

# **Paying it forward: The relationship between mentoring and perceived ESE of Jewish South African Entrepreneurs**

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**A research report submitted to the Faculty of Commerce, Law and  
Management, University of the Witwatersrand, in partial fulfilment of the  
requirements for the degree of Master of Management specialising in  
Entrepreneurship and New Venture Creation**

**Johannesburg, YEAR**

**(VERSION FEBRUARY 2011)**

## **ABSTRACT**

Mentoring is a crucial aspect of entrepreneurial training and education (Sullivan, 2000; Regis, Falk, & Dias, 2007) and it is entrepreneurial education that is perceived as the solution that will turn South Africans from job-seekers into job creators (North, 2002). It is also hoped that entrepreneurship education will contribute to the ideal of empowering as many people as possible in order to unleash the previously stifled human potential of all South Africans (Hanekom,1995). Unfortunately, South Africans suffer from a 'dearth of entrepreneurial acumen', and this has resulted in the frequent lack of growth and high failure rates of businesses (Nieman, 2006; van Aardt & van Aardt, 1997).

In order to measure the relationship between mentoring and entrepreneurial self-efficacy, an online questionnaire was sent out to Jewish entrepreneurs who are clients of ORT JET, a non-profit organisation that offers mentoring to entrepreneurs of the South African Jewish community.

This study found that while mentoring does not have a positive perceived effect on the entrepreneurial self-efficacy of entrepreneurs, other factors-such as GSE and a supportive community-may have more of a positive impact on entrepreneurial self-efficacy.

## DECLARATION

I, \_\_\_\_\_, declare that this research report is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Management in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

Marc Brandon Cline

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Signed at .....

On the ..... day of ..... 2008

## **ACKNOWLEDGEMENTS**

Thank you to:

Rob Venter and Professor Urban for their academic support;

Hennie Gerber, Dina Hendler, Mercy Marimo, and Jeanine Danelewitz for all their statistical assistance;

Paul Bacher and Cindy Silberg of ORT JET for kindly allowing this research to happen; and

My dear wife Eliana for everything.

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# CHAPTER 1: INTRODUCTION

## 1.1 Purpose of the study

The purpose of this research is to explore the perceived relationship of mentoring on the entrepreneurial self-efficacy of Jewish South African entrepreneurs.

## 1.2 Problem statement

### 1.2.1 *Main problem*

South Africans suffer from a 'dearth of entrepreneurial acumen', and this has resulted in the frequent lack of growth and high failure rates of businesses (Nieman, 2006; van Aardt & van Aardt, 1997).

Both academic and popular sources cite mentoring as a potentially powerful source of people and entrepreneurial development, (e.g. Abbot, Goosen, & Coetzee, 2010; Clutterbuck, 2001; Evans, 2003; Freedman, 1999; Gilmore, Coetzee, & Schreuder, 2005; Kochan & Pascarelli, 2003; Stewart & Parr, 2008). While there is a lot of interest in mentoring locally, entrepreneurial research on the effectiveness of mentoring-or any kind of training intervention- in South Africa is sparsely represented in the academic literature (Botha, Nieman, van Vuuren, 2007). Determining the state of mentoring in South Africa has proven to be difficult (Abbot *et al.*, 2010).

Because entrepreneurship has been touted as the mechanism with which to revitalise the economy and bring employment to the people (Co & Mitchell, 2006; North, 2002), and because mentoring is a crucial aspect of entrepreneurial training (Sullivan, 2000; Regis *et al.*, 2007), this paper intends to explore whether mentoring has a positive relationship with the perceived entrepreneurial self-efficacy of South African entrepreneurs.



