory-building from case studies'; and discussed in Chapter 2. The purpose of using the outcome from this chapter as a priori construct is, in following the selected research methodology, as a means of collecting data on many (if not all) possible theories so that when the theories emerge during analysis and synthesis of evidence, there is a base of data available to validate and further the emergent theories. For this reason the priori construct is developed into a questionnaire, which is used for interviewing all the selected stakeholders.



Chapter 4: 'Success factors for small businesses' presents theories on success and critical success factors. Interviews using the questionnaire discussed above are conducted with the sampled experts. The strategy for sampling is that of theoretical sampling, and the objective in this case was to select the most relevant experts that also represent the greatest diversity and most comprehensive set of opinions. The combination of iterative processes of analysis of the qualitative and quantitative data with the research literature, occurred in parallel to the empirical research

conducted. The result is that empirical research was guided into the most relevant and valuable areas, a flexibility which is proposed in the methodology of 'theory-building from case studies' which is followed. Outcome of this process is the emergence of a number of 'critical success factors' relevant to the context under consideration. Notably, the innovation management process emerges as the central critical success factor, and is suggested to run in parallel with the entrepreneurial learning process. The data and literature show that the continuous use of these processes in conjunction with the entrepreneurial process are central. The majority of the most highly ranked critical success factors that emerge relate to entrepreneurial aspects, such as innovation and creativity and entrepreneurial attributes. Of the small business management-related success factors, finance and marketing are widely agreed to be the most critical for success (and avoiding failure).



Chapter 5: 'The creative sector' presents evidence that not only do creative individuals possess many of the attributes of successful entrepreneurs, but design education pedagogies are also better suited to teaching the behaviours and cognitions of entrepreneurs than traditional education is. In addition, due to the nature of the creative industries, the nature of work in the creative industries, and the characteristics of creative individuals, designers are likely to enter self-employment. The chapter searches for insight as to why, despite the above-mentioned factors, there is so little evidence of 'effective entrepreneurship' being displayed

by creative individuals. The general perception is that this is due to creative individuals and creative education lacking the business aspect, which is critical for commercialising their creative and innovative talents and abilities. Further insight is sought.

Firstly, design educators are theoretically sampled and conclusions drawn from an iterative process of mixed-data and literature analysis (as discussed in the summary of Chapter 4 above). In conjunction with the process of analysis of the data collected from design educators, design entrepreneurs are also sampled using the theoretical sampling strategy and interviewed. The empirical data collected allowed for analysis to address the education gap that exists, as well as the skill and self-confidence gap which design entrepreneurs experience. Furthermore, due to the domains which were concluded to describe entrepreneurship educational content in Chapter 3, namely: i) small business management, ii) entrepreneurship, and iii) motivation and personal attitude, an additional questionnaire is included for the designer entrepreneurs which addresses the motivation and personal attitude aspects. This adaptation of the research process as it develops is a valuable characteristic of the 'theory-building from case studies' process which is followed.

The over-arching conclusion drawn from this chapter is that whilst design education does neglect small business management aspects and designers do lack confidence in their business abilities, the central critical factor is that they lack entrepreneurial identity. It is this entrepreneurial-identity that impedes their learning the minimal small business aspects which are included in their education and reduces the impact of the many entrepreneurial cognitions and skills which design education implicitly includes. Furthermore, their lack of entrepreneurial identity impacts

their motivation, attitude and self-confidence – which has negative impacts on their behaviour in business as well as their ability to achieve. As such this is the central concept which needs to be addressed, because without an entrepreneurial identity, there exists no business motivation and thus no purposeful use of the skill and talent which makes creative individuals so valuable in society and the economy. Furthermore, designers do not realise their value and have little concept of the economic contribution they are uniquely enabled to make, which results in ineffective utilisation of their inherent innovation and creativity.



Chapter 6: 'Model development' summarises the relevant aspects of earlier chapters and explains the elements of the 'model for the development of effective entrepreneurship' which is the outcome of the study. Each element of the model is described in detail along with additional proof of the importance and value of the elements. Furthermore, the links between the elements are described, showing that not only is it necessary for all the elements to exist in combination, but also how they impact and instigate the improvement and development of one another. Chapter 6 also notes the central role which entrepreneurial identity and its related elements of motivation, personal attitude and self-confidence play, not only because they have a strong impact on all the other elements, but because without this element, the model becomes redundant. Entrepreneurial motivation and an entrepreneurial attitude instigate the process of pro-actively seeking to develop entrepreneurial capability, and thus without these elements, there is no process.

related elements of motivation, personal attitude and self-confidence play, not only because they have a strong impact on all the other elements, but because without this element, the model becomes redundant. Entrepreneurial motivation and an entrepreneurial attitude instigate the process of pro-actively seeking to develop entrepreneurial capability, and thus without these elements, there is no process.



Chapter 7: 'Validation' addresses the external validation of the model. As described throughout the study, the methodology and process constantly provide internal validation, and theories which emerge are those which have survived individual case analysis of mixed-data, analysis across cases, analysis between groupings within stakeholder groups, analysis between stakeholder groups, and finally combined with literature which either corroborates, refutes, explains or expands the remaining theories. As such the model developed is the result of an iterative process of internal validation. However, external validation adds legitimacy to the research outcome and further insight.

legitimacy to the research outcome and further insight.



Chapter 8: 'Research conclusion' (this chapter) concludes the research. The chapter provides summaries of each earlier chapter in relation to how the research addressed research objectives, utilised and satisfied the research methodology and reached valid and relevant conclusions. Furthermore, the chapter presents (in the sections that follow) the lessons learnt, the value and limitations of the research and suggestions for further research.

8.4 Description of model

The ‘model for the development of effective entrepreneurship’, shown in figure 6.5, illustrates how ‘effective’ entrepreneurial capability can be developed in creative individuals. The model consists of a number of processes which occur in parallel to one another and are continuous in the perpetual development of improved entrepreneurial capability. It is not only the elements of this model that are important, but the integral relationships that exist between them. The elements which make up the model are:

- i) **Entrepreneurial identity:** which is a construct that combines the aspects of entrepreneurial motivation, personal attitude and entrepreneurial self-confidence. It is concluded that this combined construct is the central element which determines the degree to which the model will be consciously utilised, as well as the extent to which the other elements are effectively utilised.
- ii) **Skills and abilities:** is split into the following areas of skills and abilities;
 - a) **Small business management:** includes all the small business management skills and abilities required in the process of starting, operating and progressively managing a small business.
 - b) **Entrepreneurship:** includes all entrepreneurial skills, abilities and cognitions required in order to start, operate and manage an innovative venture which is constantly developing and progressing.
 - c) **Industry-specific skills and abilities:** are those related to the skill and specific needs of the trade in which the venture is operating. In this case the industry-specific skills are all those linked to the specific design area, as well as important industry knowledge. Furthermore, when considering the design and creative industries, the critical element of *innovation and creativity* exists in the overlap between industry-specific skills and entrepreneurial skills, whereas in most other sectors it would be contained purely within the *entrepreneurial* element.
- iii) **Entrepreneurial learning:** is a continuous process and is shown to be pivotal in the process of developing effective entrepreneurial abilities. The process involves active experimentation, critical reflection, the ability to reflect on and learn from failure, and the integration of lessons learnt into cognition. This means that future decisions and behaviour are affected by lessons learnt, thus ability improves throughout the process.
- iv) **Network and social capital:** include both the positive and negative aspects of network and social capital. The negative aspects are linked to the elements of trust and loyalty which should not be assumed to exist within a network. The ability of social capital to negatively impact a venture should be managed. However, it is shown that network and social capital are critical for success and entrepreneurial learning and should be consciously and effectively utilised continuously in the process of venture creation and operation as well as in developing entrepreneurial ability.

The model (including its tables) is intended to function as a stand-alone description and justification of how entrepreneurship education interventions in the South Africa creative sectors can develop ‘effective’ entrepreneurial capabilities and behaviours in creative individuals. A number of possible practical applications for the model are addressed in section 6.4. It is proposed that the model could be experimentally used by design facilitators, in entrepreneurship or design initiatives, or by current or aspiring design entrepreneurs. In the spirit of the new self-help economy, entrepreneurs should be pro-active in their career and utilise this model to guide their entrepreneurial learning and their personal development of increased entrepreneurial capability.

The model is suggested to be of value in guiding any non-business students in developing entrepreneurial capability. Although the model is developed from research into a specific context,

the South African design industry, there is potential for it to be applied to other disciplines as the key elements of the structure relate to “generic human learning processes” [91]. That is, developing entrepreneurial capability in any field can be considered to be a combination of the interrelationships between aspects of motivation, self-confidence, entrepreneurial learning, utilisation of network and social capital, and a combination of the necessary skills and abilities. However, in using the model in sectors other than the creative sector, the industry-specific and entrepreneurial skills areas mostly do not overlap and thus innovation and creativity become an aspect of entrepreneurial skills only, as opposed to a shared factor (as discussed).

8.5 Important findings and suggestions

From the research it is concluded that whilst designers and creative individuals inherently possess many entrepreneurial skills and abilities, specifically innovation and creativity, they do not effectively utilise these aspects. Nor do ‘creatives’ effectively utilise network and social capital, despite the accentuated importance thereof in the creative industries. Creative individuals also disregard the important small business management concepts, often leading to an inability to conceive the business aspects of their ventures and thus contributing to failure. All of these shortcomings are integrally related to the lack of entrepreneurial identity, entrepreneurial motivation, personal attitude, and self-confidence in their ability to behave entrepreneurially.

For this reason, whilst all aspects are critical (hence their inclusion in the model), the first aspect that needs to be impacted in order to instigate the process shown in the model, is that of *entrepreneurial identity*.

In-line with literature and popular belief, interviewees from all stakeholder groups perceive designers as unable to conceive business concepts. This perception is so strong that it seems exaggerated, especially amongst the designers themselves. Even many of the successful design entrepreneurs seem to lack confidence in their ability in business and do not relate to themselves as entrepreneurs. In addition, the financial institutions note their reluctance to give design entrepreneurs loans as they are perceived as lacking business acumen. This perception appears to be perpetuated by the designers themselves, as they under-estimate or are totally unaware of their resourcefulness and the value of their skill-set to the economy. This is due to ‘creatives’ lacking the entrepreneurial identity necessary to perceive themselves as entrepreneurs.

The lack of entrepreneurial identity results in creative entrepreneurs not possessing business motivation and thus neglecting the use of strategy, strategic driving of the business and strategic control. In addition, there appears to be little, if any, strategic utilisation and pro-active development of their strengths, such as networking and innovation ability. This is the fundamental impeding factor observed in interviewing the design entrepreneurs.

It has been shown that individual attitudes and characteristics have a much greater impact on small business performance than knowledge and skills. Despite their lack of business acumen, all the design entrepreneurs interviewed portray an understanding of how their industry functions and the business process they are directly involved with. Furthermore, the design entrepreneurs acknowledge and accept (possibly too much so) their limitations in small business skills, and thus outsource these functions.

‘Creatives’ inherently possess many of the abilities related to entrepreneurial ability, but do not utilise these aspects effectively or pro-actively. The only real gap that exists is in small business management skills and abilities. The real issue in educating designers for developing entrepreneurial capability is providing them with the entrepreneurial identity to effectively, purposefully and strategically utilise their inherent skills. Lack of entrepreneurial identity will impede the ability, desire and drive of design entrepreneurs to utilise entrepreneurial learning in general as well as in the form of the model proposed here. The suggestion is thus that the

first step in utilising the ‘model for the development of effective entrepreneurship’ is to develop a strong entrepreneurial identity, and all its related aspects. Thereafter, performance in business can certainly be impacted by addressing the other elements of the ‘model for the development of effective entrepreneurship’.

An initiative should be instigated to raise awareness amongst ‘creatives’ of the importance of their unique skill-set to the economy, with the goal of developing their *entrepreneurial identities* and getting them interested and *motivated* towards contributing to the economy.

8.6 Value of the research

The primary value of this research study is that it looks at not only the South African situation in developing research objective, but also takes into account the direction in which global economic systems are moving. The research is therefore aimed at addressing South Africa’s local needs concurrent with the agenda of adapting to global pressures.

This is in-line with the University of Stellenbosch’s ‘HOPE Project’ which was established for creating “solutions through science” to solve some of South Africa (and Africa¹)’s most pressing challenges and promotes “research that serves human needs, is relevant, and academically strong” [279].

Investigation into the global situation and methods for meeting these challenges is the foundation of the study from which research domains and objective is defined. The core of the research is based on economic and social progress; aimed at improving the utilisation of human resources to ensure long-term competitiveness² and instigating economic transformation through increasing effective innovation activity and value-added³.

The research is aimed at gathering a “more realistic view” of the complex actions of designers and design entrepreneurs [136]. Use of rich quantitative data triangulated with extensive literature, results in “theoretically compelling and empirically well-founded” outcomes [136]. The predominant research method utilised, is the ‘theory building from case studies’ method which is regarded as providing freshness in perspective and is considered to be “likely to generate novel theory and creative insight” [135].

Furthermore, the inclusion of a variety of stakeholders in the research, including; advisers, practitioners, educators and researchers; improves the utility and effectiveness of the research [38]. Despite the contextual and largely quantitative nature of the research conducted, the overall approach to the research design is systematic and driven by the current state (‘*As-Is*’) as well as the required objectives (‘*To-Be*’). This approach is based on industrial engineering principles for problem-solving and allows the study to address intricate details whilst retaining an over-all perspective of the system in question. The use of these research concepts in conjunction provide a holistic and integrated view of the problem being addressed whilst adding ‘fresh’ and creative insight on the contextual situation.

The ‘model for the development of effective entrepreneurship’ provides a solution to the problem statement and as such offers a framework to guide entrepreneurship education interventions in impacting both the motivation towards, and capability of creative individuals for, contributing

¹Of the four goals New Partnership for Africa’s Development (NEPAD) has for Africa, three apply directly to the outcomes of this study, namely; to eradicate poverty, promote sustainable growth and development and integrate Africa into the world economy. South Africa has a dominant role in Africa and should therefore lead the way with a new emphasis on opportunity-driven self employment NEPAD. Through the use of its resources, the resourcefulness of its people and a focus on labour intensive outlets, South Africa can forge international partnerships and make the changes necessary to put it on the global economic map with leading financial powers. This thesis provides a method by which to facilitate these goals.

²According to the GCR, a determinant of a country’s competitiveness, and therefore growth, is how effectively they make use of their resources [26]

³The design industry is acknowledged as producing a higher value-added output.

to economic and social advancement through innovation-, opportunity- and growth-driven entrepreneurship. As a result, the increased utilisation of the innovation capacity drives economic transformation and improves sustainability and competitiveness, thereby facing the local and global challenges and taking advantage of opportunities and the inherent innovation resource.

8.7 Limitations of the research

The study has a number of limitations, including:

- i) A long-term study would allow for stronger validation through the practical application of the model, however time-constraints do not allow for this.
- ii) The study depends on qualitative and quantitative data collected from a ‘theoretically sampled⁴’ population and using a questionnaire developed from the analysis of current entrepreneurship curricula, in the first step of the study. Although results are persuasive and combined with literature to remove the limitations of a single research method, findings should be corroborated using other cohorts and other research methods.
- iii) The complexities and contextual disagreements inherent in the distinct research domains of entrepreneurship as well as the creative industries, means a lack of universal definitions, resulting in a lack of reliable and generalisable data. There is therefore limited use of quantitative analysis to back-up findings. This is countered to a point through a strong literature basis.
- iv) Too few cases are included to allow for the use of strong statistical analysis. In addition, Eisenhardt and Graebner [136] warn that in the methodology employed (‘theory building from case studies’), more than 10 samples cause the complexity and volume of data to become difficult to manage, and 29 cases were used in this study.

Despite these limitations, the research has been through multiple iterations, combines a number of strong research methods and makes comprehensive use of literature.

8.8 Further research suggestions and opportunities

Due to the conceptual nature of the model developed, much opportunity is presented for further research into the practical application thereof, for example;

- i) **curriculum design** based on the themes, learning theories and priorities presented in the model can be explored;
- ii) **implementation** of the model that ensures that it does not become “yet another” predominantly theory-based activity and retains the critical and central aspect of practicality [106] can be researched; and
- iii) **assessment** of the applicability of the model in striving towards the local and global objectives on which it is based can be conducted.

Further research could also i) test the underlying assumptions on which the research is based, ii) ascertain how design entrepreneurs would like to learn and iii) establish if the themes addressed are sufficient. Another interesting and valuable study could compare quantitative measurements of the design entrepreneurs’ performance in aspects of small business management and entrepreneurship, against their perception of their ability. This would ascertain the degree to which the design entrepreneurs are realistic about their capabilities, and whether their low self-confidence in small business management aspects actually relate to a lack of capacity therein,

⁴As described and promoted in Eisenhardt’s [131] ‘theory building from case studies’ methodology guidelines

and similarly whether their high self-confidence in entrepreneurial aspects relates to their actually possessing entrepreneurial aspects and behaviour.

A central objective of the research project was to highlight the importance and suitability of increased entrepreneurship, especially in the creative sectors, as a means of increasing innovation in order to face global and local needs in the long-term. This study is a preliminary look at a “very difficult area” [80] and hopes to provide only a starting point and inspiration for further initiatives and research into the topic.

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Appendices

Appendix A

Inspiration



A.1 Shifts and repositioning on all levels

This section provides further detail describing the development of figure 1.1 in Chapter 1. Specifically, the list on page 4 is addressed which presents the shifts occurring in the economy.

A.1.1 Focus from large to small businesses

After years of big businesses enjoying the support of stakeholders (including government and financial providers), there has been a shift in focus towards small businesses [4] with many countries aligning policy to support small firms and entrepreneurship [92; 17]. This is because small businesses are inherently, due to their size, structure and entrepreneurial capabilities to innovate rapidly, able to be flexible and adapt fast enough for survival [92; 17; 36].

SME's are noted in the literature for playing a pivotal role in economic development and are considered the "ultimate form of new enterprise" due to their considerable micro- and macro-economic impacts [40; 4]. These include; driving employment, driving innovation [56; 36] and representing the source of new ideas [210], creating a positive economic output through generating competition (Porter, 1990), injecting economic variety [29], often occupying niche markets [29], and an accelerated rate of growth means that small businesses are catching up to production efficiency and may soon outperform larger firms [37].

Small businesses embody competitiveness and force organisational learning, change and innovation [56; 58; 69] in the new economy. Large organisations are required to overcome their core rigidities and develop innovation and entrepreneurial capabilities in order to survive [69; 4; 36]. While this shift is favourable in many ways and grants SME's an increasingly important role (noted by numerous commentators) in international markets [280], increased dismissal means greater joblessness and therefore increased uncertainty in the organisational environment [69]. . .

A.1.2 'Managerial' to 'entrepreneurial' society

Beatty [281] refers to the global shifts that are occurring as a shift from a society that is 'managerial' to one that is 'entrepreneurial'. The world of work has changed dramatically over the last few decades [106], with risk and uncertainty characterising the contemporary work place [42].

The increasing risk of traditional waged-work along with greater demands on employees to be more entrepreneurial within their roles, means that individuals face more uncertainty, responsibility and complexity [2; 4; 42; 12]. This has reduced the relative risk, uncertainty and demands of choosing entrepreneurship as a career path. Furthermore, the 'traditional career' was owned by the organisations and there was little apparent need to consider entrepreneurship as a career option [59; 42]. In the new economy however, the career belongs to the individual, and entrepreneurship is a career choice; conceived as driven by something other than an inborn motivation. The focus has shifted to skills, employability and marketability of the individual [42] and life-long learning and development, adapted to the individuals' needs [59].

Entrepreneurial behaviour is relevant to a wider range of stakeholders and situations [2; 4; 59].

A.1.3 First world to developing nations

"The world increasingly looks to the developing world as the major engine of the global economy..." [7]. There is a fundamental and continuing shift in balance of economic activity from advanced economies towards developing one [7]. Developing countries also provide more entrepreneurial opportunities Naudé [13].

A.1.4 New definition of success

There is a need to transform the world into a more sustainable system in which social, cultural and environmental development is valued, not merely gross domestic product [5; 8; 28]. Corporate

sustainability and adopting a broader definition of success which is not purely reliant on monetary gains [8], is no longer an ethical issue [28], but rather a critical business strategy. Corporate environmental sustainability contributes to long-term competitive advantage [28]. Furthermore, recognising that resources consumed in business processes come from a central limited resource (selbaorg), and therefore long-term survival of a venture is reliant on maintaining the necessary resource base (Muller-Christ, 2001), removes the moral dimension of adopting a sustainability strategy and broader definition of success.

The new broader definition of success should be embedded into organisational and operational values [8], and calls for balancing short-term business interest with long-term societal, environmental and organisational development [28].

