

# Entrepreneurship in South Africa: An Empirical Analysis of the Perceived Global, Individual, and Financial Success as an Entrepreneur

Graham Bernard Ward, Nelson Mandela University, Port Elizabeth, South Africa

Chris Adendorff, Alfresco Graphics, Port Elizabeth, South Africa

## ABSTRACT

The purpose of this study is to contribute to the promotion and development of entrepreneurship in South Africa. The objective was to develop and test a model which could be used in the development and training of entrepreneurs. Officially, 27.7% of South Africans are unemployed. This is especially important in that, the South African economy is battling to recover from the world economic crisis of 2009/10, putting pressure on government to alleviate growing unemployment and curtail social unrest. The study comprised of a literature review as to how globally entrepreneurs are developed, culminating in the perceived success factors for entrepreneurship. These factors were then tested on small business owners operating in South Africa. The authors argue that, in order to successfully develop entrepreneurs: 1) 99% of entrepreneurs will need to have the required socio-emotional skills; 2) 99% of entrepreneurs will require mentorship; and 3) 95% of entrepreneurs will require access to start-up capital.

## KEYWORDS

Entrepreneurial Culture, Entrepreneurial Development, Entrepreneurial Education, Entrepreneurial Mentorship, Entrepreneurial Training, Mentorship, South African Entrepreneurship, Start-Up Capital

## INTRODUCTION AND METHODOLOGY

Entrepreneurial education and training are needed for the empowerment of South Africans entrepreneurs. Technical entrepreneurship education studies would also have positive spin-offs (Tengeh, Iwu & Nchu, 2015). By researching the global methods used for the development of entrepreneurs, in comparison to South African methods, it is believed this study will positively contribute to the entrepreneurship in South Africa.

Some researchers argue that the stimulation of entrepreneurship is a possible solution to the unemployment problem, through business formations and expansions (Mahadea, Ramroop & Zewotir, 2011). Therefore, entrepreneurial activity and the creation of new ventures is considered to be a major economic force with the potential to reduce unemployment by creating jobs, create economic growth and general prosperity and, to an extent, to enhance national competitiveness in the global business arena (Nicolaidis, 2011).

DOI: 10.4018/JMME.2020010105

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## Background to the Problem

In South Africa, entrepreneurial intentions, which refer to the willingness to start a new venture, have dropped from 15.4% to 11.8% when compared with 2013 statistics. When South Africa's nascent entrepreneurial activity between the ages of 18 and 64 years in 2014 is compared with that of other African countries, South Africa rates the lowest at 3.2%, with the group average being 14.1% (Herrington, Kew & Kew, 2013).

## The Problem Formulation

To identify the major contributors to the developmental training support of successful entrepreneurs in South Africa.

## Formulating the Research Questions and Hypothesis

The research problem was addressed by formulating a set of research questions. The main research question for this research effort was:

**RQ1:** What are the main contributors and variables that positively affect the developmental training support of entrepreneurs in South Africa and in what order of priority should they be applied to the development of entrepreneurial activity?

Hypotheses were created to test whether relationships exist between the main problem and the factors identified which may contribute to the successful development and training of entrepreneurs, in South Africa. The hypotheses were centred on Global, Individual and Financial success for entrepreneurship.

## Purpose and Research Objective of the Study

Once the identified factors were tested and the relationships analysed, a model was created, showing the various stakeholders for entrepreneurial development. A model was then constructed to depict these findings and involvement of the various contributing stakeholders for entrepreneurship (Figure 1).

## The Sample

332 responses were collected randomly from South African business owners. 46% were from family-run businesses. 75% of the responses came from males with the majority coming from ages between 40 and 70 years old.

## Measuring Instrument

All questionnaire items were linked to a 7-point Likert-type scale with strongly agree scored as 1 and strongly disagree scored as 7. Structural Equation Modelling (SEM) was used to analyse the quantitative data received from the respondents.

## Statistical Procedures

In order to identify the unique factors in the data, an exploratory factor analysis was conducted. The software application, LISREL version 8.8 was used to determine the discriminant validity of the data. To confirm the reliability of the instruments used, each factor's Cronbach alpha coefficient was calculated. Structural equation modelling (SEM) was used to measure the relationships amongst the dependent variables, identified as perceived Global and perceived Individual success of entrepreneurs.

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