### **1.3 Context of the study**

For a long time, South Africa has faced many economic challenges that have caused much concern for the future of the country, such as crime, corruption, mismanagement, and unemployment (North, 2002). There have thus been consistent cries for active intervention and it is entrepreneurial education in particular that is perceived as the solution that will turn South Africans from job-seekers into job creators (North, 2002). It is also hoped that entrepreneurship education will contribute to the ideal of empowering as many people as possible in order to unleash the previously stifled human potential of all South Africans (Hanekom, 1995). However, because South Africa's low levels of entrepreneurial activity are the result of both personal and environmental factors, (South African GEM Report, 2010), it is evident that South African entrepreneurs need an environment that is more conducive to starting up, operating and expanding their businesses (Mahadea & Pillay, 2008). In short, South Africa clearly still has some way to go in terms of stimulating a favourable attitude towards entrepreneurship amongst its population (South African GEM Report, 2010).

### **1.4 Significance of the study**

Due to the fact that there is a paucity of academic literature and entrepreneurial research on the effectiveness of mentoring and other training interventions in South Africa, this research fills the knowledge gap. Specifically, it determines the relationship of two very important aspects of entrepreneurship, namely mentoring and self-efficacy. Mentoring is a crucial aspect of entrepreneurial training (Sullivan, 2000; Regis *et al.*, 2007), while self-efficacy is a superior individual characteristic of entrepreneurs as it is a better predictor for future performance than past performance/experience (Bandura, 1982, 1986) and has yielded more consistent results than other characteristics (Stajkovic & Luthans, 1998).

The study will provide guidance to government and those responsible in policymaking and implementing of entrepreneurial, small, medium, and micro

enterprises (SMME), and enterprise development in South Africa in that it provide potential insight into the role that mentoring and self-efficacy play in making entrepreneurship the mechanism with which to revitalise the economy and bring employment to the people (Co & Mitchell, 1992; North, 2002). By exploring the relationship of mentoring on the antecedent of self-efficacy, this study can illuminate the factors that can facilitate entrepreneurship education contributing to the ideal of empowering as many people as possible in order to unleash the previously stifled human potential of all South Africans (Hanekom,1995).

## **1.5 Delimitations of the study**

This paper focuses on:

- South African Jewish businessmen and entrepreneurs who own and manage their own businesses

## **1.6 Definition of terms**

- Mentoring/Mentorship: The relationship between two parties, where one of these passes on knowledge about a specific subject to the other party (Clutterbuck, 2004).
- Self-Efficacy (SE): “Beliefs in one’s capabilities to mobilise the motivation, cognitive resources, and course of action needed to meet given situational demands” and “an individual’s cognitive estimate of his or her “capabilities to mobilize the motivation, cognitive resources, and courses of action needed to exercise control over events in their lives” (Wood & Bandura, 1989).
- General Self-Efficacy (GSE): One’s belief in one’s overall competence to affect requisite performance across a wide variety of achievement situations (Chen, Gully, & Eden, 2001).

- Entrepreneurial Self-Efficacy (ESE): That strength of a person's belief that he or she is capable of successfully performing the various roles and tasks of entrepreneurship (Chen, Greene, & Crick, 1998).

## **1.7 Assumptions**

- Respondents are currently part of the ORT JET mentoring program;
- Respondents own and run their own businesses

## **CHAPTER 2: LITERATURE REVIEW**

### **2.1. Introduction**

First, the literature review discusses the concept and the definitions of entrepreneurship. Second, to contextualise this current study, an overview of the South African entrepreneurial environment is presented. Third, small, medium, and micro enterprises (SMMEs) are examined because almost 92% of all registered companies in South Africa are SMMEs (Sunday Times, 2009), and because it is in this domain that most of South Africa's entrepreneurship takes place. Fourth, perceptions and attitudes towards South African entrepreneurs are dealt with, as entrepreneurial attitudes and perceptions play an important part in creating an entrepreneurial culture (Bosma & Levie, 2009). Fifth, as this particular research's sample comprises of Jewish South African entrepreneurs, there is a chapter dedicated to them. Sixth, the relationship between education and entrepreneurship in South Africa is explored. Seventh, as mentoring is a crucial aspect of entrepreneurial training (Sullivan, 2000; Regis *et al.*, 2007), skills development and training are looked at, with particular focus on South African entrepreneurial education, the state of South African primary and secondary education, and the relationship between them. Eighth, the construct of mentoring is investigated in detail. Ninth, SE, and its derivatives constructs of GSE and ESE) are analysed. Finally, a conceptual framework is proposed to contextualise this study.