A.1.5 Culture of self-help

The world can no longer rely on ‘wealthy nations’ and a culture of self-help has developed¹ [3; 4]. It is critical that citizens take ownership of themselves and contributing to their larger networks through autonomy and self-regulation, a sense of enterprise, and ‘entrepreneurial creativity’ [3; 59; 4; 8].

A.2 Definition of entrepreneurship

This sections adds further detail to the different definitions which are presented for ‘entrepreneurship’ in the literature.

A.2.1 Emergence

The ‘emergence perspective’ focuses primarily on new venture creation, and innovation and novelty is secondary and not compulsory [87; 39]. This perspective is based on the notion that starting up or trying to start up a business represents an aspect of entrepreneurship [170]. Policy based on this definition is focused on fostering the number of start-ups [44; 88]. Emergence is often used as an empirical definition [37].

A.2.2 Ownership structure

This definition sees the entrepreneur as the founder in creating a business and therefore excludes firms with varying ownership structures. This description has been largely superseded as entrepreneurship is widely agreed to take place within all sizes and types of organizations [257].

A.2.3 Size of firm

For empirical research purposes, the European Commission has agreed a common definition for small and medium-sized enterprises SME’s based on number of employees [31]. Empirical definitions often used an upper limit of employees to define entrepreneurship [37; 60].

A.2.4 Stage of life-cycle

Frequently entrepreneurship is associated with young start-up businesses or new entrants into the market [257]. Empirical definitions often place an upper limit on the age of the firm [37].

A.2.5 Resource-based

How a firm uses its resources is also considered to define entrepreneurship. Penrose [90] states that entrepreneurs possess “fund-raising ingenuity” and find novel ways to finance businesses that create economic wealth, even in not-so-novel product markets [43].

¹Due to privatisation, deregulation and the creation of public service markets caused by the dominance of the market paradigm [4]

A.2.6 Entrepreneurial elements

Various authors agree that there are some common aspects which define the nature of entrepreneurship. Morrison *et al.* [257] argues that the process of entrepreneurship is too dynamic and holistic to be pigeon-holed relative to any one specific perspective and therefore proposes the consolidation approach that defines entrepreneurship by a list of characteristics, including; conditions of uncertainty and competition, entrepreneurial management and strategy, initiation of change and personal initiative through the spirit of enterprise. Heinonen and Poikkijoki [4], Morrison *et al.* [257] and North [106] also compile lists of entrepreneurial elements, including; creative resourcing, innovation and creativity, opportunity alertness, conditions of risk and uncertainty (and taking risk), independence, vision and strategic orientation, change initiation, making a significant difference and, finally, creating capital.

The Collins English dictionary defines an entrepreneur by the entrepreneurial element of risk; “The owner or manager of a business enterprise who, by risk and initiative, attempts to make profits” [39].

A.2.7 Categories of entrepreneurs

Vesper and McMullan [244] suggests that different types of entrepreneurs exist, including; innovators, intrapreneurs, self-employed people, acquirers and operators, deal makers and turnaround specialists. Further, he argues that entrepreneurs could have a diverse range of backgrounds and intentions for the future of their businesses [108]. It is widely agreed that a number of typologies of entrepreneurship, including intrapreneurship and team entrepreneurship, exist [257]. This is based on the assertion that entrepreneurship and opportunity exploitation do not necessarily imply the creation of new firms [86; 4].

A.2.8 Process of creating something of value

From the variety of definitions for entrepreneurship, it is “apparent that entrepreneurship... is a particular approach to wealth creation” [17; 103]. Entrepreneurship is considered to be a process of creating something from practically nothing, through initiating, doing, achieving, and building [210; 3].

Researchers often emphasise the process nature of entrepreneurship, with the outcome being rewards or value of some kind, not necessarily monetary [91; 62].

Appendix B

Questionnaires



This appendix describes the questionnaires used in this study.

B.1 Questionnaire for experts

An open interview was initially conducted with each expert to ascertain their relevance as an expert opinion for this study. Thereafter, the questionnaire was compiled using all learning outcome core concepts presented in the host of curricula analysed in Chapter 3 was used. The subsections were arranged according to alphabetical order and each core concept within the sub-section was either asked as an independent question or, where plausible, grouped with other concepts.

For each core concept addressed the interviewees were asked *“How important is this concept for achieving and sustaining success as an entrepreneur or small business owner in South Africa?”*. The options given for answers were;

- i) **Low:** the learning outcome could be left out entirely,
- ii) **Medium:** the learning outcome is important, and
- iii) **High:** the learning outcome is critical (success cannot be achieved without it).

The interviewees were asked to stick to the set answers as far as possible, but the option was given if necessary to answer *‘low to medium’* or *‘medium to high’*. Additionally, the interviewees were encouraged to comment and add further input, as a means of gathering rich qualitative data for insight.

Tables B.1, B.2, B.3, and B.4 show the structured questionnaire that was used for interviewing the ‘experts’ selected.

Table B.1: Questionnaire for experts (part one)

<i>Accounting</i>	
1	Financial concepts (assets and liabilities; capital and equity)
2	Financial processes (invoicing, banking and transactions)
3	Accounting books and records (cash book, debtors book, creditors book and general ledger)
4	Financial statements (income statement, trial balance, profit and loss, balance sheet)
<i>Finance</i>	
5	Budgeting and forecasting
6	Asset and capital management
7	Financial control (cashflow management, creditors and debtors control, taxation etc)
8	Tracking business performance (profit and loss and repercussions of bad financial control)
9	Liaison with accounting function
<i>Entrepreneurship</i>	
10	Entrepreneurship theory
11	Understanding that entrepreneurship can be learnt
12	Definition of entrepreneurship
13	Entrepreneurial process
14	Entrepreneurial abilities
15	Entrepreneurial mindset and thinking
16	Entrepreneurial skills
17	Habits of effectiveness
18	Behaviour, characteristics and competencies
19	Success factors for entrepreneurs
20	Work effectively with others
21	Creating an entrepreneurial environment within an enterprise
22	Case study method of learning
23	Practical experience
<i>Economics</i>	
24	The business enterprise and organograms of the business
25	Micro-, market- and macro- business environment
26	Nature and characteristics of entrepreneurship and small business in South Africa
27	Environment in which they function, BBBEE in terms of entrepreneurship, issues such as labour, aids and crime
28	Understand that it forms part of and contributes to the global business environment
29	The local and global economy and the world as a set of related systems
30	Problem-solving contexts do not exist in isolation
31	Modern business environment

Table B.2: Questionnaire for experts (part two)

<i>Effective management</i>	
32	Activity and time management
33	Organising yourself in the new venture
34	Organise team members
35	Entrepreneurial mindset in effective self management
<i>Growth management</i>	
36	Managing growth and development
37	Management skills
38	Leadership skills
39	Managing response to external environment
40	Managing the troubled enterprise
41	Generic post-start-up challenges
42	Administration
<i>Health and safety</i>	
44	Limit damage in an emergency, potential hazards in the work area, illness or injury in the workplace
<i>Human resource</i>	
45	Managing a productive human resource (employee management and corporate culture) and understanding that your human resource can be a competitive edge but also the biggest risk
46	Recruitment practices
<i>Innovation and creativity</i>	
47	Critical and creative thinking for problem solving and making responsible decisions
48	Creativity and innovation (the ability to identify and capitalise on viable business opportunities, creativity within the enterprise and the importance of innovation in entrepreneurship)
50	Business concept
<i>Inventory management</i>	
51	Inventory control systems
<i>Legal</i>	
52	Legal issues to consider when establishing a new venture
53	Assistance with registrations and compliance issues
54	Health and safety legislation
55	Types of contracts
56	Industry regulations (how it protects the customer and legislation that controls industry) and the South African legal/statutory/policy framework and requirements in SME's
<i>Marketing, advertising and the market</i>	
57	Marketing plan
58	Marketing strategy
59	Market research (why it is important, research tools, assessing the target market and how to incorporate market research into a marketing plan)
60	Matching opportunities to market needs
61	Distribution and location

Table B.3: Questionnaire for experts (part three)

<i>Motivation</i>	
62	Social need: need for entrepreneurship growth in South Africa
63	Opportunity motivation: opportunities and rewards in small business, successful enterprises established by South African entrepreneurs, competitive reality of contemporary South Africa
64	Personal development and skills: continuous development of life skills, personal options , positive attitude, work ethic and personal selling , success and fulfilment, entrepreneurial orientations and mindset for the future
<i>New ventures: start-up and the business plan</i>	
65	Income, expenditure and cash flow requirements
66	Generating start-up and working capital
67	Procedures and processes
68	Mobilise resources
69	Implementing a business concept
70	Business plan
71	Components of the business plan
72	Setting business and operational objectives
73	Marketing plan (SWOT)
74	Financial plan
75	Funding resources
76	Environmental issues
77	Organisation structure
78	Buying a business: types of ownership, family enterprise, franchise)
79	Contemporary issues in enterprise development and entrepreneurship
80	Roles and functions of key players in developing small business
<i>Operations</i>	
81	Operations framework
82	Action plan for business operations
83	Operations strategy
84	Operations management
<i>Product, pricing and selling</i>	
85	Product and pricing strategies
86	Product and service life-cycle
87	Cost-volume-profit analysis for planning
88	Break-even
89	Selling skills
90	Negotiating
91	Customer service skills
92	Quotes and tenders
<i>Productivity, competitiveness and efficiency</i>	
93	Efficient systems: factory layout, production systems, distribution systems, streamline work flow systems, cost-effective business operation to capitalise on viable business opportunities
94	Continuous improvement: competitive advantage and savings concealed in operational efficiency

Table B.4: Questionnaire for experts (part four)

<i>Professionalism: Ethics/integrity and communication</i>	
95	Ethics and integrity: cultural sensitivities, responsibility towards social environment, environment and others, challenges, influence of values and belief systems on personal behaviour
96	Communication: marketing and selling (what differentiates your business?), groups (oral and written), interpersonal
<i>Quality control</i>	
97	Systems
98	Management
<i>Research and analysis</i>	
99	Methodology, industry and competitor analysis, feasibility and viability analysis, market research, survival and growth of a business, present critical and responsible advise to leadership, information in tables, graphs and diagrams
<i>Risk management</i>	
100	Risk management and insurance
<i>Strategy</i>	
101	Strategy for a business plan
102	Models and generic strategies
103	Internal and external growth strategies
104	Competitive strategies and creating competitive advantage, differentiate your business
105	Strategic management as a decision making process
106	Entrepreneurial vision and strategy, new venture milestones and setting objectives
107	Strategic thinking
108	Organisational effectiveness
109	Strategic issues in South Africa which are crucial to the realistic design and implementation of strategy
110	Business exit strategy
111	Ability to adapt
112	Personal entrepreneurial strategy

B.2 Questionnaire for design educators and design entrepreneurs

From the analysis of the empirical results of the questionnaire used for interviewing the ‘experts’, a shorter questionnaire with the most important concepts included, is developed. This shortened questionnaire was used for conducting the interviews with the design educators and designers.

Questions asked design educators

The design educators were asked the following questions for each of the topics listed above;

- i) *“How important is the concept for success as a creative small business in the creative industry in South Africa?”*
- ii) *“Is it taught in your syllabus?”*
- iii) *“Do you think it should be?”*

Questions asked design entrepreneurs

The design entrepreneurs were asked the following questions for each of the topics listed above;

- i) *“How important is the concept for success as a creative small business in the creative industry in South Africa?”*
- ii) *“How good are you at it?”*

Tables B.5 and B.6 show the shortened structured questionnaire that was used for, along with the described questions, for interviewing the design educators and the design entrepreneurs.

Table B.5: Questionnaire for design educators and design entrepreneurs (part one)

<i>Accounting</i>	
1	Financial concepts: Assets and liabilities, capital and equity
2	Financial processes: Invoicing, banking and transactions
3	Accounting books and records: Cash books (including petty cash), debtors book, creditors book and general ledger
4	Financial statements: Income statement, trial balance, profit and loss, balance sheet
<i>Economics</i>	
5	Business enterprise: Business concept, organograms of the business, micro-, market- and macro-business environment
6	Local economy: Nature and characteristics of entrepreneurship and small business in SA, environment in which they function, BBBEE in terms of entrepreneurship, issues such as labour, AIDS and crime
7	Local and global economy: World as a set of related systems, problem-solving contexts do not exist in isolation, modern business environment, understand that it forms part of and contributes to the global business environment
<i>Entrepreneurship</i>	
8	Theory: Definition, process and understanding that entrepreneurship can be learnt
9	Entrepreneurial characteristics: Mindset and thinking, abilities, skills, habits of effectiveness, behaviour and competencies, success factors and working effectively with others
10	Entrepreneurial environment within an enterprise
11	Case study method of learning
<i>Finance</i>	
12	Financial planning and management: Budgeting and forecasting, asset and capital management
13	Financial concepts: Cash flow management, creditors and debtors control, taxation etc
14	Business performance: Profit and loss, repercussions of bad financial control
<i>Human resource</i>	
15	Productive human resource: Employee management and corporate culture, competitive edge vs biggest risk, recruitment practices
<i>Innovation and creativity</i>	
16	Critical thinking: Responsible decisions and problem solving, business issues and alternatives
17	Creativity and innovation: Capitalise on opportunities, identify possible viable business opportunities, creativity within enterprise, importance of innovative ideas in entrepreneurship, different creativity techniques
<i>Legal</i>	
18	Legal aspects: When establishing a new venture, registrations and compliance issues: where and how to get assistance, health and safety legislation, types of contracts, legal aspects of banking
19	Industry regulation: Protects customer, legislation that controls industry and statutory requirements, policy framework for SA entrepreneurs
<i>Management</i>	
20	Managing growth and development: Managing response to external environment, managing the troubled enterprise, post-start-up challenges, administration and training
21	Effective management: Activity and time management, organising yourself, understanding your role, organising team members and entrepreneurial mindset in effective self management
22	Management and leadership skills
23	Practical experience
24	Inventory management: Inventory control systems
25	Quality management: Quality control systems and management
26	Operations management: Operations framework, action plan for business operations, operational strategy and management
27	Managing risk: Risk management and insurance
28	Health and safety: Limiting damage in an emergency, Identifying potential hazards in the work area and managing illness or injury in the workplace

Table B.6: Questionnaire for design educators and design entrepreneurs (part two)

<i>Marketing and the market</i>	
29	Marketing: Plan and strategy
30	Market research: Importance, research, instruments, target market, incorporate into marketing plan
31	Needs: Match opportunity to market needs
32	Distribution and location
<i>Motivation</i>	
33	Social: Need for entrepreneurship growth in SA
34	Opportunities: Opportunities and rewards in small business, successful enterprises established by SA entrepreneurs, competitive reality of contemporary SA
35	Personal development and skills: Continuous development of life skills, personal options, positive attitude, work ethic and personal selling, success and fulfilment, entrepreneurial orientations and mindset for the future
<i>New ventures: start-up and the business plan</i>	
36	Start-up: Income, expenditure and cash flow requirements, generating start-up and working capital, procedures and processes, mobilising resources
37	Business plan: Components, setting business and operational objectives, marketing plan (SWOT), financial plan, funding resources, environmental issues, organisation structure
38	Business options: Buying a business, types of ownership, contemporary issues in enterprise development and entrepreneurship, roles and functions of key players in developing small business, implementing a business concept
<i>Product, pricing and selling</i>	
39	Product and pricing strategies, product and service life-cycle, cost-volume-profit analysis for planning, break-even, selling skills, negotiating, customer service skills, quotes and tenders
<i>Productivity, competitiveness and efficiency</i>	
40	Efficient systems: Factory layout, production systems, distribution systems, streamline work flow systems, cost-effective business operation to capitalise on viable business opportunities
41	Continuous improvement: Competitive advantage and savings concealed in operational efficiency
Professionalism: ethics/integrity and communication	
42	Ethics and integrity: Cultural sensitivities, responsibility towards social environment, environment and others, challenges, influence of values and belief systems on personal behaviour
43	Communication: Marketing and selling (what differentiates your business?), groups (oral and written), interpersonal
<i>Research and analysis</i>	
44	Methodology, industry and competitor analysis, feasibility and viability analysis, survival and growth of a business, present critical and responsible advice to leadership, information in tables, graphs and diagrams
<i>Strategy</i>	
45	Business strategy: Strategy for a business plan, entrepreneurial vision and strategy (milestones and setting objectives), internal and external growth strategies, competitive strategies and creating competitive advantage (differentiate your business), strategic thinking in decision making, organisational effectiveness, ability to adapt, strategic issues in SA which are crucial to the realistic design and implementation of strategy, business exit strategy
46	Personal entrepreneurial strategy

B.3 Open interview questions for design entrepreneurs

Additionally, the design entrepreneurs were asked a number of open-ended questions. The answers to these questions were recorded on a dictaphone and then typed up for further analysis.

The questions for the design entrepreneurs were:

- i) Give a brief description of the background of your venture
- ii) What is your educational background?
- iii) What made you become a design entrepreneur? In other words, what was your motivation for starting your business?
- iv) Is this your first business venture? If not, please give details of your previous venture and why you decided to end it.
- v) What have been your greatest challenges in setting up and running your business?
- vi) What do you wish you knew before you started and is there anything you wish you had been taught before embarking on your venture?
- vii) What have you had to learn to run your business?
- viii) Did you learn anything about business and small business management during your education?
- ix) What do you think could have been done differently to make running your business easier and to soften the blow of the business world?
- x) What are the challenges specific to operating a business in your industry?
- xi) Are there misconceptions about your career and what are these misconceptions?
- xii) Why do you think design businesses within your field fail?
- xiii) What do you think can be done to increase the number and magnitude of success stories in your industry in South Africa?

These questions allowed for the collection of rich qualitative data which was analysed in order to add further insight into the context and audience under consideration. The answers to these questions are analysed relative to specific topics which can be seen in Appendix G, and are discussed in Chapter 5.

Appendix C

Entrepreneurship Education in South Africa



C.1 Tertiary entrepreneurship education

This section describes the EEP offerings of each of the five top tertiary education institutions in the Western Cape (as discussed in Chapter 3).

University of Stellenbosch: The University of Stellenbosch's Department of Management Sciences offers a variety of under-graduate entrepreneurship courses within broader Commerce bachelor degrees. In addition, the University of Stellenbosch's Business School offers a "gap year for school leavers" aimed at improving students' entrepreneurial preparedness and an internationally recognised MBA in entrepreneurship. The Business School collaborates with the business community and an advisory committee to design relevant programme material.

University of Cape Town: According to the head of the University of Cape Town's Department of Commerce, Mr. Priilaid, the entrepreneurship content taught by the department is included in "Business Strategy" which is an under-graduate final year subject of a Bachelors in Business Science degree; and "Entrepreneurial Strategies" offered in the Post-Graduate Diploma in Entrepreneurship (PDE). The University of Cape Town's Graduate School of Business, which is internationally accredited for the innovative programmes it offers, house the CIE. The centre conducts research on behalf of the prestigious GEM and consults with small businesses in high-potential sectors. The primary goal of the CIE is business creation and the short courses presented are designed to stimulate business growth and deliver practical skills through experiential learning.

University of the Western Cape: The Department of Management at the University of the Western Cape offers "Entrepreneurship and Small Business Management" in both the advanced diploma in management¹(ADM607) and masters in management degrees. According to the facilitator of the courses, Prof. Visser, the learning objectives and themes covered are the same in both degrees.

The University of the Western Cape's Entrepreneurship Initiative (UWEI) is initiative started by the UWC's Centre for Student Service to empower and transform students into successful businessmen or women. The UWEI ensures that service support is available for student-owned businesses on campus and externally in order to nurture new venture creations in South Africa.

Cape Peninsula University of Technology: CPUT is the only institution surveyed in this study that presents full degrees and/or diplomas on entrepreneurship². Within the Business Faculty is the Entrepreneurship and Business Management Department which offers three entrepreneurship degrees. The subject outline of two of these entrepreneurship degrees are selected to be included, namely; "Master of Technology in Business Administration (Entrepreneurship)" and the "National Diploma in Entrepreneurship". Insufficient information is available on the third degree program.

The Cape College: In addition to these universities, CC is also included as a public Further Education and Training (FET) provider. FET's strive to provide high-quality education and training to equip students with the qualifications and practical life skills needed to meet real world challenges. Public FET programmes are designed to improve the skills base of the South African economy and therefore focus on functional skills.

As a leading provider of Education and Training in mainly the FET band, CC offers a wide range of 'Business Studies' course. The courses are industry focused and contain both practical and theoretical components to not only increase employability, but also prepare students for further studies or self-employment.

C.2 Topics extracted

The course content is ascertained for each programme selected for inclusion in the study. Depending on the intensity of the course and the information available, the themes, learning outcomes, course objectives, study guide or weekly plan are collected from the relevant source (course conveyor or institution's website).