### **2.2. Entrepreneurship-Concept and Definitions**

#### **2.2.1. Introduction**

It has been boldly claimed that not only is entrepreneurship the most powerful economic force known to human kind in that it has permeated every aspect of business thinking and planning (Kurato & Hodgetts, 2009), but the creation and liberation of human energy via entrepreneurship is the single largest

transformational force in the world today (Timmons & Spinelli, 2009). This is because entrepreneurship is “opportunity-centred and rewards only talent and performance-and could not care less about religion, gender, skin-colour, social class, national origin, and the like-it enables people to pursue and realise their dreams, to falter and to try again, and to seek opportunities that match who they are, what they want to be, and how and where they want to live” (*ibid*).

Entrepreneurs act as agents of change. By blending opportunity, resources, and the team, entrepreneurs produce something new or distinctive in the marketplace, thereby adding value in the face of dynamic competition and a volatile environment (Urban, 2008). Entrepreneurs add further value by generating innovations, creating new markets and filling market gaps, increasing competition and thus promoting economic efficiency. They do this by identifying new opportunities for products and services, by being creative and innovative, by starting and/or managing their own enterprises, by organising and control resources to ensure profits, by being able to market a concept, product or service, by obtaining financial means; and by being willing to take calculated risks (*ibid*).

Entrepreneurship continues to have a profound effect on millions of people from all corners of the world, both as a life option as well as an academic field (Timmons & Spinelli, 2009). For example, from a business perspective, over the past forty years, entrepreneurship has changed the world profoundly. Timmons and Spinelli (2009) have listed four examples of how this has happened:

- *New management paradigm*: entrepreneurial thinking and reasoning has moved from the domain of the high-potential, emerging firms into the realm of corporate companies;
- *New education paradigm*: entrepreneurship has given birth to a new education paradigm for learning and teaching;
- *New management model*: Entrepreneurship is fast becoming a dominant management model for social ventures and running non-profit businesses; and
- *New focus of business schools*: Entrepreneurship is fast becoming an important component of business school curricula.

### 2.2.2. Definition

According to Carsrud and Brannback (2007), the word entrepreneur has its origin from the Swedish language-*foretagsam*, i.e. a doer, to get a thing done. More well-known are the definitions given by Jean Baptiste Say and Richard Cantillon. According to Say, entrepreneurs are those who thrive under conditions of change, and it is this change that provides the opportunity for innovation and improves the potential for innovation and value creation (Schumpeter, 1947; Zimmerer & Scarborough, 1996; Urban, 2008). Cantillon defines the entrepreneur in an economic sense, as one bearing the risk of buying at certain prices and selling at uncertain prices (Urban, 2008).

The father of modern entrepreneurship is Joseph Schumpeter. Not only did he associate entrepreneurs with innovation, but he also demonstrated entrepreneurs' role in radical changes and improvements which make old technology obsolete and thus moving economic development forward i.e. creative destruction (Urban, 2008). His definition included the core concept of innovation, specifically 'purposeful innovation' that can take at least five forms:

- A new good or a new quality of good ;
- A new method of production not previously tested, that does not need to be founded upon scientific discovery;
- Opening of a new market, i.e. a market that a firm has not previously entered whether or not this market has existed before;
- A new source of supply of raw materials, irrespective of whether this source already exists or has to be created first; and
- The carrying out of new organisation (Schumpeter 1947).

In contrast, there is the Neo-Austrian perspective of entrepreneurship, most aptly represented by Kirzner (1973). According to this view, the entrepreneur is perceived as an actor in the process-conscious market theory who exhibits deliberate behaviours. Unlike Schumpeter's entrepreneur (who, through innovation, shifts the revenue and cost curves), Kirzner's entrepreneur is able to notice that the curves have shifted. According to Kirzner, sources of entrepreneurship are to be found in information or knowledge asymmetry. The

entrepreneur “possesses unique knowledge”, which enables him/her to extract economic rent from market ignorance (Carsrud & Brannback, 2007). There is disagreement whether Schumpeterian entrepreneurship and Kirznerian entrepreneurship are diametrically opposed paradigms (Shane, 2003) or are opposite sides of the same coin (Carsrud & Brannback, 2007).

However, it must be stated that the questions of what is entrepreneurship and who is an entrepreneur have proved difficult to concretise in academic research (Carsrud & Brannback, 2007). In a seminal paper, Gartner (1988) maintains that there is no such thing as a stereotypical entrepreneur, but this has not discouraged entrepreneurship academic literature from search answers to these two questions, even though these researchers come to the same conclusions as Gartner. There is an assumption that a *homo entrepreneurialicus* exists, with specific character traits & behaviours, and that this entrepreneurial archetype can be engineered and empirically studied in totality (Carsrud & Brannback, 2007).

Entrepreneurship research has approached its topic from many different angles and has espoused a diverse range of theories applied to various kinds of phenomena. But ultimately, it is impossible to conceptualise a theory of entrepreneurship that can account for the diversity of topics that are currently pursued by entrepreneurship scholars (García, 2007).

Nevertheless, the lack of clear conceptualisation and clarification of entrepreneurship has not deterred entrepreneurship research from isolating and compartmentalising different aspects of the topic. While people have a tendency to define and perceive entrepreneurs according to the parameters and premises of people’s own backgrounds, training, and knowledge base, (for example, economists focus on classic models of economic behaviour and innovation, and management specialists emphasise entrepreneurs’ resourcefulness and organisational capabilities) nevertheless, common concepts emerge from each of these disciplines. These include innovation, idea creation, opportunity recognition, achievement orientation, risk taking, and resourcefulness (Filion, 1997; Urban, 2008).

## 2.3. The South Africa Entrepreneurial Environment

South Africa fares poorly when it comes to entrepreneurship. The South African GEM Report (2009) shows that for the most part of the twenty first century, not only has South Africa's total entrepreneurial activity (TEA) remained consistently below the average of developing and growing economies (so called efficiency-driven economies, of which South Africa is a part), but South Africa also scores well below the TEA average of countries with low levels of economic development (factor-driven countries).

South Africa's low levels of entrepreneurial activity are the result of both personal and environmental factors. It is thus of vital importance that the skills base is improved and positive entrepreneurial attitudes through the education system are fostered (South African GEM Report, 2010). It is clear that South African entrepreneurs need an environment that is more conducive to starting up, operating and expanding their businesses (Mahadea & Pillay, 2008). Without a more enabling environment that encourages individuals to see entrepreneurship as a financially viable employment option, it is debatable whether South Africa will experience a significant increase in entrepreneurial activity (South African GEM Report, 2010).

The South African government sees entrepreneurship and particularly SMMEs as the answer to South Africa's employment and growth problems. In fact, the government's 1995 *White paper on small, medium and micro enterprises* was one of the first policy documents of the new democratic South Africa (Devey, Skinner, & Valodia, 2006). While government has perceived that facilitating the growth of entrepreneurship in South Africa is a critical issue because it represents an alternate employment strategy, unfortunately, it has not been particularly responsive to growing unemployment (Leibbrandt, Woolard, McEwen, & Koep, 2010).