The collected information is analysed and summarised. The tables in this section show the outcome of the analysis. The over-all themes which emerged in the analysis are shown in relation to the domain of entrepreneurship education which they represent, namely;

- i) entrepreneurship,
- ii) small business management, and
- iii) motivation.

The tables further show what is covered in each sector of entrepreneurship education, namely;

- i) primary school,
- ii) secondary school, and
- iii) tertiary education.

The topics listed in tables C.1, C.2, C.3, C.4, C.5 and C.6 provide a detailed description of the entrepreneurship education covered at each level of education, split into the main entrepreneurship education domains. Figure 3.11 in Chapter 3 shows these topics and domains and how they relate.

Table C.1: Illustration of qualitative empirical data gathered from curricula analysed, showing content covered in entrepreneurship education relating to motivation and personal attitude towards entrepreneurship as a serious and important career option

Motivation
<i>Entrepreneurship</i>
<p>Primary school: Entrepreneurial skills needed to attract international capital</p> <p>Tertiary education: Factors that 'push and pull' entrepreneurship, Examples of entrepreneurialism to stimulate thought, The role of strategy and strategic thinking in the entrepreneurial process, Corporate entrepreneurship, Identify and develop success factors for entrepreneurs, Roles and functions of key players in developing small business, Entrepreneurship and the new economic order</p>
<i>Productivity and competitiveness</i>
<p>Secondary school: Utilise technology to improve productivity for economic growth and prosperity, Productivity for economic prosperity, growth and global competition</p> <p>Tertiary education: Factors that 'push and pull' entrepreneurship, Examples of entrepreneurialism to stimulate thought, The role of strategy and strategic thinking in the entrepreneurial process, Corporate entrepreneurship, Identify and develop success factors for entrepreneurs, Roles and functions of key players in developing small business, Entrepreneurship and the new economic order</p>
<i>Economics</i>
<p>Primary school: Very strong focus on economics as a basis - not necessarily relevant to entrepreneurship Flow of resources and services in the economic system</p> <p>Secondary school: Inflation and rate fluctuations, flow of money, factors of production, goods and services, Foreign sector, Trade and the economic problem Knowledge, critical understanding and application of the principles, processes and practices of the economy, the fiscal economic system, how RDP stimulates economic growth and restructuring Roles and responsibilities of citizens and business practitioners</p> <p>Tertiary education: Understand the interdependence of systems in solving business problems, Demonstrate insight into the business world (i.e. develop an appreciation of the environment in which businesses in South Africa function, and understand that this in turn forms part of and contributes towards the global business environment), Dynamics of the modern business environment and implications for doing business</p>
<i>Motivation</i>
<p>Primary school: Identify steps required to redress socio-economic imbalances and poverty, Role of small businesses in economic upliftment, Economic growth and development and its social and economic impact, Role of savings and investment in economic growth and prosperity</p> <p>Secondary school: The role of small, medium and micro enterprises in wealth and job creation processes, Working with others to solve social and economic problems, Knowledge, critical awareness and skills in dealing with significant contemporary economic issues, Knowledge, understanding and critical awareness of the policies and practices underpinning the improvement of the standard of living</p> <p>Tertiary education: Necessity for corporate entrepreneurship, Examples of successful entrepreneurial enterprises, opportunities and rewards of small businesses, responsibility to participate in the activities of local, national and global communities, Entrepreneurship as a means to fulfil personal dreams, Managing yourself for success and fulfilment, Encourage the broadening of the array of personal options, Non-monetary business objectives, Global injunction for enterprise, Cultivating the posture of intent, Motivation, Contribute to economic upliftment and job creation by starting own businesses and assisting others to start businesses</p>

Table C.2: Illustration of qualitative empirical data gathered from curricula analysed, showing content covered in entrepreneurship education relating to entrepreneurial skills and abilities

Entrepreneurial ability
<i>Effective management</i>
Tertiary education: Effective personal organisation and management, The principles of time and self-management within a new venture context, SME networking
<i>Growth management</i>
Secondary school: Critically reflect on a business venture, assess its entrepreneurial qualities, and identify its success factors and areas for improvement, Facilitating sustainable growth and development
Tertiary education: Formulate an entrepreneurial vision and strategy for an established enterprise
<i>Human resource management</i>
Tertiary education: Leadership and teamwork to inspire performance in people
<i>Marketing, advertising and the market</i>
Primary school: Utilise advertising tools in a marketing campaign to promote a product or venture; Possibility to open new markets and create unlimited needs; Needs, the needs satisfaction process and role players, and how marketing and advertising impact needs and demands
Secondary school: Selling and advertising; Product design specifications; Marketing activities, campaigns, advertising media and promotional strategies
Tertiary education: Effectively communicate what differentiates your business
<i>New venture creation</i>
Secondary school: Base business plan on the best business opportunity from the ideas generated
<i>Product, pricing and selling</i>
Primary school: The free and economic market and how supply and demand influences market prices
Tertiary educators: Negotiating, selling
<i>Strategy</i>
Secondary school: Business constantly needs to adapt to the challenges of the micro, market and macro business environment
Tertiary education: Design a cost-effective business operation to capitalise on a viable business opportunity, Integration of strategic thinking into entrepreneurial ventures SME Networking, Differentiate your business for competitive advantage
<i>Motivation</i>
Primary school: Personal steps and attitudes to improve personal and community standard of living, Personal satisfaction in accomplishing responsible goals, Working with others to achieve social and economic goals, Importance of commitment and excellence in tasks
Tertiary education: Importance of the continuous development of life skills and exploring career opportunities
<i>Economics</i>
Tertiary education: Understand the world as a set of related systems by recognising that problem-solving contexts do not exist in isolation, The business environment and satisfaction of market needs

Table C.3: Illustration of qualitative empirical data gathered from curricula analysed, showing content covered in entrepreneurship education relating to entrepreneurial skills and abilities

Entrepreneurial Ability (part 2)
<i>Innovation and Creativity</i>
<p>Primary school: Assess different ideas for starting a business, Creative skills for marketing and advertising, Use creativity and innovation to create profitable and environmentally and socially responsible business ideas, Use creativity and innovation to capitalise on available resources, Idea generation, Creative activities that will stimulate entrepreneurial thinking, Creativity and innovation in product design, marketing and sustainable business alternatives</p> <p>Secondary school: Apply creative thinking to address business problems and to improve business practices, Use of selected market activity to reach business objectives, Turning ideas into opportunities, Identify possible business opportunities based on market and needs research, Generate business ideas from SWOT analysis, Idea generation</p> <p>Tertiary education: Use of critical thinking to solve problems and make decisions, Identify , create and investigate opportunities, Differentiate between an idea and an opportunity, The concept “window of opportunity” and managerial implications, Ideas and innovation are central to entrepreneurship, Critical and creative thought in decision making and problem solving, Encourage creativity within existing enterprises, Apply creativity and innovation to spot opportunities and design business concepts, Find potential business ideas, Support innovation, Creative and critical thinking in responsible problem solving, Diagnose business issues and creatively evaluate alternatives, Apply creativity and innovation in an entrepreneurial manner</p>
<i>Professionalism</i>
<p>Primary school: Rights and responsibilities of individuals and communities in the responsible use of limited resources, Responsible social and environmental strategies, The basic roles and impact of individuals, communities and society on resources, Environmental issues of waste reduction and the responsible use of resources</p> <p>Secondary school: Principles and skills of professional, responsible, ethical and effective business practices to carry out business ventures, Non-aggressive and professional communication in response to questions, Clear communication of business ideas using presentations and data, Marketing communication</p> <p>Tertiary education: Cooperate effectively with other members of a team, a group, an organisation and/or a business community, Ethics and integrity in small enterprises and its application to the different interest groups in the business and the community, Integrity challenges in small businesses, Work and communicate effectively with others, Learn to inspire people and achieve synergistic results through other, People, Handling objections, Communications with customers, Work effectively with others as a member of a team, group, organisation, and community, Effective use of various modes of communication using visual, analytical and language skills, Personal selling, Reflect on own values, how they influence own behaviour and assess own professional behaviour in a business setting, Interpersonal and communication skills within marketing and selling context, Dealing with the customer in terms of conflict resolution, dealing with aggression, empathy and issues of diversity, Roles and functions of key players in developing small business (only point where networking is mentioned)</p>
<i>Entrepreneurship</i>
<p>Primary school: Entrepreneurial skills</p> <p>Secondary school: Entrepreneurial qualities, Analyse to what extent a business embraces entrepreneurial qualities</p> <p>Tertiary education: Entrepreneurship and the entrepreneurial process The nature and development of entrepreneurship, Different contexts of entrepreneurship (such as small business management and corporate entrepreneurship), Entrepreneurial characteristics and competencies, Path to entrepreneurship, Types of entrepreneurship, Independent and corporate entrepreneurship, Measuring the level of corporate entrepreneurship within an existing enterprise, The importance of an entrepreneurial environment (structure, culture, human resources and control systems) within an enterprise, Entrepreneurial thinking and behaviour, Manage yourself to achieve success and fulfilment, Capitalise on a viable business opportunity, apply entrepreneurial thinking to create opportunities and wealth for yourself and others, Habits of entrepreneurial effectiveness, entrepreneurial abilities, Entrepreneurial theory, techniques , Entrepreneurship as a variable behaviour component, Entrepreneurial orientation and mindset for the future, Qualities of successful entrepreneurs are effective in the wider world of business</p>

Table C.4: Illustration of qualitative empirical data gathered from curricula analysed, showing content covered in entrepreneurship education relating to small business management

Small Business Management Only	
<i>Accounting and finance</i>	
Primary school:	Income statement and balance sheet for a basic service or retail business, Different forms of cash and credit purchases and keeping cash and credit books for a service or retail business, Documentation and keeping record of basic financial processes and transactions, Basic financial concepts, Inflation and the reasons for inflation rate fluctuations, Elementary net worth statements, The concepts and importance of debt, banking, savings, investments and comparative analysis of options, Savings, income, budgeting and other basic personal finance principles
Secondary school:	Financial tools, Financial concepts used in business , Complete source documents and record cash transactions, Analysing net worth, Income statements and balance sheets for a service and retail business, Cash and credit transactions in retail businesses, Credit and cash purchases
Tertiary education:	Financial management process in small business, Financial projections and performance evaluation, Cashflow is the lifeblood of the business, Equity and debt in the small business, Cash, accounting and finance in small businesses, Budgeting, Relates theoretical financial and accounting concepts to small business management, highlighting areas that many entrepreneurs ignore; Basics of financial statements, Income statements, Cash management and cash budgets, Profit and expense, Balance statements, Cost elements and costing for financial planning, Tracking financial performance; 4 essential financial management practices in small business: recording cashflow, debtors, inventory and proactive debtor management; Promotes evaluation of current financial management and challenges better practices, Repercussions of bad financial practices; Credit control
<i>Health and safety</i>	
Secondary school:	Safety management
Tertiary education:	Personal and social emergence
<i>Inventory management</i>	
Tertiary education:	Asset inventory
<i>Legal</i>	
Primary school:	Employment and labour laws and the role, rights and responsibilities of trade unions
Secondary school:	Protection of intellectual property, Types of contracts
Tertiary education:	Legal aspects when establishing a new venture, Policy framework for SA entrepreneurs, Basic Conditions of Employment Act and Labour laws
<i>Operations management</i>	
Primary school:	Production process from raw materials to final products (including waste products)
Secondary school:	The operational plan
Tertiary education:	Operations management, Planning and managing small business operations
<i>Quality management</i>	
Secondary school:	Quality control
Tertiary education:	Personal and social emergence
<i>Risk management</i>	
Secondary school:	Insurance for businesses
Tertiary education:	Protecting the business through risk management and insurance
<i>Research and analysis</i>	
Primary school:	Develop a business plan for a specific context and environment from research and analysis, Evaluate the financial viability of a business, Research basic employment and labour laws, Design and use a research instrument to assess the needs and wants in an identified environment, Generating business ideas from SWOT analysis, Analyse financial statements for decision-making at a basic level
Secondary school:	Evaluate the financial viability of a business, Projected demand and competitor analysis, Research business careers and paths for personal and career growth and advancement, Present information using tables, graphs, diagrams etc, Analysis of business sites, Opportunity costs, Analysing dynamics of markets, Analysis for the business plan, Analyse financial statements for decision-making, Analysing environmental issues through informal surveys and interviews
Tertiary education:	Critically evaluate management information, Feasibility and viability analysis of opportunities, Market research and industry and competitor analysis, Responsible research, analysis and critical evaluation of information, Investigate business performance for strategic decision making, Analysis of strategic issues, Rate an enterprise in terms of survival and growth, Collect, analyse, organise and critically evaluate information

Table C.5: Illustration of qualitative empirical data gathered from curricula analysed, showing content covered in entrepreneurship education relating to small business management

Small Business Management
<i>Effective management</i>
<p>Primary school: Importance of administration and record keeping in managing a business</p> <p>Secondary school: Handle feedback, amend plans and documents accordingly and integrate these into future plans and activities, Stress, crisis and change management, Compare and describe the extent to which a business can control and influence the micro (internal), market and macro business environment, Developing, storing and retrieving basic information</p> <p>Tertiary education: Plan, organise and manage responsibilities effectively, Management and organisation in the small business, Organise activities in a responsible, effective and timely manner, Manage a cost-effective business operation to capitalise on a viable business opportunity, Contextualisation on management for the environment</p>
<i>Growth management</i>
<p>Secondary school: Role of savings and investments in economic prosperity and growth, Leadership and management strategies to ensure profit and growth</p> <p>Tertiary education: Post-start-up challenges, Problematic nature surrounding growth in entrepreneurial ventures, Management of growth in the small business, Obstacles to corporate entrepreneurship, Transition from early stages in business, Extend the growth of an enterprise through sustained entrepreneurial activity</p>
<i>Human resource management</i>
<p>Primary school: Human resource management processes</p> <p>Secondary school: Trade unions in the South African labour environment</p> <p>Tertiary education: Human Resource management in small businesses, Plan, develop and manage a productive HR component for a Business, Human resource practices concerning the legal environment, recruitment employee management and corporate culture, Human Resource issues relevant to small businesses, Investment in people as the competitive edge of your business, Motivation in people management, Effective recruitment practices, Outsource relevant training with pre-identified development organizations</p>
<i>Marketing and the market</i>
<p>Primary school: The four elements of the marketing mix: product, price, place and promotion</p> <p>Secondary school: Supply and demand, How economic market systems address the economic problem</p> <p>Tertiary education: Marketing growth strategies to operationalise a consumer orientation, Promotion and capturing the attention of your market, Distribution and location, The marketing plan, Marketing in the small business, Internet and social media marketing, Marketing plans, strategy and the theories of good marketing practice, Marketing as a function larger than sales, Principles of marketing strategy: segmentation, target marketing, positioning, differentiation and the marketing mix, The importance of market research to precede the marketing planning process</p>
<i>New venture</i>
<p>Primary school: Types of businesses and ownership, Engage in a business activity that involves purchasing, production and marketing, Business plan, Financial institutions and organisations promoting entrepreneurship</p> <p>Secondary school: Getting started, The business plan, marketing plan, financial plan and contextual considerations for implementation, Description of your business, Forms of ownership and business activities, Collaboratively or independently start a business venture based on an action plan, Borrowing finance, Collaboratively or independently start a business venture based on an action plan</p> <p>Tertiary education: Nature of family businesses and South African franchise system, Buying an existing business, Business Plan (and components) and use thereof to clarify the business concept and market, Steps in starting a new business, determining resources needed and Assembling and deploying resources (including human), Business options when starting a new business (and evaluation thereof), Business design, Translating an idea into a viable business, Challenges of building a new enterprise, New venture strategy milestones and Starting with the end in mind, Know where to get assistance with registrations and compliance issues</p>

Table C.6: Illustration of qualitative empirical data gathered from curricula analysed, showing content covered in entrepreneurship education relating to small business management

Small Business Management (continued)	
<i>Product, pricing and selling</i>	
Primary school:	The role of purchasing, production and marketing in business
Secondary school:	Costing and pricing, Production costs, Production planning and systems, Product and pricing policy
Tertiary education:	Product and pricing strategies Pricing structures, Cost-volume-profit analysis principles for planning, Identify relevant and irrelevant costs and benefits in a decision situation
<i>Strategy</i>	
Primary school:	Use research and analysis in planning, decision-making and responding to external challenges
Secondary school:	The action plan, Management plan, Factors that impact business decisions, Analyse the impact of socio-economic issues and changes on business operations and make decisions accordingly
Tertiary education:	Exploiting internal and external growth strategies; Operationalising small business strategies in the practical business environment; Adapting strategic models for your business concept; Business plans for corporate projects; Create a competitive advantage through strategy; Strategic thinking and management; Setting objectives; Crafting your path, Business systems design for goals, Growing the new enterprise; Strategic issues (some uniquely South African) which are crucial to the realistic design and implementation of Strategy - including labour issues, the impact of AIDS on management, the effects of crime on management, the problems facing local management of a multi national corporation etc; Strategic management techniques, The concept of strategy, Function of strategic management, The process, methodology and logic of strategic management, Develop a strategy, Strategy implementation; The role of strategy and strategic thinking in the entrepreneurial process, Competitive strategies for business survival, Protect what differentiates your business; Assess an enterprise in terms of the growth strategy
<i>Entrepreneurship</i>	
Secondary school:	The business event, Definitions of business success (sustainability, profitability, customer bases); Levels, categories, remuneration and responsibilities of jobs
Tertiary education:	The corporate entrepreneurship process in an organisation
<i>Productivity and competitiveness</i>	
Primary school:	Basic concepts and value of productivity and sustainability; How technology can improve productivity, economic growth, living standards, etc
Tertiary education:	Productivity and competitiveness; Design of efficient production, quality and distribution systems; Hidden competitive advantage and savings are often concealed in operational efficiency. A disciplined approach is necessary and the Operations course gives you practical tips on how to access the benefits of a streamlined operation

Appendix D

Success Factors Extra Information



D.1 Selection of cases

The following section describes the theoretical sampling logic and the selected cases for the empirical research conducted in Chapter 4. A summary of this information is illustrated in figure 4.1 shown in Chapter 4.

The ‘financiers’

Selected for the types of institutions which they represent;

Business Partners Limited: is an accredited specialist risk finance company that “focuses exclusively on entrepreneurs” and formal SME’s in South Africa and selected African countries. The company provides financing (between R250 000 and R20 million), specialist sectoral knowledge and added-value services for viable SME’s in all sectors. The company’s risk financing model is an internationally recognised financing solution for developing countries and the ‘tried and tested’ due diligence process provides insight into the extent of inherent risk in a business.

According to the company’s website, Business Partners’ people have in-depth knowledge of the SME sector and insight into the challenges facing independent businesses.

Jeremy Lang is the regional manager of the Metro Branch of Business Partners Ltd and is responsible for the overall investment process, implementation of approved investments, the collection process and serves on the first two investment approval committees.

PoweredbyVC: is one of a few licensed venture capital organisations belonging to the South African Venture Capital Association (SAVCA). Venture Capitalists are independent organisations which supply capital and other resources to entrepreneurs in businesses with high-growth potential in the hopes of achieving a high rate of return and are “an extremely valuable and powerful source” of equity funding for new or existing ventures [67].

PoweredbyVC was established in 2010 by members of the South African venture capital division of Here Be Dragons (HBD) which is a privately-owned emerging market investment group created by South African entrepreneur Mark Shuttleworth. PoweredbyVC now manages HBD Venture Capital’s South African portfolio of investments. PoweredbyVC is a fund management company but also provides strategic consulting services to early stage high-growth companies who need strategic direction and commercialisation support. According to [67], good venture capitalists also provide wisdom and perspective based on their experience, pivotal advice in the development of the venture and relations to fast-track commercial growth [67].

Keet van Zyl is the founder and Executive Director of PoweredbyVC which is, according to Mr. van Zyl himself, “one of only two venture capital companies of its kind in South Africa”. South Africa has “very few true venture capitalists and those that exist are in high demand and can therefore be extremely selective” [67].

Experian Decision Analytics South Africa: is the division of Experian that services the South African credit industry. Experian is the leading global information services company and supports businesses in managing credit risk, gaining competitive advantage and automating decision making through data, analytics and software. Experian’s client base includes all the major banks, retailers, telecommunications and micro-lending companies in South Africa.

Thomas Riley is a senior Business Consultant for Experian Decision Analytics South Africa. He is involved in analytical consulting for top clients and development of bespoke client- and bureau-risk scorecards.