Government's execution of its entrepreneurship policies has been criticised for several reasons. Although government and corporate policy trumpet supporting entrepreneurs and new ventures, there is a lack of consistency and minimal follow-through from policy to implementation. While government insists that



small business development is a key policy initiative, government's legislation, government systems and processes hinder entrepreneurial activity as compliance increases the difficulties faced by new businesses and existing businesses (South African GEM Report, 2010). The 2010 South African GEM Report cites an example that "while government policy emphasises the importance of entrepreneurial activity as well as the informal economy — and has allocated vast financial resources towards their development — owners of start-up or growing businesses are generally unaware of the agencies which they can approach for assistance and support". Furthermore, government policies, government programmes, education, and entrepreneurial capacity have been among the most frequently cited as limiting factors since 2001. The numerous deficiencies on government programmes include poor marketing of government initiatives (particularly in the rural areas) too much focus on Gauteng with restricted access to government programmes in the remaining eight provinces, and a lack of qualified and experienced personnel which leads to inefficient use of the resources available. Poor performance of government programmes has also been exacerbated by nepotism, corruption, and the prioritisation of "jobs for buddies" above the need for competent managers and administrators (South African GEM Report, 2009).

The 2010 South African Gem Report makes the following recommendations regarding government policies and entrepreneurial development in South Africa:

- Ensure that competent people and not political appointees are entrusted with local government roles;
- Harmonize and simplify government policies and agencies. This should be coupled with a focused government policy of entrepreneurial encouragement to ensure policies are carried through, as well as the de-politicization of such agencies. Entrepreneurship could be incentivised through development of specialised economic zones; providing tax breaks for businesses below certain revenue thresholds; and lowering barriers to entry in certain industries;

- Tax incentives should be offered to encourage large companies to invest in, and grow, small enterprises. Better tax breaks are needed to encourage entrepreneurs to start new businesses, and labour laws should be simplified to make it easier for these companies to take on new employees;
- BEE doesn't address job creation. The black economic empowerment scorecard should be replaced by one that encourages big business to support emerging companies;
- Incentivise regional/local investment; and
- The government needs to focus on the basic requirements, i.e. safety, security, service delivery, health and primary education, in order to create an enabling environment for entrepreneurial activity; as well as ensure that the political agenda remains stable (too much uncertainty with regards to future policies is detrimental to foreign investment).

## **2.4. SMMEs**

Surprisingly, while there are a growing number of papers and articles written about South African small, medium, and micro enterprises (SMMEs), very little is actually known about them (Rolfe, Woodward, Ligthelm, & Guimarães, 2010). According to a 2009 report in the *Sunday Times* newspaper, there are 2.4 million registered companies in South Africa, of which 2.2 million are SMMEs. However, it is important to note that it is almost impossible to obtain accurate data and statistics as information is unavailable both on a country-wide and provincial level. This lack of data is serious because, unlike many developed countries, these informal and small/micro enterprises are critical to the survival and livelihood of millions of South Africans (South African GEM Report, 2009).

Historically, South Africa's economy has been dominated by large corporations and the public sector. Before 1994, because of apartheid, small businesses were conspicuously absent in the dominant sectors of the economy and public policy paid very little attention to small enterprise promotion. However, at the

birth of democracy in 1994, jobs in the formal sector were shed while the informal sector grew, albeit more out of necessity than out of real opportunity (South African GEM Report, 2009).

In its White Paper on National Strategy for the Development and Promotion of Small Business in South Africa, the government explicitly identified the promotion of SMMEs as a policy imperative for addressing the challenges of unemployment and poverty. Consequently, the South African government has shown its commitment to promoting SMMEs by putting in place various measures and strategies, such as the Small Enterprise Development Agency (SEDA), Khula, Ntiska, the National Empowerment Fund, the Umsombovu Youth Fund and the Accelerated and Shared Growth Initiative for South Africa (ASGISA) to fast-track the empowerment of formerly disadvantaged individuals into business entrepreneurship. Furthermore, in addition to financial assistance and training through various Sector Education and Training Authorities (SETAs), numerous fiscal incentives have been offered in the last few annual budgets with a view to augmenting the supply of effective entrepreneurship at the SMME level (Mahadea & Pillay, 2008).