The ‘educators’

‘Educators’ are selected for the type of entrepreneurship programmes or initiatives they are involved with or offer. From the analysis of entrepreneurship education in South Africa in the previous chapter, two outstanding programmes and two outstanding institutions are selected;

New Venture Creations programme: is selected for its research-based and problem-oriented content and hands-on presentation. The course aims to equip struggling entrepreneurs with the base skills that research has shown is needed to manage small businesses on the level at which they exist in the informal sector; and therefore addresses the very base practical life skills needed to meet real world challenges. Students of the New Venture Creation course are previously disadvantaged individuals currently operating a small business within the community. Course work is both practical and theoretical, with assessment largely focused on the application of learnt skills in the students’ personal businesses. The facilitator therefore plays the role of business consultant and mentor, becoming intimately involved in the small businesses of his students as an advisor.

Albin Bowler is the facilitator of the “New Venture Creations National Certificate” at the College of Cape Town.

The Department of Management Sciences at the University of Stellenbosch: presents subjects designed to impact on not only the business ability of students, but also propensity of students to become entrepreneurs and their motivation towards effective entrepreneurship. These goals are in-line with the goals of this research study. The modules are motivated by the economic and social needs of South Africa and designed to stimulate an entrepreneurial orientation in students that are not necessarily already intending to become entrepreneurs. More advanced modules aim to improve awareness of possibilities for success and motivation towards growth and progress.

Goosain Solomon lectures in entrepreneurship (small business management), innovation management and corporate entrepreneurship for under-graduate students in the Department of Management of the University of Stellenbosch. He also lectures organisational diagnosis and supervises post-graduate research.

The Centre for Innovation and Entrepreneurship: is a division of UCT’s Graduate School of Business which is internationally accredited for the innovative programmes it offers. The CIE is designed to deliver practical skills through experiential learning; achieved through teaching material, promoting research and stimulating business creation and growth. The courses are closely linked to local new venture activity and are focused on the enhancement of innovation and entrepreneurial capacity. Students gather insight into entrepreneurship through the practical experience of acting as consultants to entrepreneurs from previously disadvantaged communities. The centre also conducts research on behalf of the GEM. The CIE is involved in teaching, research and business creation both in the high-tech, high-potential sector as well as with SMME’s.

Professor Mike Herrington is the Director of the CIE and was paramount in its conception. He lectures in many of the courses offered by the CIE, with expertise in new venture planning, capital and raising funds in South Africa, internationalisation of businesses and

entrepreneurship. As a highly experienced successful entrepreneur himself, Prof. Herrington is available as an advisor to students. Furthermore, he is central in the CIE's GEM research involvement and is one of the most influential and active experts on entrepreneurship in South Africa.

The Entrepreneurship Development Unit: (previously the Institute for Small Business) of UWC conducts research into the problems of small-scale enterprise and works closely with local authorities to build the capacity of existing enterprises and improve management practices of business owners. The unit is not a learning institution and therefore does not present academic courses but rather offers training and consultation in best practice, functional skills and business acumen. The Entrepreneurship Development Unit (EDU) is the only tertiary-level unit of its kind in the Western Cape.

Professor Kobus Visser was previously the director of the EDU for more than 12 years, and remains highly active in quality research and lecturing on topics related to entrepreneurship at UWC. Prof. Visser appears to be one of the foremost experts in the field of entrepreneurship in South Africa.

The Entrepreneurship Incubator is a unique company which offers entrepreneurship coaching for aspiring entrepreneurs and provides consultation and workshops in the creation and development of entrepreneurial ideas into sustainable businesses and growth. Consultations with the entrepreneurship coach include assessment of the business concept, personal entrepreneurial evaluations and training in tools and techniques required to complement the business plan. According to the company's website, "the Entrepreneurship Incubator is the pre-qualifier for many Venture Capitalist businesses and strives to make an impact on small businesses in Africa".

Bruce Wade is the founder and primary knowledge capital of The Entrepreneur Incubator.

SABS Design Institute The SABS Design Institute promotes the benefits of good design in order to stimulate the economic and technological development of South Africa. SABS Design Institute's initiatives focus on design in terms of education, industry and community development. The Design Institute therefore develops design leadership, promotes design in industry, supports new product development, markets South Africa as an innovative, industrialised country and develops the community. The main focus of the Design Institute is on liaison with industry through award schemes and design education. Emphasis is placed on projects aimed at shaping design leadership.

Adrienne Viljoen is the manager of the SABS Design Institute.

D.2 Success factors for South African entrepreneurs

The ‘experts’ selected were interviewed using the questionnaire discussed in Appendix B. The results gathered from interviews with the experts were then analysed in order to ascertain which concepts in the extensive questionnaire are of ‘critical’ importance.

The experts were asked to rate each concept addressed according to the level of importance of the concept for SME success in the South African context, with the answer “*high*” correlating to the concept being ‘critical’ for success. Tables D.1 and D.2 show the concepts that were rated by 7 or more of the 9 ‘experts’ as being ‘critical’ for SME success.

Table D.1 contains all the entrepreneurship-related concepts considered to be the most critical, and table D.2 shows the most critical concepts relating to small business management.

Table D.1: Agreement amongst experts of the critical nature of entrepreneurship factors for success as an SME in South Africa

Topic	9/9 experts agree	8/9 experts agree
<i>Entrepreneurial factors</i>		
Innovation and creativity	Innovation and creativity in business, capitalising on opportunities and problem solving	Business concept
The market		Matching opportunities to market needs
Product, pricing and selling	Selling skills and negotiation	Customer service skills
Professionalism	Communication skills including interpersonal and presentation skills; Ethics and integrity	

Table D.2: Agreement amongst experts of the critical nature of small business management factors for success as an SME in South Africa

Topic	9/9 experts agree	8/9 experts agree	7/9 experts agree
<i>Business management factors</i>			
Finance	Budgeting, forecasting, financial control and tracking business performance		
Economics			Nature and characteristics of entrepreneurship in SA and the modern business environment
Effective management		Activity and time management and organising yourself and team members	
Growth management			Management skills
Human resources	Managing a productive resource, corporate culture and understanding advantage versus risk nature of human resource		
The market		Market research	
New venture	Generating start-up and working capital and business plan (including financial, strategic and marketing plan)	Income, expenditure and cash flow requirements and funding resources	Setting business and operational objectives, mobilising resources and implementing the business plan, environmental issues in business planning
Operations management		Operations strategy, operations management and the action plan for business operations	
Product, pricing and selling	Product and pricing strategies	Break-even analysis	Quotes and tenders
Quality management			Quality control and quality management
Research analysis		Industry and competitor analysis, feasibility and viability analysis, market research and presentation of findings	
Strategy	Strategic business plan, competitive strategies and competitive advantage; entrepreneurial vision and goal-setting; strategic thinking and the ability to adapt	Using strategic management as a decision-making tool	Organisational effectiveness and strategic issues in SA that are crucial for the realistic design and implementation of strategy; personal entrepreneurial strategy

Appendix E

Expert Interviews Data



E.1 Qualitative results from interviews with experts

This section shows all the relevant qualitative data collected from the experts interviewed, tabulated relative to specific concepts and themes. Examples of the qualitative data which illustrates conclusions and discussions in the study are presented in Chapter 4.

Applying for finance

Three of the interviewees were selected to be included in the empirical research because of the financial institutions which they represent. The information gathered from these ‘financiers’ regarding applying for finance are shown in table E.1. The table also shows qualitative data gathered from the ‘financiers’ regarding the likelihood of design entrepreneurs’ applications for funding being successful.

Table E.1: Qualitative empirical data gathered from the ‘financier’ sub-grouping relating to applications for funding in general, as well as for designers or ‘creatives’ specifically

Financiers
<i>Applying for finance</i>
Venture capitalist: “Applications for funding are assessed on four criteria; firstly, the management team must have concept, vision and passion; secondly, the business concept must be unique enough to create barriers of entry to potential competitors; third, the business idea must possess scale-ability in that it has the potential and ability to grow and last, the business must be in a fast-growing and niche industry”
Private equity financier: “Less than 10% of the applications we receive for funding are successful, half of which are previous clients. We [Business Partners Ltd.] have no formal policy or check-list that we use to assess business plans but rather judge each business plan on individual merit and outcome of the total risk assessment. The business concept is the most important aspect because ultimately, we [Business Partners Ltd.] want fair returns and assess the business concept on the possibility that it will provide the necessary returns. Assessors tend to be very cautious when doing the total risk assessment which is based on; firstly, the viability of business (is the concept realistic and will it work); secondly, the financial risk inherent in concept (taking the industry and economy into account and the debt to equity gearing, entrepreneurs need to make a financial commitment themselves); then last, there is a strong emphasis on the entrepreneur or entrepreneurial team and the assessment team often suggests that the entrepreneur offsets personal weaknesses by adding necessary members to the management team”
Credit risk analyst: “It is of critical importance that business owners manage the external data, such as information at the credit bureaus, data on CIPRO and trade references, on their company. Any credit provider, banks as well as providers of trade credit, will check this data before providing credit and negative data will have a serious impact on an entrepreneur’s ability to get any credit”
<i>Designers and finance</i>
Venture capitalist: “I haven’t looked at it, but at a glance I would think that the design industry seems to fit these industry requirements”
Private equity financier: “Design venture applications generally fail total risk assessment; firstly, the business concept is not viable as we [Business Partners Ltd] consider the design industry to be “high risk”; secondly the financial risk tends to be too high because there is generally no financial cover; and lastly the entrepreneur usually lacks entrepreneurial experience and business management skills... it is generally assumed that people who are extremely specialised lack the ability to manage finances. Very few designers apply for loans from Business Partners and those that do are mainly interior designers“

Critical factors

The ‘financiers’ comments on factors critical for SME survival and success are shown in table E.2. From this data it is found that different elements are factors are considered to be important at different stages of the entrepreneurship process.

Table E.2: Qualitative empirical data gathered from the ‘financier’ sub-grouping relating to factors considered critical in the process of entrepreneurship

Financiers
<i>Critical factors</i>
Private equity financier: “Thorough market research and comprehensive insight into the market is very important... Also I think the reasons that most business I have come across fail or lack performance is due to lack of financial and accounting smart. Yet all entrepreneurs can’t be professional accountants and therefore I think that the massive disparity between what accountants are charging and what small businesses can afford is a major contributor to small business failure. Other common reasons are the mismanagement of funds and cash flow, a high debt gearing and therefore too much debt to repay, and also small businesses seem to be bad at marketing themselves”
Credit risk analyst: “Different factors are important in the start-up and management of small businesses ... however, cash-flow is king and if you fault on this, you fail. Without cash you have no business”

The qualitative data gathered from the ‘educators’ sub-grouping regarding small business management factors that are critical for SME success, are shown in table E.3.

Table E.3: Qualitative empirical data gathered from the ‘educator’ sub-grouping relating to small business management factors

Educators
<i>Small Business Management Critical Factors</i>
Entrepreneurship coach: “Access to market still remains the largest barrier to any small developing business”
Professor and researcher: “The greatest reasons for failure of small businesses in South Africa are the lack of financial skills, lack of access to the market and the copy-cat mentality that is so rife in South Africa when it comes to the business concept... Also the four greatest reasons that small businesses enter financial distress are; the general lack of maintaining a cash book, the lack of keeping track of debtors, no active chasing of debtors and bad inventory control”
Practical teacher and mentor: “Marketing is the most important factor, if nobody knows about your amazing service or product it means nothing... All topics relating to business management are important but require varying amounts of time and effort within a venture. For example, marketing should be performed on a monthly basis, inventory and health and safety should be performed on a daily basis and innovation and strategy should be like breathing. A business is the sum of capital, people, raw material, the entrepreneur, and recently also technology. Increasing use of technology means increasing success. Clever internet skills are critical. Contemporary entrepreneurs have the potential to use technology to increase productivity, efficiency and profit”

Small business management

Table E.4 shows the commentary from the ‘educators’ concerning critical success factors in the start-up stages of the entrepreneurial process.

Table E.4: Qualitative empirical data gathered from the ‘educator’ sub-grouping relating to the process of new venture creation

Educators
<i>Start-up</i>
<p>Entrepreneurship coach: “There are 5 phases of questions that any entrepreneur needs to address before starting a business. The first is to consider if the idea feasible relating to both the concept and the entrepreneur. The idea should address a market need, be affordable to its market, be capable of creating income and generating future sales, and should utilise the core strengths of the entrepreneur. The second question is if the idea is plausible or believable to others. In the process of writing a business plan the entrepreneur should accept personal weaknesses and build a team to offset these to make the idea more plausible. The third question is whether or not the team is capable and has the personality and skill set to be able to achieve business goals. The fourth question asks if the idea is achievable. Does the entrepreneur have access to finance and the market (which is one of the largest barriers for SME’s)? This is where the financial plan and budget become crucial and I often suggest to my clients that they consult with marketing and public relations specialists to assist with a marketing strategy. The fifth question considers if the idea is sustainable. The entrepreneur should decide if business is sustainable and create a sustainable business model. Venture capitalists add a sixth question, which is to look at the scale-ability of the idea...”</p>
<p>Lecturer and researcher: “If an entrepreneur is able to create a business concept from a market need then entrepreneurship and marketing merge” “Business is a process and therefore can be managed like any other process. However before reaching the management phase, the business concept needs to be implemented, and for this it is crucial that the idea is viable and adds value”</p>
<p>Professor and researcher: “Different factors are important in the start-up and management of small businesses”</p>

Entrepreneurial ability

Table E.5 shows the experts' philosophies and ideas regarding entrepreneurship and entrepreneurial success.

Table E.5: Qualitative empirical data relating to the role and importance of entrepreneurial abilities and characteristics in the entrepreneurial process

Experts
<i>Entrepreneurship</i>
Venture capitalist: "For survival, the entrepreneur's ability to adapt, evolve and predict where to go is critical"
Private equity financier: "A good entrepreneur is passionate, energetic, knowledgeable and experienced... We [Business Partners Ltd.] are interested in entrepreneurs who can provide us with proof of their skills, knowledge, achievements and business systems"
Credit risk analyst: "Entrepreneurial success is more about the entrepreneur and business concept than it is about education, structure, paperwork etc... An entrepreneur needs to be proactive and willing to take risk. Entrepreneurship is a way of thinking more than a specific skill"
Entrepreneurship coach: "Working on your business is just as important as working in your business"
Practical teacher and mentor: "Aspiring entrepreneurs need to move away from the employee mindset and understand that they are reliant on their own money, their own time and taking their own risks in order to reach success"

The experts' general commentary concerning entrepreneurship and entrepreneurship education is shown in table E.6. These comments include noting the lack of entrepreneurial ability in South Africa, and arguing that current education is unsuitable for improving entrepreneurial capacity in the country.

Table E.6: General comments regarding entrepreneurship and entrepreneurship education in South Africa

Experts
<i>General</i>
Professor, researcher and businessman: "South Africa is lousy at entrepreneurship. There is a higher rated business failure in South Africa versus other countries on the same developmental level and a reason for the low entrepreneurial activity is that there is no meeting between those that have the money and those that need the money... which is possibly largely due to corruption in governmental support structure"
Practical teacher and mentor: "The way forward for South Africa is a new educational landscape that addresses the social issues of entrepreneurship through vocational education, as is currently being experimented with in Sweden and America... Current education in South Africa is leaving aspiring entrepreneurs behind"

Table E.7 presents commentary on the importance in SME's of focusing on the core skill and business concept.

Table E.7: Qualitative empirical data relating to the importance of innovation, creativity and focussing on core strengths in the entrepreneurial process

Experts
<i>Innovation, creativity and focussing on core</i>
Venture capitalist: “If entrepreneur is very good at one thing and can network and socialize well then business management skills need only be average, however, the difference between an entrepreneur and a craftsman is to be an entrepreneur you have to add the business element to an idea to turn it into a business”
Entrepreneurship coach: “Entrepreneurs should outsource everything except their core genius and avoid working on things that they are bad at because it only makes them mediocre at their weaknesses instead of genius at their strengths... and entrepreneurs should be a genius at innovation. Research has shown no direct line between success and talent, a third factor such as innovation is always involved. It is critical to accentuate what differentiates the business, which ultimately is the core genius”
Practical teacher and mentor: “Entrepreneurship is not the same as small business management. Entrepreneurship requires innovation and a problem solving tenacity. However for success, small business management skills are highly important. Entrepreneurship is a delicate synergy of time, material and a good concept, which is where the entrepreneur and artistic force fits in”
Manager of the SABS Design Institute: “Design entrepreneurs are not necessarily different to other entrepreneurs because all entrepreneurs need to be highly individualistic and innovative, except that designers are often not good at management functions. The entire process around innovation and innovation management, including the full cycle of design up to commercialisation, should be a focus in entrepreneurship and the focused use of design skills, design creativity and design thinking can be used to solve a spectrum of problems”

Table E.8: Qualitative empirical data relating to the importance of network and social capital in the entrepreneurial process

Experts
<i>Network and social capital</i>
Venture capitalist: “If entrepreneur is very good at one thing and can network and socialize well then business management skills need only be average...”
Entrepreneurship coach: “Entrepreneurship should be about innovation as well as collaboration and convenience through clustering and strategic networking”
Practical teacher and mentor: “Success factors for entrepreneurs include access to money to make use of opportunities, network, skills and knowledge. Networking is more important than skills and skills and knowledge cannot be separated...”

Motivation

Table E.9 presents the commentary made by the experts regarding the importance of motivation in entrepreneurship.

Table E.9: Qualitative empirical data relating to the need for entrepreneurship as well as the importance of motivation in the entrepreneurial process

Experts
<i>Motivation</i>
Private equity financier: “The massive need for in entrepreneurship in South Africa is often underestimated”
Credit risk analyst: “A big challenge for most entrepreneurs is in growing their venture from a successful one-man show to larger company where they no longer control every aspect”
Lecturer and researcher: “Entrepreneurs need to be thinking and be challenged regarding the bigger picture, which is much more important than intricate detail in all other topics. For successful design entrepreneurs you need to get designers interested in adding to the economy”
Manager of the SABS Design Institute: “... the focused use of design skills, design creativity and design thinking can be used to solve a spectrum of problems”

Teaching entrepreneurship

Table E.10 shows qualitative information concerning teaching entrepreneurship.

Table E.10: Qualitative empirical data gathered from the ‘educator’ sub-grouping relating to teaching entrepreneurship

Educators
<i>Teaching Entrepreneurship</i>
<p>Entrepreneurship coach: “According to a recent article in Fin24, all the top global entrepreneurs have all failed as many as four times in the past so I think it is important that entrepreneurs realise that failing is part of the process and learn how to improve through failure and carry on trying, but smarter each time...”</p>
<p>Lecturer and researcher: “In teaching entrepreneurship it is important to instil an understanding of concepts, and then apply the knowledge taught wherever possible. If a skill is important for success as an entrepreneur it is imperative that the concept is taught and then applied practically because in reality entrepreneurs have to be able to apply their knowledge... But if somebody can be hired for a specific professional task then it is not necessary for the entrepreneur to learn the intricate details of that task, therefore when a manager is possible the level of technical detail required in education drops. In my experience entrepreneurs hate detail but before ventures reach the level where functions can be outsourced a certain level of detail is necessary. But entrepreneurs should be educated in such a way that they do not need to study every little aspect; the designer of a dress is not merely taught to sew...”</p>
<p>Professor, researcher and businessman: “Entrepreneurial education requires a balance between theory and practice... Entrepreneurship is a highly experiential field and the best way to learn is through as much guided practical experience as you can get”</p>
<p>Professor, academic and researcher: “Teaching ‘about’ entrepreneurship is the most important as the rest can be learnt in practice... for example learning about concepts such as risk taking is important to learn before learning how to draw up a balance sheet etc... Education should focus on the four elements of entrepreneurship that can be measured, or four sub-scales of the entrepreneurial attitude orientation (EAO) scale; namely achievement in business, innovation in business, perceived personal control of business outcomes and perceived self-esteem in business... Tertiary level entrepreneurship education content should be based on the entrepreneurial process and provide the student with specific training on how to start and run a business, including concepts such as the capacity to draft a real business plan and the necessary skills and knowledge to identify and assess business opportunities... The primary objective of educators is to encourage students to learn and to provide them with the tools and skills necessary to do so. Teaching techniques need to be adapted to fit the abilities of students, the nature of the material, time constraints and so on; and a variety of learning activities should be used to improve understanding of subject matter. Educators need to provide an environment of active learning for students through fostering critical thinking by techniques such as calling on student involvement without prior warning...”</p>
<p>Practical teacher and mentor: “Theory in entrepreneurship courses should not be academic but the content in entrepreneurship courses is very academic and not effective because it lacks practicality, because courses are usually designed by academics. I can see even in our programme [New Venture Creations] that it is not right for the target market... The pivotal difference between academics and entrepreneurs is that entrepreneurs are able to take risks and academics are not. Entrepreneurs become competent through practising skills and the best way to learn entrepreneurship is to have a role model and mentor, all entrepreneurs need someone successful and patient to teach them... Accounting skills and an understanding of economics in the academic sense are a waste of time. I find that entrepreneurs are scared of numbers, even the basics, so they need to have it drilled into them. You get two types of skills in small business management that are important to teach, soft skills which is concepts such as team work, and hard skills such as accounting books and records”</p>
<p>Manager of the SABS Design Institute: “Wherever possible, entrepreneurial education should contain a practical element otherwise the entrepreneur still needs to learn how to apply the knowledge once they are in the industry... The problem with entrepreneurial education in design schools is that the entrepreneurial and business management content is taught by instructors without a design background that are therefore unable to relate the information to the students in an effective way... We [the SABS Design Institute] offer a very successful workshop for industrial designers that provides an opportunity for them to consult with experts (an industrial designer, a patent attorney and a venture capitalist) as well as get technical assistance with issues such as intellectual property, exploiting opportunities, commercial assistance and technical development. A similar workshop adapted for other design fields’ needs would be equally effective... The top international design schools are funded by their alumni and therefore for their own survival foster a culture of commercial success in their students, and these schools produce hugely successful designers”</p>

Table E.11: Qualitative empirical data gathered from the ‘financier’ sub-grouping relating to teaching entrepreneurship

Financiers
<i>Teaching Entrepreneurship</i>
Venture capitalist: “The technical detail necessary in learning small business management concepts is generally ‘medium’ [as defined in the questionnaire]. Other aspects are much more important than detailed knowledge of management principles...”
Private equity financier: “Business plans impress more when they are of an existing business and therefore show a track record. Other aspects that impress in a business plan are industry dependent, such as location if it is relevant. The business concept matters more than the document and even if the document is lacking, we [Business Partners Ltd.] will ask for more information if the concept and the entrepreneur impress us”

The tables shown in this section provide concise data summaries by theme of the mass of rich qualitative data gathered in this phase of the research (discussed in Chapter 4). These tables are useful, not only for analysing the data in order to build theories, but also to add further insight into the specific topics which are addressed.

Appendix F

Design Educators Interviews Data



F.1 Qualitative results from interviews with design educators

This section shows all the relevant qualitative data collected from the design educators interviewed, tabulated relative to specific concepts and themes. Examples of the qualitative data which illustrates conclusions and discussions in the study are presented in Chapter 5.

The first table (table F.1) summarises the qualitative data regarding the entrepreneurship content available at the design education institutions included in the study.

Table F.1: Qualitative empirical data gathered from ‘design educators’ relating to the entrepreneurship and small business management content of design schools

<i>Entrepreneurship and small business management offerings</i>
Fashion design educator: “We are busy putting together a programme for a degree and a programme for a diploma which will have much stronger focus on the business aspects...”
Jewellery design educator: “The Technicons have business skills as a subject but we don’t do that”
Interior design educator: “We have two courses in ‘Professional Practice’ which focus on skills needed for working from a contract. The first one is classified on a level 6 (which is the level of a diploma) and deals with business skills; ‘you’ve come up with your beautiful concept and beautiful drawing now we have to implement it’. The second is level 7 (degree level) and is more about running a business and dealing with the rules and regulations of building contracts and things like that. These concepts are extremely important but there are only 30 hours per subject so they are only minor subjects”
Communications design educator: “Small business management skills are looked at with people wanting to start their own companies or agencies”
Cheffing educator: “A business finance course is an elective in the second and third year to accommodate students that want to do more than work for someone else. The 3-year full spectrum flagship course is set up for people that want to be entrepreneurs or move into different fields mainly for people who want to be a entrepreneur/run their own business... for people who want to broaden their horizons. Some people just want to cook/be a chef and work for somebody for the rest of their lives”
Architecture educator: “Some responsibilities are left for the 2 year in house training that students are required to complete with an architectural firm before they can register with the South African Council for the Architectural Professions (SACAP). We focus on the academic aspects of architecture and professional practise (including law, ethics and values) but the accounting and financial aspects are left for the 2 year internship... Start-up skills and business plan concepts are not taught - the student would learn by trial and error or from somebody else’s experience if they decide to start their own venture”

The sections that follow present tables on the following broad themes that emerged from analysis of the design educators interviews;

- i) small business management,
- ii) entrepreneurial ability,
- iii) teaching entrepreneurship, and
- iv) the importance of focusing on the core objective of design education, which is to teach a strong design-specific skill and knowledge base.

Small business management

Table F.2: Qualitative empirical data gathered from ‘design educators’ relating to the importance of specific small business management abilities

<i>Importance of small business management abilities</i>
Fashion design educator: “Will it only be the very good design students that will be successful one day or is it a mediocre design student with a good business sense that will also be successful? Sometimes we think a specific student is not a good designer and they become successful in the business sense because they have a good business model...”
Jewellery design educator: “Everything is important if you want to become an entrepreneur. You need to be competent in all of these things or if you not then you need a business partner who is”
Communications design educator: “From the point of view of starting a communications company, you will outsource many functions”
<i>Accounting and finance</i>
Fashion design educator: “Entrepreneurship is all about making money so all the financial concepts are of high importance”
Jewellery design educator: “We don’t teach financial concepts, but we do make students aware if what they are going to need in order to be commercial”
Interior design educator: “Financial abilities are important as a life skill but not taught in our curriculum. Only the basic concepts are looked at from the aspect of running a contract rather than running a business. We cover financial concepts very little and should probably do more. We do basic accounting and they are taught how to cost jobs, but not to the extent that they are running their own company”
Communications design educator: “The school is very much industry-based. A lot of the stuff that we expose people to is through projects and we have a very big thing here of learning by doing, so although we might not cover accounting and finance specifically as subjects, there would be budget control etc in projects. Most of the concepts are covered in a practical sense like: ‘how does finance work in a marketing sense?’ and ‘what is the money flow in our industry?’ and ‘how do agencies make money?’”
Cheffing educator: “Finance and accounting will ultimately make or break you. We cover basics like food costing, but as a chef you should outsource your accounting. But tracking business performance is covered because it could break your business or ensure you keep it afloat. Financial planning is covered and they have to do a business proposal which includes financial forecasts”
Architecture educator: “Finance and accounting are important when running your own small business however it is not in our curriculum as it is so tight”
<i>Economics</i>
Cheffing educator: “...I suppose for entrepreneurship is it actually high as that it what keeps you in the forefront and nowadays it is so competitive you need to stay ahead at all times and that’s the only way to do that and to constantly know what is going on around you”
<i>Effective management</i>
Fashion design educator: “We spend a lot of time on effective management techniques because it is very important in fashion”
Jewellery design educator: “They are taught through practical work the skills of effective self-management which are very realistic in terms of the industry”
Cheffing educator: “Effective management is critical and is instilled from day one”
Architecture educator: “Effective management is integral to architectural education and that is the thing that you are constantly challenged to engage with and to get to know yourself through. That is critical and management is submerged into the syllabus because you are challenged in it constantly”

Table F.3: Qualitative empirical data gathered from ‘design educators’ relating to the importance of specific small business management abilities (part two)

<i>Human resource management</i>
Interior design educator: “They are taught practical skills for working in teams and how to structure a contract for a team. They are told what can go wrong if the human resource is not well managed or supervised. We don’t deal with human resource management explicitly and I don’t know if we could ever fit it into the syllabus, but I just know as a business manager how important it is and I’m thinking maybe I should be teaching them”
Cheffing educator: “Your staff make your business and therefore human resource management and business culture are critical”
<i>Inventory management</i>
Cheffing educator: “Inventory management is very critical because in running a restaurant you have a lot of inventory”
<i>Legal</i>
Fashion design educator: “Intellectual property is important because you need to protect your brand”
Jewellery design educator: “Intellectual property is complicated in jewellery design because you cannot patent a setting etc, but we educate them to protect their work”
Interior design educator: “Legal regulations are quite intensively covered, including building codes and general contracts that you have to deal with regards to building contractors”
Cheffing educator: “Food and safety are very important legal issues and intellectual property is only important in some fields like molecular gastronomy”
Architecture educator: “Legal aspects including the range of building contracts in South African laws and ethics around law are covered intensively”
<i>Marketing and the market</i>
Fashion design educator: “The professional aspect of marketing and advertising are taught as well as the practical skills of marketing themselves and their brand”
Interior design educator: “We deal with both individual marketing and marketing yourself corporately”
Architecture educator: “Architects are not allowed by law to advertise their service. If you do good work, it speaks for itself”
<i>Product, pricing and selling</i>
Fashion design educator: “Costing and pricing should be stressed more I think... creative people tend not to want to charge for what they do, or are not realistic about the value of their labour and either under- or over-charge. It also depends on what the client is prepared to pay, the industry you are in and the kind of labour you have working for you”
Jewellery design educator: “Students start doing commissions in their later years and then we start talking to them about pricing and for the [graduate exhibition] they kind of make prices up and sell their work. We also talk about the value system because it is such an abstract system to an extent... it is easy to put a value on something that is made out of gold with a certain size or carat diamond because it is market related but obviously pricing art is quite different and objective. We do basic skills like we will teach them how to price diamonds, which is very industry specific and we get professional goldsmiths in to tell them how to price things and the fluctuation of prices etc. Further they have to buy their own materials so they learn through their practical projects how to manage their resources, budget their projects and the monetary cost of their work”
Interior design educator: “Quotes, tenders and the whole tender process are dealt with extensively, including billing the client. Costing a product or job, mark-ups, general fee structures and where you make your money are taught”
Cheffing educator: “...is very important, from day one they do that. Because you need to cost the recipe in order to cost the plate of food in order to get to a final selling price, and know how many you need to sell in order to make it worth your while”
Architecture educator: “There is a fee scale that is determined by the Institute but you can go higher or lower if you want to. There is an economy of architecture established”

Table F.4: Qualitative empirical data gathered from ‘design educators’ relating to the importance of specific small business management abilities (part three)

<i>Quality Management</i>
Fashion design educator: “In our industry, if you don’t have quality control, you won’t have a business”
Interior design educator: “We deal with quality, operations and inventory management from the perspective of running a contract, and I think it’s a transferable skill; if you can control ordering, deliveries, time management and programmes on a design job then you can do it on a business”
Communications design educator: “Quality management is absolutely huge in our field and school”
Cheffing educator: “The quality and consistency of your product as a chef is your brand”
<i>Research and analysis</i>
Interior design educator: “Research is dealt with in many of our subjects but we could probably guide a more business-minded aim for it”
Architecture educator: “Research and analysis in relation to the project itself is very important and would entail that you understand an the economic context, political, social and physical context of the project”
<i>Risk management</i>
Jewellery design educator: “Risk management is something that needs to be covered because you have to decide what type of studio you want to run when you set up your business plan, because as a designer you may have to take responsibility for working with a diamond that can sink your whole business”
<i>Strategy</i>
Fashion design educator: “Strategy is covered from the design strategy perspective, but I suppose your design strategy will influence your business strategy, because you’ve got to be aware of the business side, even if you have a specific design strategy, you’ve got to be aware that if you take a year to design something you won’t be earning an income... Business management strategy, not just creative strategy is very important”

Entrepreneurial ability

Table F.5: Qualitative empirical data gathered from ‘design educators’ relating to entrepreneurial identity

<i>Entrepreneurial identity</i>
<p>Fashion design educator: “Experience is extremely important. I don’t think design students grasp the reality of the business world, take business concepts seriously enough and are not exposed to business enough till they are thrown in the deep-end themselves... we have creative people here, they don’t have a business mindset and don’t realise the importance of it until they go out in the industry and try to do something by themselves. I just hope that the way we teach it show the students how important it is, and that it is not just theory I wont be using because I am a designer. I think that is why we do not have so many successful designers in South Africa; the ones that are really successful overseas are very good business people as well, and if they not good business people they have a partner that handle the business aspect. I think there is a lack of discipline, which is almost inherent in a creative person. You must work really hard at it, to discipline yourself”</p>
<p>Interior design educator: “The ethos of our school is to contribute to design in our country and hopefully the South African economy... and all our students get really good jobs... The brief for the Design Achievers Award project for which they have to develop a business plan is ‘hands on, hearts on, minds on’, so the concept has got to be something beneficial to South Africa”</p>
<p>Communications design educator: “Young people today have many options in their careers and have to experiment and design their own paths, they have to pave their own crazy paving...”</p>

Table F.6: Qualitative empirical data gathered from ‘design educators’ relating to the importance of specific entrepreneurial abilities

Communications design educator: “People are most comfortable either in the creative or analytical zone, but where you are really thinking best and where you are most entrepreneurial in your thinking process is between the two; slightly out of your comfort zone and having to think in a new way. Creatives and suites. Left brained right brained. The philosophy of the school is that the best ideas are created by combining creativity and analytical thinking, which is a form of entrepreneurship...”
<i>Professional ethics</i>
Interior design educator: “Professional ethics are very important and our curriculum promotes the principles of the Institute of Interior Designers”
Communications design educator: “Professional ethics are important and increasingly so”
Cheffing educator: “We don’t teach professionalism in a theoretical sense but in a kitchen you always have to be professional and properly dressed, neat and hygienic. This is taught through the way that we work, it is almost like learning a new body language. Students see how chefs should behave, especially because a lot of chefs don’t behave professionally, this can put you in a class above the rest... almost like a competitive edge”
Architecture educator: “The ethical aspects are covered in relation to the laws that apply to architecture as a profession. Ethics is very important as architecture is a professional field”
<i>Professional communication and self selling</i>
Fashion design educator: “We cover all aspects of professional communication thoroughly. We even have Truworths coming to listen to the presentations of our third years and [critique] them on their presentations”
Jewellery design educator: “I think that being a designer for luxury goods, you really need to come with the package but I also see that as part of the branding. I think if you know how sell yourself you will make it”
Interior design educator: “Professional communication skills are very important as a designer. This is a very strong focus in our school and one of the first things we teach. Students are critted and physically marked on their professional verbal and visual presentations constantly. From the beginning they are taught the importance of selecting the right media to communicate and that professional communication is a two-way channel of communication. First designers take the brief and then answer it. It’s not like you get up onto your pedestal and give the client what you want. We do also teach them selling skills and obviously they sell themselves and their designs, and I suppose it is also covered when they do their CV, which we cover extensively to teach them how to sell themselves as a person. Selling skills is something you have deal with on a different level because at the end of the day that is what you have to do”
Communications design educator: “Presentation skills and the ability to sell your ideas are critical. Central to entrepreneurship, especially in communications and design, is communicating your idea clearly and convincingly and being able to project yourself well”
Architecture educator: “Engaging with the client is a very important aspect and is implicitly taught. The entrepreneurial skills that students pick up in architecture are through their ability to articulate an idea and sell that to somebody”
<i>Entrepreneurial attributes</i>
Interior design educator: “The ability to adapt is very important... Personal entrepreneurial strategy is instilled in the way we approach our teaching. It’s difficult to explain that in a nutshell but that’s what we provide”
Communications design educator: “This is lovely. Attitude and behaviour are very important and these are spot on. Perseverance could be added onto this. The definition of entrepreneurship from our angle is the ability to find insights in information. Anybody can handle information but entrepreneurship is the ability to dig into that information and get the insight, and if you come up with a really good insight you don’t have spend a lot of money to create communication, it will create itself. That is the sort of entrepreneurship in our business. More and more clients are saying... we want you to come up with an idea that’s so good that the channels will pick it up and the social networks will pick it up and it will fly. It’s about not using the conventional and existing channels but rather finding new better ways of doing things that sort of self-activate and self-ignite”
Cheffing educator: “This is a good summary”
Architecture educator: “In practise you have to be confident through how you present yourself and how you can talk about your ideas, and clients often evaluate an architect in relation to their confidence. If there is a high level of confidence then they would put their trust in them... all of that is an entrepreneurial thing from our side”
<i>Awareness of economics and industry opportunities</i>
Fashion design educator: “You should know what is aware in the industry otherwise you close yourself off to opportunities. It is important to know what is going on in South Africa and internationally, especially with fashion that changes so quickly... You also have to be aware of what is out there, that is what your business is all about, and if we don’t teach that to our students, they will not be successful entrepreneurs”

Teaching entrepreneurship

Table F.7: Qualitative empirical data gathered from ‘design educators’ relating to teaching entrepreneurship in design

<i>The business plan</i>
Fashion design educator: “We do have a unit in which the students have to research a business idea and produce a business plan but I don’t think they take it seriously because it is at the same time as they are working on their ranges and preparing for the fashion show. Start-up and business plan are taught, but I don’t think it makes the right impact”
Interior design educator: “Students have to come up with a design concept and put a business plan together for the Design Achievers Award, which is quite a substantial portion of their third year”
Cheffing educator: “The business plan is critical if you want to go for finance or to see if the concept is viable and will work over the long run... in our industry it’s a lot of equipment you might need so if you want to have growth potential in your business you will most probably need funding for your business start-up”
<i>Use of role models</i>
Fashion design educator: “We get role models from the industry to come talk to students about business issues”
<i>The facilitator</i>
Fashion design educator: “We have realised that the success of the business content offered also depends on who the facilitator is because it is difficult to find someone in the fashion industry that is also good with the business management side of it. Facilitators for business subjects are an issue because it is difficult to find people in the industry that are also good with the business management side of it”
Jewellery design educator: “Role models from the field present the realistic and business aspects”
Interior design educator: “I think this is highly important, but I lecture those subjects. So if you were interviewing one of my design lectures, you would probably have most of the answers as much less important. I understand how important these skills are but my opinion is not the same as you would get from most of the lecturers in the school”
Cheffing educator: “Small business management subject is outsourced to industry experts. Currently we have a German lecturer that thought at Stellenbosch University many years, so he is an expert. And it is working well because we selected someone who has a background and interest in food and therefore understands the angle we are coming from”
<i>Teaching entrepreneurship</i>
Fashion design educator: “Leadership and other entrepreneurial abilities are covered in practical group work... We design business skills into other subjects, because we have very creative people here, so we combine the business element with their own inner design expression so that they don’t have to outsource that to someone else”
Interior design educator: “We definitely encourage entrepreneurial characteristics throughout our syllabus... Management and leadership taught in the practical nature of individual and group projects... It’s almost the whole ethos of the college to encourage entrepreneurial qualities; which is more of a mindset than skills-based, but no we don’t physically teach any theory on it. But I think it is important and possibly should be looked at”
Communications design educator: “People can be taught entrepreneurship... The school is very much industry-based. A lot of the stuff that we expose people to is through projects and we have a very big thing here of learning by doing... We teach entrepreneurialism in getting people to think laterally rather than just economically laterally. So innovation is very important and people can learn to innovate. One of the criteria for the courses is the ability to think laterally and unconventionally. A lot of people are taught to think through at university but often not taught to think up; which is critical to us and is harder but can be learnt through many techniques aimed at freeing the mind up to be able to come up with concepts and insight that aren’t in information... Traditional education systems fail in 2 ways; firstly, they create a fear of failure. To be good in this business in any way you have to be prepared to fail. Whether you win or lose, don’t lose the lesson. A lot of entrepreneurs aren’t scared of failing as long as they learn and it’s an important aspect; its risk but believing risk is good and whatever happens win or lose, you have to learn. Silver is losing gold, so if you got silver you lost gold and should have pushed harder. You have to throw caution to the wind... it’s a mindset. Secondly, it forces you to focus on what you are bad at. Don’t try be good at everything, be good at what you good at and make sure that what you’re not good at somebody around you is good at. And we think these are huge elements of being successful in this field and being a successful entrepreneur: go for it, know what you are good at, don’t do what you’re not good at, don’t try fix what you’re bad at... that will be mediocre and you could be successful but you will never be fantastic!”
Cheffing educator: “We run a restaurant in Stellenbosch that is a real life business so it helps them as they run the restaurant. It is like a living classroom”
Architecture educator: “Entrepreneurial characteristics are fostered very strongly I think”

Focus on core

Table F.8: Qualitative empirical data gathered from ‘design educators’ sub-grouping relating to the need for design schools to focus on teaching design

<i>Focus on industry-specific skills and would like to include more but there is no time</i>
<p>Fashion design educator: “We teach designers the practical skills of creating garments but not necessarily for them to exercise themselves, but show others how to do it and how to manage others. We’re not teaching them to be seamstresses, but they must be able to manage the seamstresses... Knowing exactly everything about the core business of fashion designing is critical. Like getting the skills, pattern skills, garment technology skills, the design skills, have the basic knowledge about fabric and fabrication, textile, surface design... you need that core knowledge too. We try to help our students find a job. And we link very closely with the industry, so we get the industry in here, so that they can tell the students what they are looking for, and we try to satisfy the needs of the industry”</p>
<p>Jewellery design educator: “The strategy of the course is to make them competent and competitive in the industry but from a very specific angle related to creating artists... The trade in South Africa needs conservative designers and we need to train them to be commercial; but they doing a visual arts degree so they need to have the ability to be artists. We are the only university course for jewellery design and it is quite difficult balancing the art school and a university BA Degree. We teach them to be goldsmiths and focus on the skills they don’t get somewhere else. They need to know how to design and make a product themselves and the rest is learnt in the industry. With experience in the industry they will adapt... They will definitely lose a bit of money in the beginning”</p>
<p>Interior design educator: “We are training designers, and encourage them first to get out into the industry before starting their own business. The school focuses on creative and industry-specific skills rather than transferable skills. Business management concepts are important but not covered because we have had to prioritise and in comparison to the design skills we teach, all other concepts are of medium importance. Personally I think it should be given more attention but I don’t know which subject we drop in order to do that... I wish we could do more of it but just don’t have the time”</p>
<p>Architecture educator: “Knowledge foundation that needs to be in place and a framework of reference so that they can sell themselves with confidence”</p>

Appendix G

Design Entrepreneurs Interviews Data



G.1 Qualitative results from interviews with design entrepreneurs

This section shows all the relevant qualitative data collected from the ‘design entrepreneurs’ interviewed, tabulated relative to specific concepts and themes. Examples of the qualitative data which illustrates conclusions and discussions in the study are presented in Chapter 5.

The following few tables correlate largely to the open questions that were asked of the design entrepreneurs (as shown in Appendix B). Tables providing insight on the following topics are presented;

- i) the perception of entrepreneurship,
- ii) design entrepreneurs’ perception of why design businesses tend to fail,
- iii) challenges within the creative industry,
- iv) greatest challenges experienced in setting up a venture,
- v) misconceptions about design careers,
- vi) design entrepreneurs’ opinion on what can be done to increase the quality and quantity of SME success in the creative sector,
- vii) the entrepreneurship and business education gap, and
- viii) what design entrepreneurs wish they had known before they started their ventures.

Table G.1: Qualitative empirical data gathered from the ‘design entrepreneurs’ interviewed regarding entrepreneurship

<i>Perception of entrepreneurship</i>
<p>Troy: “There are 3 parts to being a successful entrepreneur in my opinion: innovation, management and being the technician. Small business owners are great at what they do so they open up a business and think that they can just keep doing what they do really well. But innovation means that you are always trying new things, are working towards something and you want to keep making things better. Then the manager is the person who systemises and actions things. A lot of creative people are good at ideas but don’t actually make them happen. A real entrepreneur has to have the vision but then also has to have the system to make it happen and also has to know how to activate that vision. Because there are tons of amazing ideas out there but you actually have to put them into action and systematically be able to pass that information onto other people. Entrepreneurship is a process, method, an approach... It’s a way of seeing and a way of living really; business and lifestyle are mixed and there is a strong interrelationship between your environment. Cape Town is great for that because you can work hard and play while you are working”</p>
<p>Louis: “Entrepreneurs come in 3 categories and are born that way; either you are a great financial man, a great merchant or a born leader; and all build a team around them that compensate for everything else. The flair that you possess innately is enough to get you going and to a successful point, but if you haven’t built the right team and you haven’t got the sense of humility to really ask employees what they think and why, your success won’t last. You can’t teach entrepreneurship; it is the skill of how to micro-manage without micro-managing which will divert you so much that you will forget where to go. You have to develop a radar system for realising when something has gone amiss. An entrepreneur is like a race horse; they see the goal and go like hell. You can’t expect them to have all the financial skills etc; there are very few people born with all those skills. A course could just show them what to check. You need to pick up concepts and ideas and realise what will give your business competitive advantage; and take the risks. I am successful because I was able to do that...”</p>

Why do design businesses fail?

Table G.2: Qualitative empirical data gathered from the ‘design entrepreneurs’ interviewed showing the perceived reasons for failure of design ventures

<i>Why do you think design businesses in your industry fail?</i>
<p>Jewellery designer: “Because you are always competing with lots of other people. Accessorize came along too, they make funky bangle for R10 so why buy this? But people still strive for the real thing. Most people can’t afford the real thing and can afford the Mr Price thing but it is destructive in the long term to be able to survive in the long term. I don’t know if I have failed as such but I definitely had to redo my strategy, not that I ever had a strategy as such, I had to change the way that I did things. I never had a business mind and so I never went into it thinking I need to think about my costings, my rent and bills and cost that into my product and therefore be able to afford where I am and make what I’m making, pay whoever I have. I have gone into ventures without thinking can you afford to have people to make jewellery and still afford your rent and your materials. I hired people to work for me without thinking can I afford to pay them every week, I just thought they would help me bend bangles or whatever they hell they did but I couldn’t actually afford that and I didn’t cost my things right. I probably wasn’t at the point where I could cost my things right as I was still growing my business and brand and so should probably have started on my own. But I have always wanted to get people to do this for me and I couldn’t actually afford it. It took me 10 years, I just moved out of a very big premises and I was just working to pay my 2 staff members (now I don’t have anybody working for me) and I’m in a smaller property. I haven’t failed because I’m still going but I definitely made a few mistakes and I should never had done that. I was just working to make money to pay salaries and rent. I was making money but just for expenses. So I have kind of failed and have wanted to give up but just thought what else are you going to do? It’s going great. Like I said I sell for a lot of money every month but I was in the wrong systems. But I think that is the big problem of creatives world wide”</p>
<p>Jewellery designer: “There are not enough people in SA that appreciate design or have the money to buy the designer stuff; they will rather buy the stuff from China. Mass produced jewellery stuff makes it hard to compete”</p>
<p>Graphic designer: “...creatives take on the print of a job and try make a mark-up on the printing and so they pay it and then the entrepreneur is hundreds of thousands in the red. Try do a mark up on the print and get screwed hectically, this happens all the time in creative agencies every day. or they take on freelance specialist, photographer, illustrator, copywriter, flash web-design; and then don’t get paid and then you have to pay the outsource; to take on big jobs you need to outsource and that’s where it gets tricky is managing the risk”</p>
<p>Architect: “Mismanagement. You need a good client base. Not having the right team”</p>

Challenges and misconceptions

Table G.3: Qualitative empirical data gathered from the ‘design entrepreneurs’ interviewed regarding challenges in the creative industries

<i>Challenges within your industry</i>
Fashion designer: “Manufacturing and consistency of fabric. I work with places like Clotex, which is an institution that is meant to look after the fashion industry and advise you on manufacturing and connect you with people, but they never get back to me..”
Jewellery designer: “We are all competing with mega-powers like China, especially fashion. Before it was just in the cheap shops but now it is in the mass produced cool things. I had a few queries from Liberty and Topshop and they want your stuff for nothing and you can’t compete with the mass producers. So I only really supply boutiques overseas and high end. I would rather make fewer items and sell it for the right price”
Jewellery designer: “Finding the right market and finding the right position for your shop, the right angle to get people to come in and look and buy your stuff not somebody else’s. Also managing your money correctly”
Interior designer: “People assume that because you design something you can design everything and that you innately know everything about design. People think anything related is included in expertise. Interior design has many aspects, soft furnishings, spatial planning, furniture, concept design, and you can’t initially be a master at all of them but people assume that you are and you end up faking it a lot”
Interior designer: “I try to buy South African but the textiles companies are of such low quality, my first large production run was ruined by them leaving starch in the material so it was turned brown when it was cured and I had to recall all my orders. In textiles production things go wrong absolutely all the time, they print the wrong thing or give you the wrong information about your order. I have recently taken on a production and business manager which has made a huge difference because just managing production is such hard work”
Graphic designer: “First thing major businesses cut is marketing, so during the recession my clients dried up quite dramatically. As a paper-based graphic designer, the internet and digital media has chopped 80%, everything that companies used to want on paper they now want 80% digital; emails, tweeting, websites. Software and hardware costs are very high; the software is expensive and updates almost every 6 months and you need the latest printers and MacBook Pro etc. If you worked in a company that would all be taken care of”
Architect: “Architecture is a terribly cyclical business. The main challenge is the cost issue of getting the building to realisation point. Clients don’t pay as well as they should, and many clients go to different architects so you fork out the initial expenses of design etc and then they go elsewhere”
Architect: “Residential architecture needs smaller teams and less major structure expertise but are more time-, design- and client-intensive because they are personal and you have to design for the client’s personality. In residential architecture you need to have at least 3 houses going at the same time and you have to build up a reputation and then once you get bigger houses you can start making money. Commercial properties are less client-intensive and make more money. We are in a sense governed by the institute’s fees structure but because there is little work at the moment those fees structures aren’t relevant anymore and architects are desperate for work so they undercut each other. If you work that way you are not being clever because architecture is resource-intensive and you are not getting paid a professional fee”

Table G.4: Qualitative empirical data gathered from the ‘design entrepreneurs’ interviewed regarding the greatest challenges in operating a small design business

<i>Greatest challenges</i>
<p>Fashion designer: “The biggest challenge is the relentless and continuous search for reliable staff; the kind of person I really need isn’t looking for a job as a shop assistant. Every now and then we find an incredible person. In a small business you don’t have an extensive staff and system, the person you employ has to have the full package; managerial skills, loves making sales, loves the industry and SA design and loves people. You won’t believe the affect on sales and the business if the person is not right. I structure it from the start and take on a few people together and those that don’t contribute to sales know from the start that they won’t make it. My biggest challenge has been trusting people and for me it is all about loyalty and honesty and learning that that it is not the case in design has been a difficult journey for me. It is a very back-biting industry, people think you have to be sharks to be successful in business but you don’t, loyalty and integrity will pay off. I have learnt that I have to protect myself legally. At the start when your business is small relationships are critical; but people in the fashion industry don’t see the big picture or think strategically and don’t value social capital - that’s why it hasn’t grown in my opinion. They don’t realise that loyalty, integrity and capitalising on their network will bring them success and rather try to isolate themselves”</p>
<p>Jewellery designer: “Finding the right space with the right people. Learning to set up the business side of it. It is as important as making a pretty ring. Knowing your worth and what you can charge for something”</p>
<p>Jewellery designer: “I think being organised and professional enough to handle clients so that they have faith in you is critical and I worry that I am not prepared. Also the administrative side; you should not open before you are ready or everything will go haywire”</p>
<p>Interior designer: “We were ill-equipped to understand how to run a business and people. And how personalities affect business, especially design business. We didn’t have boundaries; we were so happy for the opportunity of any work that we never realistically evaluated what it would entail, what to charge for it and whether it was actually worth our while. So we started doing stuff for people for free or working far harder than we should have worked for what we got”</p>
<p>Interior designer: “I had to learn that it is fun to come up with ideas and make the first run of them, but it is exceptionally boring to market and remake all over again. If you are the innovator you just want to create things, but then you come up with the idea that people love and then you have to work out a way of producing it, packaging it, distributing it, sustaining it and making it cost effective. That is also an interesting challenge but it’s not the thing I enjoy and that’s where my business manager now is making a big difference because she loves working out how to do stuff efficiently, with as little waste as possible and with good returns... I am practical person. I am the bread winner because my husband is an artist and I’m doing this to make money so I have to be real about what I am doing and have always been really cost effective. I have never ever accounted for my time, so I am good at saying what it actually cost me and what the wholesale price is, but what it cost me is only monetary. I have never worked in my own time or effort. It is difficult; you need somebody else’s input to put a value on it because it is difficult”</p>
<p>Graphic designer: “Learning the business side of my industry and creating boundaries with clients; when I was working at an agency that was all done for me; things like chasing up money, knowing exactly how to bill and how to quote and knowing when to walk away from a job”</p>
<p>Chef: “I think the greatest challenge was having the confidence to take that leap and start my own company. It is very scary going out into the big wide world and giving up the security of your monthly salary”</p>
<p>Architect: “To start you own business, firstly knowing your industry very well, what is required according to professional rules, getting client base and understanding how to run an office because if you are inefficient you are not making money or getting your work out there. Exposure and creating a name for yourself are critical as a young architect. Entering competitions can be a good way of doing this. With starting your own practise you need experience in the field and talent. A client base is also really important; you can’t just go on your own... You need a client base and usually the first 3 years are tough when you start your own business, even if you have a reputation to get into a system to effectively manage your company and overheads is quite hectic because it is resource intensive. Software is extremely expensive as it all requires licensing and you need pens and paper and lots of resources so a lot of young architects get a space together to share costs but work as individual architects”</p>

Table G.5: Qualitative empirical data gathered from the ‘design entrepreneurs’ interviewed regarding misconceptions of their career and industry

<i>Misconceptions about your career</i>
Fashion designer: “That it’s glamorous. Its intense and its really not glamorous, it just looks glamorous, it’s a selling point”
Jewellery designer: “A lot of people don’t make it as designers because they do not have everything in order and if you don’t do it properly then you can scare away clients... working in the industry it is not what I imagined at all. I’m working in a section of the industry that is very commercial and I was trained to be an artist. There is a gap between varsity and reality. Luckily for me I got into a programme that will help me fill that gap”
Interior designer: “People think it’s so easy and so you should just do it in a few seconds. Design is a business, it’s not art. It is applied art, it is applying art to functional things and functionality is response to a need. Designers need to realise that. Is cant be this wafty domain anymore, it has to become a science and the people that are doing well are making it into a science. How do you charge for creativity or intellectual property? People need to learn this. Not as glamorous as people think it is. So much of it is admin. I fell in love with design and it turns out that 5 minutes is design and the rest is just really hard work. People think it just happens but that isn’t it at all”
Chef: “Many people think it is quite a glamorous job... but we don’t get to see that side of it. After all we are behind the scene, working ridiculous hours and over weekends etc. It is a very anti-social job and challenging to juggle with family”

What can be done to increase success in creative entrepreneurial ventures

The design entrepreneurs suggest a number of ideas on what can be done to increase success in creative SME's. Many of the suggestion link to making finance more readily available, as can be seen in table G.6.

Table G.6: Qualitative empirical data gathered from the 'design entrepreneurs' interviewed regarding what is needed to increase entrepreneurial success in the creative sectors

<i>What can be done to increase success?</i>
Fashion designer: "With small businesses you don't need massive amounts of money to make it work but many do need some kind of small cash injection. At the moment there are only big grants; if there could be a grant or loan system with much smaller amounts it would change everything completely. Apparently government does support small business in some ways but the process is slow and painful so it doesn't help"
Jewellery designer: "Maybe support from the jewellery council, more funds available and more Design Indaba's and to do that for free or cheaper. More sponsorships for overseas Design Indaba's will also be great"
Jewellery designer: "If we could create a huge market that wants and can afford designer jewellery then everyone will do well"
Interior designer: "A neutral platform that promoted all kinds of design and not just the select few because so often the select few are only put in that position because of random media coverage; that is one of the only reasons we ever had a business, a lot of other designers that are just as competent never get that media exposure. Subsidisation; we were always running off the previous job and could never develop the business because we did not have surplus capital and we would say yes to jobs for money even though we didn't want them. So it would help if we had easier access to grants or loans at the beginning, but that obviously increases the risk"
Graphic designer: "A website or something with references for business plans and standard business practice that shows how the basics of invoicing etc look. We need business and creative mentors for help and as a sounding board. Aid with risk insurance; you don't want to liquidate your business because three of your major clients didn't pay this month. Government doesn't give anything to anyone at this stage, a more entrepreneurially-based government would be great"
Architect: "You need to go for business lectures and small programmes to get you going"

Education gap

The design entrepreneurs passionately claim to have received very little if any entrepreneurship and business education during their design training, as can be seen in table G.7.

Table G.7: Qualitative empirical data gathered from the ‘design entrepreneurs’ interviewed regarding what small business management skills they were taught in their design education

<i>Did you learn anything about business in your education?</i>
Fashion designer: “Absolutely not”
Jewellery designer: “I think that we did have a small business course at Tech but it was minor and I think that it should be more hands on, not teach you a generic course. For creative people it needs to be very hands on, practical and cover the basic issues of costing and expenses etc and teach you to value your time and experience and how much time you put into something. I think it’s shocking that they don’t teach business at the creative schools. It’s all very well being an artist and creative but you don’t know what it costs you and it’s almost depressing as you can’t live off it. I think that they should make you do a business plan”
Jewellery designer: “We didn’t have any business education at university but in my apprenticeship we did a few things with Prins and Prins; he taught us basic things about running a jewellery business”
Interior designer: “Only Intellectual Property Law”
Graphic designer: “Nothing”
Chef: “We learnt how to calculate profits etc, but nothing about running a business”
Architect: “We did study law and quantity-surveying (which is the financial and costing side), but no small business courses. Once you have your degree, you don’t know anything about running a business or what is required. Practical experience is very important. For your qualification you have to work for 2 years already, but apart from that it would be advisable to have at least 2 years practical experience so you learn about more about the business aspects and the practical aspects of architectural business. If you know a professional architect and they are willing to take you under their wing and then start your own firm; that is advisable”

What do you wish you knew before you started your venture?

Table G.8: Qualitative empirical data gathered from the ‘design entrepreneurs’ interviewed regarding what they wish they knew before they started their ventures

<i>What do you wish you knew before you started?</i>
<p>Fashion designer: “I do my own line. I have a studio on Adderley Street and 5 staff are working there. I also supply 5 other stores across the country. The customer is the focal point because this is the service industry; its about how the customer feels, building relationships and keeping them happy. I never realised in the beginning how important that is but it is a huge focus now. Since I have focussed on it my business has tripled, it’s amazing. I do it through making sure my staff are well trained and I make sure the shop assistant enjoys it. I’m there every afternoon to see how things went. I have a PR person who gets people to wear some things or makes use of social media but I’ve never really done that because our shop just kind of started existing and the product was just really sought after and there was a gap in the market at the time. So its success had a lot to do with the position, the timing, the social environment; that made it work otherwise it would have been too costly to make it work. A lot of things. Not rushing things, not just allowing anybody into the business and being very precious about your business. Obviously you are not always going to make the right decisions; I once almost allowed somebody to buy into the business who we then realised was stealing from the business, but we survived it and went on. instead of just trusting freely; people have to prove themselves before they are given any access or rights within the business”</p>
<p>Jewellery designer: “At the beginning I was quite extravagant with my materials and time but wouldn’t cost them into my product ... I do wish that I knew more about business and I was more on the ball with money but then maybe I would have done things differently and would not have been so creative. I have now learnt to do my books which is a nightmare. I have learnt to cost things and what costs go into something; you need to put your electricity and sandpaper into the price. I have had to learn how to use a computer and how to think about things in a different way and become more conservative”</p>
<p>Interior designer: “Everything. We had to learn the admin business side of it. Also it was a learning curve to design for a real client where the brief is really strict and the client often doesn’t know what they want so the brief becomes stricter during the process. It is very little about what you want to do, you need to fit the market. Everything. Right at the beginning if we had modules in personal dynamics (we did group projects which helped a lot, especially when there is more than once person designing it changes everything. And when your client is added in or the client is a husband and a wife then it becomes very different) i think that personal element could have been explained more. And obviously the business side of it, how to charge, when charging is different, how to charge for ideas, how to charge for time, how to charge for things that you are still learning. In terms of the business we needed to be much more strict with ourselves; we trusted each other a lot and left a lot in the air and just assumed that the other one would agree with it and we didn’t in the end. Wasn’t enough of a paper trail because we were friends”</p>
<p>Interior designer: “Delegation has been an important one. Keeping records not only of invoices and all that but also agreements made with printers and fabric suppliers and that sort of thing. That is a very difficult one and a lesson I’m still having to keep on learning”</p>
<p>Graphic designer: “How to quote more effectively, how to educate a client to do better business practice, invoice and tax and all that admin side”</p>
<p>Chef: “I wish I had learnt more business sense earlier on. Things like how to set up a business, how bank loans work what are your tax implications etc. I truly feel these are very valuable things that everyone should learn whether you are going out on your own or working for someone else. I have learnt that you have to take responsibility for the good and the bad. You can’t just walk away”</p>

Small business management

Tables G.9 and G.10 show commentary referring to small business management skills used in operating a venture, and the importance of these skills and abilities.

Table G.9: Qualitative empirical data gathered from the ‘design entrepreneurs’ interviewed regarding small business management concepts

Small business management (part one)
<i>Economics</i>
Interior designer: “It could help in knowing the property market and having a good sense of what would increase property value would be a good service, but the economic climate doesn’t necessarily affect you directly because the rich will always have money; its a luxury item. Business concept and roles are hugely important. Badly defined roles was one of the biggest reasons for failure If we had at some stage looked at our strengths and weaknesses and defined roles accordingly then we would have saved time and done things much better. Crucial”
Interior designer: “I think the way my business has grown and happened is so new and it doesn’t fit any typical model. It might have value but I certainly don’t understand or apply it”
Graphic designer: “I work with business and I know very little about economics. Understanding your own business is pivotal”
Architect: “The only important thing is to pull of the job, do it perfectly and deliver a super service. Everything else is peripheral. You should have a smattering of what is going on in the world. Make sure you get paid and in time, if not you are going to go down the drain. You don’t need to do thousands of courses for this. You are not a financial entrepreneur. You should know something about it but don’t waste your time on financial issues rather than focussing on delivering the core service you offer faster and better than expected; that is marketing, that’s entrepreneurship. Learn from mistakes; you will get a smack every now and again but you have to learn from it”
Architect: “You need to understand how the trends work. You can always diversify within a company, change direction and find ways to create your own business. At the end of the day it is a high risk industry and everything we do is based on clients. Our new business strategy is to start buying land and doing our own projects”
<i>Start-up</i>
Jewellery designer: “I have no sense of how to start up my business; I just did it, probably not very well”
Interior designer: “I’m sure the business plan and strategy are really important but I don’t even know what they look like, it’s not the model that my business followed”
Architect: “It is critical to understand start-up concepts like what must be set up financially, what your liabilities are, how to create financial backup and what your options are..”
<i>Research and Analysis</i>
Jewellery designer: “We were never taught how to do feasibility studies so I wouldn’t know where to start”
Interior designer: “Analysis very important; I am not good at it but I have employed someone to help me analyse all my products and reduce my range”
Graphic designer: “There is merit in research, but also a lot of merit in not doing it... People sometimes get analysis paralysis; analyzing too much can stunt progress because you can’t make timely decisions. Having conviction is more important; sometimes it is better to do things your way than trying to find a way that other people are or aren’t doing it. Feasibility and viability are important but they should be approached with caution. By the very nature of doing things first, no one has done it before”
Architect: “Very high because you need to look at the viability and feasibility of a project. What would make it feasible and how you combine certain aspects in a building to do a building to make it profitable”
<i>Inventory and insurance management</i>
Jewellery designer: “Your clients obviously need to know that they are getting the same quality of jewellery that they have given you back; so take-in procedures become important. Insurance stuff and valuations are very important in jewellery”
Interior designer: “Inventory management is important but we were pretty good at that”
Interior designer: “Inventory management and control is very important and I am terrible at it. I had a huge sale recently and didn’t even track anything so they have no sense of what the best seller was or anything. Recently taken on a production and business manager”
Graphic designer: “Inventory is important, you need to keep track of things like toner etc, but the designer does not have to do this personally”

Table G.10: Qualitative empirical data gathered from the ‘design entrepreneurs’ interviewed regarding small business management concepts

Small business management (part two)
<i>Legal</i>
Jewellery designer: “I don’t really care about contracts or anything, I don’t sign any contracts and don’t give customers exclusive rights because they never buy enough. Intellectual Property isn’t an issue, if people are going to copy they will copy anyway”
Jewellery designer: “Legal issues with regards to company policy, valuations and take in procedures are very important, especially with jewellery. I think I will be prepared”
Interior designer: “Lack of legal knowledge and cover can be your downfall. Intellectual Property, contracts, terms and conditions and liabilities; you need to be aware of your rights to challenge someone”
Interior designer: “Contracts are critical. My father is a lawyer luckily; I can’t imagine how other people do it”
Graphic designer: “Leave it to the lawyers; I know the very basics but we have the right people to ask when we need to. You need to have a good legal structure and have someone to consult, but you don’t need to be highly legally savvy yourself”
Graphic designer: “Intellectual property, copywriting, payment, liabilities, contacts and terms and conditions are very important. Not just between creatives and clients, but between creatives and suppliers as well”
Architect: “It is very important to be covered legally and make sure that client expectations are well defined and legally documented because you operate under contract and there is a high risk of the client going into dispute with you. This isn’t really the role of the designer, the designer has to try not to get sued. I try not to get sued. Contractual law, labour law and insurance and risk management are very important. If you don’t have a contract you have no legal recourse if something goes wrong”
<i>Product, pricing</i>
Jewellery designer: “Pricing and costing was one of my biggest problems for the first few years but I have had to learn to get a little better at it”
Interior designer: “Product and pricing strategies are important because you need to have a clear understanding and benchmark but remain flexible because situations, markets and customer bases change. You need to have a system in place but be flexible. This definitely contributed to failure. Invoicing is critical because it keeps the client in the loop and makes sure you understand each other; clients tend to only read documents you send to them when there is a number at the end of it”
Graphic designer: “A lot of people will pay premiums for excellent service”
<i>Management</i>
Interior designer: “Ineffective management definitely led to our failure”
Interior designer: “Effective management is very important and I am getting better at it. A lot has to do with delegating. I now do an ‘Admin Monday’ so that the administration doesn’t get neglected”
Graphic designer: “Core genius and innovation are critical but you have to create systems, especially if you want to sell your business, because you can’t sell an idea you need systems of delivery ...”
<i>Human resource management</i>
Jewellery designer: “Human resources is a very important aspect, I have gotten better at it from learning from my many mistakes. The hardest thing is to find someone to run your business that cares about the business and is dedicated towards its growth”
Jewellery designer: “You have to try and do the best that you can or get people to help you with it if you can’t do it yourself. Creating an entrepreneurial environment is important otherwise people don’t work as hard they should because they are bored and frustrated”
Interior designer: “In smaller business you don’t always need a leader, but roles do need to be well defined. Even if you don’t employ people, you need to be able to manage any designers or people that you outsource or subcontract”
Graphic designer: “Employees are definitely your greatest competitive edge or greatest risk. In an entrepreneurial organisation every single employee needs to have entrepreneurial abilities, especially at the beginning. Even your support people need to be able to pick up the baton and run if they need to. Outsource the stuff that you don’t need thinkers for; like accounting and legal. We have noticed that you get a lot more out of people if you let them work around their own lives and when they are most productive. You can even pay people less because you give them that freedom. We find solutions that work for employees and us. We have built our business around these concepts of absolute flexibility and allowing people to solve problems”
Architect: “We never get lawyers letters or get sued, and our buildings never collapse because I have developed a series of experts in each category. Miscommunication is massive in an enterprise and that is how accidents happen; so I review everything. I make sure I keep the peace - when I get a new job I preach a sermon to the client telling him to remember that he is the spiritual leader of the team and to remember he is working with creative people and needs to deal with them in a way that he gets what he wants without breaking them down”
Architect: “Don’t have too many staff but rather the right staff... I have basically restructured the whole office and instead of having a lot of medium experienced people, I sourced some of the best people I could find”

Entrepreneurial ability

The tables in this section (namely tables G.11, G.12 and G.13) present comments made regarding entrepreneurial ability, with respect to;

- i) innovation,
- ii) the business concept, and
- iii) acquirable entrepreneurial traits.

Table G.11: Qualitative empirical data gathered from the ‘design entrepreneurs’ interviewed regarding the importance of innovation and competitive advantage

<i>Innovation and remaining competitive</i>
Jewellery designer: “You have to be at the top of your game and always making new things because people can rip your ideas off in one second. You can’t patent anything because it is so expensive and it doesn’t stop people from knocking them off anyway”
Chef: “I think being in the event/entertainment industry is extremely challenging. You are only as good as your last job. There are so many event companies out there and you just have to make sure you are unique and give the client something special”

Table G.12: Qualitative empirical data gathered from the ‘design entrepreneurs’ interviewed regarding the importance of the business concept and quality of the product offered

<i>The business concept</i>
Graphic designer: “You have to know how you are going to end your business before you start it, know exactly what you are about and what differentiates you, how you are going to go about it and what your ethos is going to be. Ethos is why we do what we and that is what is important - if people buy into why you do what you do, it’s amazing what you can sell them... ”
Interior designer: “How important having a document you could follow that you agree with clients and you could keep yourself in check in terms of your vision. Obviously when you are starting out you can’t really turn away work; but if you don’t document your plan you end up doing things that you aren’t good at or qualified for and that’s not your best work. It is important to have boundaries...”
<i>Quality control</i>
Jewellery designer: “Quality control is the one thing I am good at”
Jewellery designer: “Quality is critical because if your product isn’t perfect you will get a bad reputation”
Interior designer: “Quality is very crucial”
Interior designer: “Quality very important and we are very good at it”
Graphic designer: “In our business model quality is more important than pricing. Our vision is that we are the best and we offer the best solution and people come to us with problems they need solved and mostly they don’t care how much it costs. Success is about what you sell and how you sell it. Managing the customer experience of doing business with you is as important as the final product”
Architect: “I am impossible about quality”
Architect: “I keep track of the quality of the design work of our staff so that we don’t slip up as a company”

Table G.13: Qualitative empirical data gathered from the 'design entrepreneurs' interviewed regarding entrepreneurship and entrepreneurial traits

<i>Six themes of acquirable entrepreneurial traits</i>
Jewellery designer: "This was very interesting to see"
Interior designer: "Don't just focus on opportunity coming but it is more important to focus on consolidating what you are doing and up-keep. We never risked anything. Contracts generally cover the risk portion of interior. You get 2 clients; the ones that trust and you install and then they don't like it and point fingers, or they check every little thing. You fork out all the expenses and once you have a lot more at stake then it becomes more important but at the small scale that we were on a contract was enough"
Graphic designer: "You have to create an environment to make entrepreneurship that already exists grow and flourish; so funding has to be easily available, government has to support it with tax breaks, support structures and networks need to be in place, advice needs to be readily available, you have to have access to opportunities and have opportunities presented to you. Allow people who know that they are entrepreneurial to feel understood and supported and nurtured. Teach people that if you are an entrepreneurial person and you want to be a designer you don't have to go work for a big agency you can do something yourself; provide inspiring examples and inform them about the support structures in place. I don't believe that these are acquirable traits. Determination we have tons of; not commitment, if I stopped enjoying what I do I would walk away tomorrow. Risk tolerance and ability to adapt are highly important; if you like being comfortable you are not an entrepreneur. There is a gap in the market for really high end stuff in this country"
Graphic designer: "Taking risks is important because that is how you are going to get your gaps. If you don't have motivation to excel then you don't have anything. I am not the primary bread winner so I don't push my business; I actually keep pulling back"
Architect: "You don't really have a choice, you have to be very committed. We are obsessed with the opportunity to get work. As a professional you need to carry yourself in a certain manner and the way you communicate is very important. Being respected is also central to success in this industry"
<i>Entrepreneurship</i>
Fashion designer: "I think you either have the drive or you don't. If you want to be an entrepreneur you have to be aware that it's a different lifestyle and that you aren't going to sleep for some months. If you work for yourself and nobody shows up for work you have to go run the shop; it is totally your risk, your time, your money, your energy. I don't know anything about entrepreneurship theory, but I think it is important. Entrepreneurship is actually just about getting excited and passionate about a process that other people don't get excited about. I think about 70% of people if exposed to a list of the entrepreneurial characteristics would respond and it could awaken some elements in them that they had never had to become aware of... the way they apply it within business will be dependent on their personality; some may be system conscious others may be more conscious of relationships etc"
Interior designer: "For awareness it would be very important to know entrepreneurial theory and what the entrepreneurial characteristics are in order to bring to your attention what you are aiming at. Knowing that you are not just trying to make ends meet but that you should be innovating. The information could make you stop and reassess"
Graphic designer: "Entrepreneurism is about 20% taught and 80% natural... there are concepts and processes you can learn, but true entrepreneurship is an innate way of viewing the world. If you have an entrepreneurial seed in you it can be nurtured and grow and you need to know how to turn that into something productive, but you can't keep pouring water onto bare earth and hope for something to grow. It is very important to teach people what entrepreneurial characteristics are and how to foster them.. I think entrepreneurship is the only solution to the global economic problems and unemployment. I agree that the way forward for South Africa is in capitalising on innovation. We are highly innovative in this country. We have to be because we solve problems every day , because we have so many problems we have bred a nation known around the world for being highly innovative. But I think Cape Town is recognising now is that the design industries and innovation is where we have to go. In the 21st century why you do what you do is more important than what you do; even in business. You can work as hard as you want but if you don't have a vision it is pointless. It doesn't actually matter what you are selling, it matters how you sell it. Entrepreneurism is a way of looking at the world which sees opportunities, is optimistic and locates problems and solutions within themselves. They are always looking for new, better, cleverer, clearer ways of doing things and the core is that they innovate wherever and whenever they can. Anyone can learn to be practical, but not anyone can learn to have vision and to see what doesn't exist. The visionaries are the ones that give the scientists and the engineers something to work towards"
Graphic designer: "Without an entrepreneurial mindset you won't last. Learning about entrepreneurial characteristics etc could really serve aspiring entrepreneurs. I have never found entrepreneurial theory necessary"
Chef: "Every high school scholar should be encouraged to learn about entrepreneurship. This little bit of knowledge can help many people have the confidence to create their own job and become successful"

Motivation and personal attitude

In this section, tables showing the commentary relating to motivation and personal attitude aspects are shown. These aspects are;

- i) reaction to failure,
- ii) motivations for starting the venture (the left column shows the quotations and the right column summarises the basic motivation for starting),
- iii) motivation to grow and the motivation to contribute,
- iv) personal attitude factors, including being prepared to the dedication required in running a design venture,
- v) personal entrepreneurial identity (table G.18 shows the quotation relating to entrepreneurial identity, as well as the personal rating given to entrepreneurial identity in the quantitative part of the interview),
- vi) self-confidence.

Table G.14: Qualitative empirical data gathered from the ‘design entrepreneurs’ interviewed showing reaction to failure

<i>Failure</i>
Jewellery designer: “That has all changed... I don’t care as much as I used to. Not as committed as I used to be either. If you want to do well you have to be obsessive but I’m not anymore”
Interior designer: “I had a very expensive crisis and I realised that I will keep having to take risks and this is what I am in for and had to decide to take my business seriously which is when I set up a CC. It is part of that entrepreneurial mindset; you are going to have crises but its how you react to them that makes you carry on or not”

Table G.15: Qualitative empirical data gathered from the ‘design entrepreneurs’ interviewed showing motivations for starting creative businesses

<i>Motivation for starting business</i>	
Fashion designer: “I was always interested in fashion and I had an idea for local fashion design in Cape Town. I made a name for myself in sculpture and started lecturing while doing my masters at Cape Tech. But I always wanted to have a business so I used my masters bursary money to open the shop very simply and debt free because I didn’t want stress. My art career took off and I closed the shop but later opened it again and really started the business with more dedication... I had a name in art so the shop became a product of my already existing career and it just worked. If it hadn’t I would have left it”	For the love of art
Jewellery designer: “I never thought of going to get a job. After Tech I started working from a studio in Cape Town. I just didn’t think about anything else, but I didn’t have any business thought about it”	Extension of design studies
Jewellery designer: “If you work for someone you have to abide by certain rules and I want to make my own rules, do my own thing and not be pushed into a corner where I can’t be creative. The environment I am in now is very limited creatively. I don’t want to have a desk job and I want to be creative and I want to do something that I enjoy doing”	Creative independence
Interior designer: “What led to our failure was more that we didn’t drive the business and never had a plan or strategy or defined roles. Neither of us knew we wanted it badly enough... There was no set plan it was by default when we left school”	Extension of design studies
Interior designer: “Strategy is very important and I am only now getting better at it because everything just happened as it went along”	By accident
Graphic designer: “We just winged the start-up, we only started 7 months ago and I didn’t even want a business, it just started and had a life of its own... I don’t have an entrepreneurial strategy...”	By accident
Graphic designer: “The perceived flexibility that not working for a company would bring me. And the perceived capacity for an enormous income per job”	Independence and money
Chef: “I was always very interested in cooking and I am very creative and need a different outlet from your average desk-job. I had worked for a Catering company for a few years, starting from the bottom and learning an awful lot and eventually ran the show. I realised that no matter how hard I worked I would never get that true successful feeling if I was working for someone else. My boss at the time was becoming less and less involved in the company, but would still get all the recognition for the good work and us as the workers never got this feedback. I wanted to make sure that if my company was successful, everyone who worked there knew it”	Independence

Table G.16: Qualitative empirical data gathered from the ‘design entrepreneurs’ interviewed regarding motivation to contribute and grow

<i>Motivation to contribute</i>	
Interior designer: “Entrepreneurial theory could bring your attention to what you are aiming at... Knowing that you are not just trying to make ends meet but that you should be innovating”	
<i>Motivation to grow</i>	
Interior designer: “Entrepreneurial theory could bring your attention to what you are aiming at... Knowing that you are not just trying to make ends meet but that you should be innovating”	
Fashion designer: “I am obsessed with growing my business and I want to know that next year I will sell at least fifty thousand rand more every month; if it stagnates I won’t be happy. The product has to keep people happy, then the business will grow. In the first year it doubled, next year it tripled and then kind of plateau-ed in the recession; now we are doubling again... We take more daily than any other shop in Long Street”	

Table G.17: Qualitative empirical data gathered from the ‘design entrepreneurs’ interviewed regarding personal attitude in business

<i>Personal attitude: be prepared for admin and dedication</i>
Fashion designer: “I wish I had known the amount of administration that goes into it. In the end it is worth it but it would have been nice to be prepared for how little of the work is actually about design”
Interior designer: “Initially I think a lot of people don’t realise that three quarters of it is business and how important it is”
Interior designer: Answer why design businesses fail: “I was at meeting with a bunch of young designers who currently have products out there, and I was shocked by their attitude. They are such babies; they moan about hating doing keeping their invoices and just want to stay in pyjamas and design all day... Then you are not running a business, that’s a hobby. There was a lot of that kind of attitude that the business side is a schlep and something they are not willing to pay attention to, and so it becomes like an unsustainable thing and they are not being serious about what they are doing”
Chef: “I think people are unprepared for the dedication, long hours and just plain hard work that is needed to keep a company like this going. When you are starting up a new venture it takes hold of you and you have to nurture it, the more you put in the more you will get out. Success does not happen over night. There is no such thing as a sick day, you always have to bring your A game”

Entrepreneurial identity

Table G.18: Examples of empirical data gathered from the ‘design entrepreneurs’ interviewed showing the lack of entrepreneurial identity

Perception of business and personal entrepreneurial identity		
	Quotation illustrating identity	Rating
Graphic designer	“I don’t have an entrepreneurial strategy; I know I am an entrepreneur because people tell me I am”	0
Interior designer	“I don’t like the terminology opportunity obsession but I suppose that’s what led the growth of the business is feeling fortunate to get the opportunities that came my way and feeling obliged to take them because I know not everybody gets things just landing in their laps and I have had a lot of that... ”	0.25
Jeweller	“It’s really really important for a design person to hire somebody to help them to run their business... I don’t really think about myself as a professional like a lawyer or something...”	0.5
Interior designer	“It is bad to stereotype creative people but I think so often they do have stereotypical elements such as being in love with the nice stuff and forgetting that the business side, and then all the admin stuff gets neglected to a certain degree. And the things that don’t come naturally get neglected because you are a designer so you neglect the business side”	0.5
Fashion designer	“...if it was a business person it would be much further and there would be many more shops, but I think part of the way it is and the state it’s in is part of its charm and it’s carved a niche for itself which really works. I’m eventually going to have to get a tough business psycho with me to push it because I don’t feel like it”	0.5
Architect	“You need to understand your mindset and psychology that goes with the process of becoming an entrepreneur”	0.75

Confidence

Table G.19: Qualitative empirical data gathered from the ‘design entrepreneurs’ interviewed regarding self-confidence

<i>Confidence in entrepreneurship</i>
Jewellery designer: “Entrepreneurial characteristics and abilities are highly important and I think I will be good at it”
<i>Understand personal and product value and set boundaries</i>
Graphic designer: “Terrible generalisation of creative people is that because the creative process is a sensitive one and it’s a subjective one so they tend to not ask for what they deserve, tend not to have good solid boundaries set up with a client. In confrontation about payment they tend to step back because they don’t have a nice strong service person to back them up and say no that wasn’t what our arrangement was. So as a creative entrepreneur without a client service person and an accountant and all those other people that you have set up in an agency, creatives as a generalisation lose money this way”
<i>Confidence</i>
Fashion designer: “I am lucky in that I know when I make something it will sell and I just have to decide how many to make. I am obsessed with reading the market and seeing what people wear; it comes naturally to me”

Table G.20 shows the difference in the perceived level of importance, and the perceived personal ability in financial and planning concepts, using both qualitative and quantitative evidence.

Table G.20: Examples of empirical data gathered from the ‘design entrepreneurs’ interviewed showing the discrepancy between perceived importance of concepts and perceived personal ability (part one: Financial concepts)

Financial and planning concepts				
	Quotation illustrating perceived importance	Rating	Quotation illustrating perceived personal ability	Rating
Fashion designer	“Financial planning is very important and directs the business. People will never work with you if they aren’t paid. Financial things help so much with an indication of where the business is. If you don’t have your paperwork in order it’s bad...”	1	“I’m awful at it but I am just very lucky that everything I make sells otherwise I would be in serious trouble. I am terrible at keeping cash-books... I keep it in bags and have to do it every 6 months, my accountant hates me”	0.5
Jeweller		1	“I have learnt it and had to get better at it with time and one of my business managers put some good systems in place that I have had to learn”	0.18
Jeweller	“You have to be able to manage your finances well so that you don’t lose money. Understanding financial concepts and processes is critical. Managing your money correctly is critical”	1	“I don’t know enough which will definitely make me think twice about starting a business venture. I did accounting at school so I think I know enough to be able to outsource”	0.29
Interior designer	“It is obviously very important but when you are starting; it is not the be all and end all. Outsource once you are slightly established, it is so specialised that you can’t dilute your expertise. Tracking financial performance is very important so that you can reassess and realise when you need to adapt or if something is not working”	0.93	“Not tracking our financial performance definitely contributed to our failure”	0.39
Interior designer	“Financial planning or tracking performance is really important”	0.93	“I know my limitations... I am good at accounting which means I know that I should outsource it. I am good at the very basics of income but my business manager has sorted me out with systems that distinguish my expenditure and return on each product so that I can get a sense of what is worth doing... I have never done any financial planning or tracking performance. I have always had a number of income streams at the same time so I have never tracked, budgeted or targeted. I am very on top of finances but outsource the intricacies”	0.54
Graphic designer	“Financial planning and cash-flow management are much more important than accounting. You should focus on your strengths, so you need to have a good concept of how finance and all that works but you don’t need to be very good at doing it yourself. Know a little about it so that you can pass it on to the people that know a lot about it”	0.57	“My knowledge is average and that has been more than adequate”	0.32
Graphic designer		0.79	“It isn’t the designers job to know accounting and finance stuff, we would probably hire someone”	0.07
Architect	“I must see to it that I’ve got cash in the bank so I don’t have the bank manager at my throat and don’t divert time from what I should be doing. And make sure I am paid immediately. You get somebody to do accounting etc for you and just check the basics to ensure that you are not in the red. You need to have an understanding of the concept to understand the anatomy of the finance of your business. We only look at financial planning once a year”	1	“I use a Jewish computer model that has worked for centuries; I must take in more cash every month than I spend... I developed my own form that my accountant fills in and then it takes me 3 seconds to look at and see if we are alright. I always know how the business is doing, but I never work on the financial or accounting myself. I am also very good at spinning stories to get clients to pay me on time”	0.64
Architect	“Financial strategy is really a tool for running your business more efficiently, by looking at new approaches to make more money. As an architect you are not really involved with accounting and you will have somebody that does that for you, but it is still highly important. You must know exactly what is going on with each project and who owes you what. You need to understand where your company is financially, because it can screw you up really badly if you can’t pay for equipment or staff...”	1		0.21

Table G.21: Examples of empirical data gathered from the ‘design entrepreneurs’ interviewed showing the discrepancy between perceived importance of concepts and perceived personal ability (part two: Marketing and selling concepts)

Marketing and personal selling				
	Quotation illustrating perceived importance	Rating	Quotation illustrating perceived personal ability	Rating
Jeweller		1	“I have gotten better at marketing. I am not good at personal selling; I know some people that are excellent and it is so important”	0.25
Interior designer	“A blog is a brilliant way of communicating what differentiates your business”	1	“I have never really had any of that; the blog wasn’t a strategy or a plan it was just a happy accident. Blogging is subtle, it can’t be too overt and it is not a form of marketing but it is what started and propelled my whole business. Personal selling is important but I have never thought of it”	1
Interior designer	“Personal selling is the be all and end all; you can design anything but if you don’t sell it properly you are dead. You need to convince them that you are convinced of it and that they should be convinced of it. Design is a luxury service so you have to be aggressive in promoting yourself and being better than other people and there... and there are loads”	1	“We had no marketing plan or strategy and definitely contributed to our failure”	0.25
Graphic designer	“Each business needs one person that can represent the company as a natural networker and personal seller. Marketing plan and strategy are ultra high. This is highly linked to quality; you do great work and then people talk about it. Untraditional communication of what differentiates your business is more effective these days than traditional channels... Word of mouth is where it is critical in our business”	1	“This is one area where we are probably lacking. We are very good at our unconventional marketing; we don’t have business cards or a website yet, but we get one job after the other by word of mouth”	0.63
Graphic designer	“Personal selling is the only thing that you’ve got”	1	“I work from word of mouth, but I realise I she should be more proactive.”	0.5
Architect	“It is very important to get your name and work out there to get business. So you have to promote yourself. You need exposure and maintain your clients”	1		1

Use of strategy

Table G.22: Qualitative empirical data gathered from the ‘design entrepreneurs’ interviewed regarding the importance of strategy in the entrepreneurial process

<i>The noted importance of strategy</i>
Graphic designer: “Strategy and a vision are different things, your strategy is set in stone. If you don’t have a strategy you end up going wherever the flow goes and you end up where you didn’t want to be. Strategy is a conscious daily navigation to ensure you are heading towards your vision and it is very important to us..”
Jewellery designer: “I don’t know if I have failed as such but I definitely had to redo my strategy, not that I ever had a strategy as such, I had to change the way that I did things. I never had a business mind and so I never went into it thinking I need to think about my costings, my rent and bills and cost that into my product and therefore be able to afford where I am and make what I’m making, pay whoever I have. I have gone into ventures without thinking can you afford to have people to make jewellery and still afford your rent and your materials. I hired to people to work for me without thinking can I afford to pay them every week, I just thought they would help me bend bangles or whatever they hell they did but I couldn’t actually afford that and I didn’t cost my things right. I probably wasn’t at the point where I could cost my things right as I was still growing my business and brand and so should probably have started on my own. But I have always wanted to get people to do this for me and I couldn’t actually afford it. It took me 10 years, I just moved out of a very big premises and I was just working to pay my 2 staff members (now I don’t have anybody working for me) and I’m in a smaller property. I haven’t failed because I’m still going but I definitely made a few mistakes and I should never had done that. I was just working to make money to pay salaries and rent. I was making money but just for expenses. So I have kind of failed and have wanted to give up but just thought what else are you going to do? It’s going great. Like I said I sell for a lot of money every month but I was in the wrong systems. But I think that is the big problem of creatives world wide”
Jewellery designer: “I think strategy is one of the most important things and I am not prepared for it at all”
Graphic designer: “It is good to glance at and ensure that the company is on track but it is not what I would focus on every day”
Interior designer: “What led to our failure was more that we didn’t drive the business and never had a plan or strategy... Personal entrepreneurial strategy is important because that is what motivates you”
Architect: “The great thing about architecture is that you can move into any field so as an architect you have to visualise where you are going and know what your personal strategy will be to get to where you want to go to... Strategy and planning and knowing exactly where you are going influences everything, what you are going to do, what type of work, which clients you want... It depends where your passion lies because at the end of the day you are going to be the driving force behind the company. If you don’t know where you are going then you will fail, especially in our industry”

Network and social capital

Table G.23: Qualitative empirical data gathered from the ‘design entrepreneurs’ interviewed regarding network and social capital

<i>Social capital</i>
Fashion designer: “Fashion is really about relationships and finding people that know you. Even for manufacturing they need to know its for me so everything must be lined and the seam count must be this etc, whereas if it was for fashion they would make it differently. It really is about relationship building”
Graphic designer: “As an entrepreneur you are very isolated which has 2 major negatives; you have no one to bounce costing or creative ideas off of”

Focus on core

Similar to the emergent themes of the expert and design educator data analysis, the qualitative data from the design entrepreneurs interviews also suggests the need to focus on the core skill of the business, as is shown in table G.24.

Table G.24: Qualitative empirical data gathered from the ‘design entrepreneurs’ interviewed regarding the importance of focusing on core skills

<i>Focus on core and industry strengths</i>
Graphic designer: “You should focus on your strengths... One of the key tenants of being an entrepreneur is that you stick with your strengths and you surround yourself with people that are good at your weaknesses”
Architect: “Make sure that the company goes forward, so that aspect is actually getting your work published, staying up to trends and setting up different portfolio’s within the company. There are various components and the whole system needs to be managed to make sure it goes forward. You must understand a lot about the various materials and techniques out there. The current focus in the industry is on green and sustainable architecture; so at the moment competitive advantage is in using materials in new ways”

The business plan

Table G.25 shows the philosophies and statements of a few of the design entrepreneurs regarding the importance of the business plan document. A couple of the design entrepreneurs believe that a business plan document is too stagnant, and as such misrepresents the nature of business and could therefore stunt progress. It is suggested that a vision is more important than the business plan document. However, a business plan is necessary if the entrepreneur is applying for funding.

Table G.25: Qualitative empirical data gathered from the ‘design entrepreneurs’ interviewed regarding the use and importance of the business plan

<i>The business plan</i>
Graphic designer: “The business plan document is a waste of time unless you are going for funding; other people will disagree. A lot of people need a business plan, but myself and friends that have had many successful businesses have never had a business plan, just common sense and a strong vision. The thing I don’t like about a business plan is that it implies something static; but the business world is dynamic, highly fluid and irregular and you have to keep adapting. Your vision has to remain constant and you have to know why because that is what keeps you motivated and interested. Where and why are important and stable and the how has to adapt. Rather a vision or ethos than a business plan”
Graphic designer: “As an entrepreneur you need to flow and evolve so sticking to a business plan is a little theoretical. It would be lovely to sponge off an existing business plan or research others so that it works nicely for you, but don’t spend hours becoming an expert at business plans”
Architect: “The business plan is very important if you need financing. You do need to know where you are going to”

The tables presented in this section provide further insight into the context of operating a small business as a designer or creative. The tables are for reference, with examples used in the main document. However due to the summarised and tabulated form in which the rich qualitative data is collected, the tables address topics (the themes by which they are grouped) in detail and aid in building the final theories.

Appendix H

Development of model



H.1 Research conclusions by emergent theme

The conclusions made in each research chapter that are summarised at the start of Chapter 6 are analysed in order to ascertain the themes that emerge as central in the process of developing 'effective' entrepreneurial motivation and ability. The conclusions are summarised in tables relative to emergent themes.

Table H.1 shows the development of theory regarding the context and external influences of developing entrepreneurial capability in creative individuals. The relevant conclusions from each chapter is shown and build on one another.

Table H.1: Conclusions from each research chapter summarised into emergent themes

Context and external influences	
	<i>Chapter 3</i>
<ul style="list-style-type: none"> i) Entrepreneurship educational interventions should be adapted to suit the audience and context ii) Facilitators play a central role 	
	<i>Chapter 4</i>
<ul style="list-style-type: none"> i) Critical success factors exist within a given context that have a strong impact on the performance of an organisation (<i>those noted in table 6.2 and 6.3 are specific to the context of SME's operating in South Africa</i>) 	
	<i>Chapter 5</i>
<ul style="list-style-type: none"> i) Creative individuals inherently possess many of the traits of successful entrepreneurs yet lack the awareness and confidence to utilise these effectively ii) Creative individuals are likely to enter self-employment iii) Creative education pedagogies teach entrepreneurial traits (<i>such as creativity, innovation, willingness to take risks, ability to learn from failure and personal selling skills</i>) but these aspects taught are implied to the point that they lose impact iv) Creative education syllabi do not include most of the small business management concepts considered critical for SME success v) Facilitators of business courses in design schools often lack an understanding of the creative audience and thus do not contextualise the knowledge content or their teaching technique and thus the few small business management concepts currently included in design schools' syllabi do not have the intended impact 	

Table H.2: Conclusions from each research chapter summarised into emergent themes: Entrepreneurial identity elements

Entrepreneurial identity, motivation, personal attitude and confidence	
<i>Chapter 3</i>	
<ul style="list-style-type: none"> i) Intention and motivation: are the factors which most impact entrepreneurial activity, as well as the factors which are the most easily impacted by educational interventions ii) Self-efficacy/self-confidence and personal attitude: are central to intention and entrepreneurial behaviour, and impact all factors involved in entrepreneurship iii) Confidence in combination with motivation: drives the setting of ambitious goals the achievement of which increases confidence in the circular process of developing entrepreneurial capability 	
<i>Chapter 4</i>	
<ul style="list-style-type: none"> i) Possessing the motivation of an effective entrepreneur is critical to success <i>(such as the motivation to make a difference and the motivation and willingness to grow the venture)</i> ii) Possessing the personal attitude of an effective entrepreneur is critical to success <i>(such as being proactive, being willing to take calculated risks, possessing vision, being willing to learn from failure, possessing an inner locus and the self-confidence and self-efficacy to act entrepreneurially)</i> 	
<i>Chapter 5</i>	
<ul style="list-style-type: none"> i) Entrepreneurial identity: <ul style="list-style-type: none"> a) Determines effectiveness of entrepreneurial activity b) Is integrally linked to personal characteristics of motivation, personal attitude and self-confidence ii) Entrepreneurial identity in creative individuals: <ul style="list-style-type: none"> a) Creative entrepreneurs struggle to develop an entrepreneurial identity <i>(for many possible reasons such as; the tension between the concepts of business and art, a negative perception of businessmen and entrepreneurs, being unable to identify as anything other than a 'creative' and lack of self-confidence in their ability to perceive business concepts)</i> iii) Motivation and personal attitude: <ul style="list-style-type: none"> a) Distinguishes between the types of entrepreneurship <i>(effective entrepreneurship is entrepreneurial activity motivated toward progress, achievement and growth and is in response to an opportunity)</i> iv) Motivation and personal attitude in creative individuals: <ul style="list-style-type: none"> a) The lack of business motivation and personal attitude reduces the impact of the few business management concepts that are taught at design schools <i>(as students tend to focus only on creative aspects and do not understand the importance of the business aspects or the contribution that they are able to make due to their unique skill set)</i> b) Creative individuals tend to start ventures but do not possess any business motivation <i>(and are motivated rather by the love of art, the desire for creative independence or start ventures 'by accident' or as an unplanned progression from design education)</i> v) Self-confidence: <ul style="list-style-type: none"> a) Is central in driving entrepreneurial development and progress <i>(because in the competitive and dynamic business environment allows individuals to make timely decisions based on little information, adapt to changes, set and achieve increasingly ambitious goals)</i> vi) Self-confidence in creative individuals: <ul style="list-style-type: none"> a) Lack self-confidence in their business ability <i>(the greatest gap between perceived level of importance and perceived personal ability exhibited in 'accounting and finance', 'new venture creation' and strategy (amongst others))</i> b) Generally exhibit high levels of confidence in their personal entrepreneurial characteristics and abilities <i>(including the critical success factors of creativity and innovation and personal selling)</i> c) Underestimate their value <i>(both for the service or product they offer, and well as for possessing the vital skill of innovation and creativity that is needed to address local and global challenges)</i> 	

Table H.3: Conclusions from each research chapter summarised into emergent themes: Network and social capital

Network and social capital	
	<i>Chapter 4</i>
i) The effective and strategic use of network and social capital is critical to success	
	<i>Chapter 5</i>
i) Network and social capital form a critical part of the process of entrepreneurship and even more so in the creative industries due to the nature of the industry, the work and the pivotal role which networks play therein	

Table H.4: Conclusions from each research chapter summarised into emergent themes: Entrepreneurial learning

Entrepreneurial learning	
	<i>Chapter 3</i>
i) Entrepreneurial learning: <ul style="list-style-type: none"> a) Is critical b) Is a circular process of experimentation, experience, reflection and conceptualisation c) Should be pro-actively and continuously self-directed d) Include failure as a conscious learning opportunity e) Should be active and experienced-based, yet not completely void of theoretical knowledge as a foundation f) Occurs through the concurrent processes of personal and social emergence, contextual learning and the changing enterprise 	
	<i>Chapter 4</i>
i) The entrepreneurial learning process is critical for entrepreneurial success	

Table H.5: Conclusions from each research chapter summarised into emergent themes: Skills and abilities

Skills and abilities	
	<i>Chapter 3</i>
i) Entrepreneurship education should focus on more than small business management content and include factors such as entrepreneurial skills, abilities and cognition	
	<i>Chapter 4</i>
i) Critical success factors of the entrepreneurial process include: <ul style="list-style-type: none"> a) Innovation: which is a process in itself which needs to be consciously and effectively managed b) The conscious use of strategy c) Possessing the relevant industry-specific skills, core strengths and an innovative business concept that differentiate the business d) Possessing the relevant entrepreneurial skills and abilities <i>(such as problem-solving tenacity, the ability to utilise creative and critical thinking and exhibiting professionalism)</i> e) Possessing the necessary business management skills and abilities <i>(the two agreed to be the most critical are: financial skills such as marshalling resources and planning and tracking venture performance, and marketing and selling skills to ensure the market is well understood and that the intended market is reached)</i> 	
	<i>Chapter 5</i>
i) Design schools recognise the importance of business and entrepreneurial skills , but focus attention on developing the requisite core skills of design and industry-specific knowledge, as such the business management concepts considered critical for SME success are largely missing from design curricula <i>(the aspects which are rated the most important but are also rated as missing from design education are: 'accounting and finance', 'marketing and the market', 'new venture creation' (all also concluded as 'critical for success' in Chapter 4))</i>	

The tables in this section show how the theory concluded in each chapter is analysed and combined in order to develop theories from the data, and as such the final model.

H.2 Relationships between emergent elements

Once the emergent themes were ascertained, the relationships between the elements which are apparent in conclusions made from the research are also tabulated. Due to the elements of 'entrepreneurial identity', 'motivation', 'personal attitude' and 'self-confidence' being the central elements, most of the relationships form links between these aspects and other elements of the model.

The majority of the relationships between the emergent elements are linked to the entrepreneurial identity construct. This is the case because the elements on entrepreneurial identity, motivation, personal attitude and self-confidence have the broadest and strongest impact on all the other elements, and thus the outcome of the model. The relationships relevant to entrepreneurial identity factors are shown in table H.6.

The tables in this section represent the step between conclusions drawn in each chapter and the model which emerges from the data collected. Compiling the above tables aided in summarising the data and as such the important elements emerged. Furthermore, once the elements of the model were ascertained, the data and literature was consulted again in order to ascertain the relationships that exist between the elements and the impacts that they have on one another. This process and the resultant model are discussed in Chapter 6.

Table H.6: Relationships between the emergent element of entrepreneurial identity with all other emergent themes concluded from the research chapters

Entrepreneurial identity, motivation, personal attitude and self-confidence .. impact all the elements involved in the process of developing 'effective' entrepreneurial ability	
Entrepreneurial identity and entrepreneurial learning	
<i>How entrepreneurial identity elements impact entrepreneurial learning</i>	<i>How entrepreneurial learning impacts entrepreneurial identity elements</i>
i) Confidence and self-belief are central constructs which combine the processes of achieving and learning ii) Personal attitude variables (<i>such as internal locus of control and being willing to learn from failure</i>) allow for critical reflection and learning to occur iii) The creative individuals' lack of entrepreneurial identity , business motivation and low self-confidence for business causes the ineffective utilisation of entrepreneurial learning iv) The right motivation and attitude is required to a) Pro-actively and continuously self-direct the learning process b) Be willing and prepared to use failure as a conscious learning opportunity	i) The learning process impacts confidence ii) Perceived known capabilities (<i>self-confidence</i>) and personal theory (<i>personal attitude</i>) are important elements of the entrepreneurial learning process iii) Personal and social emergence (<i>entrepreneurial identity</i>) is central in entrepreneurial learning
Entrepreneurial identity and skills and abilities	
<i>How entrepreneurial identity elements impact skills and abilities</i>	<i>How skills and abilities impact entrepreneurial identity elements</i>
i) Motivation exponentially affects the impact of entrepreneurial skills and business skills on entrepreneurial performance ii) Individuals need the right motivation and attitude to consciously drive the parallel processes of entrepreneurship and innovation iii) Creative individuals' lack of entrepreneurial identity , business motivation and low self-confidence for business causes the critical aspects of strategy and innovation and creativity to be ineffectively utilised, if at all	i) The development or improvement of skills and abilities causes an increase in self-efficacy and thus self-confidence
Entrepreneurial identity and network and social capital	
<i>How entrepreneurial identity elements impact network and social capital</i>	<i>How network and social capital impacts entrepreneurial identity elements</i>
i) Creative individuals' lack of entrepreneurial identity , business motivation and low self-confidence for business causes the critical aspect of networks and social capital to be ineffectively utilised, if at all	i) Network and social capital impact the process of personal and social emergence (<i>developing and entrepreneurial identity</i>)

Table H.7: Relationships between the emergent element of entrepreneurial learning and other emergent themes concluded from the research chapters

Entrepreneurial learning and skills and abilities	
i) The processes of entrepreneurship, innovation management and entrepreneurial learning should be consciously driven in parallel to one another	i) Entrepreneurial learning improves skills and abilities
Entrepreneurial learning and network and social capital	
Utilisation of network and social capital is critical in the process of entrepreneurial learning	

Table H.8: Relationship between the emergent elements of network and social capital and skills and abilities concluded from the research chapters

Skills and abilities and network and social capital
Network and social capital is central in both the entrepreneurial and creative processes