SMMEs are an important source of jobs (Mahadea & Pillay, 2008). They contribute significantly to the economic growth of any country and to advancing national and individual prosperity (Ntsika, 2000; World Bank, 2007). The fact is that hundreds of thousands of South Africans generate their primary income through small-scale enterprise (Rolfe *et al.*, 2010).

At the same time, SMMEs face several limitations. First, while informal micro-enterprises provide, on average, half of all economic activity in developing countries, when compared to formal enterprises these enterprises are unproductive, serving mainly as a social security net keeping millions of people alive, but disappearing over time (La Porta & Schleifer, 2008). And while these small businesses serve a vital social function by helping make the poor a little less poor, they do not provide much dynamism (SAIRR, 2007). Second, businesses in the SMME sector tend to have primarily a local effect. This is because start-ups and necessity-driven firms have, in general, lower potential to contribute to the economy. They provide few, if any, additional jobs and

generate less income for their owners (South African GEM Report, 2009). Third, while micro enterprises or survivalists might have entrepreneurial characteristics, their ability to grow and create employment is restricted by their scarcity of skills, business knowledge and resources (Von Broembsen, Wood, & Herrington, 2005). This is substantiated by the 2009 South African GEM Report, which reports that neither necessity-orientated businesses nor businesses in the start-phase have been shown to contribute meaningfully to job creation. A small minority of firms (3.9%) in the start-up phase employ any staff and only a tiny fraction (<3%) of necessity-orientated businesses create six or more jobs. This challenges the assumption that the informal sector will be able to contribute to job creation. The GEM Report goes on to say that the contribution of nascent entrepreneurial firms to economic development is minimal, and South Africa's low new firm and established business prevalence rates thus paint a bleak picture of the SMME sector's potential to contribute meaningfully to job creation, economic growth and more equal income distribution.

Global empirical research has shown that the small business sector has potential for generating employment, promoting economic growth and enhancing social stability (Maas, Court, & Zeelie, 2001; Nieman, 2001). From South Africa's point-of-view, the potential of small businesses to create job opportunities is a crucial factor, given South Africa's high levels of unemployment. However, the vast majority of early-stage entrepreneurs have no job-creation aspirations (South African GEM Report, 2009), and despite the commitment of the provincial and national governments to bolstering and supporting the sector, SMMEs in South Africa are not realising their job-creation and economic growth potential and thus are not making inroads into unemployment and poverty (Mensah & Benedict, 2010).

## **2.5. Perceptions and Attitudes towards South African Entrepreneurs**

Bosma and Levie (2009) argue that entrepreneurial attitudes and perceptions play an important part in creating an entrepreneurial culture. Alarming, South

Africa scores below average for all indicators of entrepreneurial attitudes and perceptions.

South African's perception of entrepreneurship can be described as, at best, apathetic. At the beginning of the twenty first century, entrepreneurship was not sufficiently reported on and celebrated in the public press and as a result, there were few role models for aspiring entrepreneurs, particularly in the black African Community. Additionally, there was a lack of "can-do" attitude, (which was partly attributed to low levels of entrepreneurial experience and informal learning opportunities). Furthermore, entrepreneurship was not considered as a legitimate or desirable career choice, as corporate or professional careers represented the pinnacles of achievement. Finally, people believed that the fear of failure was high because society was hard on those legitimate businesses that failed (South African GEM Report, 2001).

The general attitude of South Africans not only makes entrepreneurship lowly in their eyes, but is also an indication of social malaise infecting the country. The 2006 GEM Report found that there was a lack of a cooperative entrepreneurial culture in South Africa. People are reluctant to share skills and facilities in order to foster the success of entrepreneurial ventures. The report also found that there was a sense of entitlement and an expectation that big business, government and others should create jobs, rather than that one can create one's own employment. Furthermore, South African children grew up believing that it is better to find a job in order to be secure. Finally, South African entrepreneurs may lack confidence in their ability to perceive as well as to exploit potentially lucrative opportunities (South African GEM Report, 2009).

In short, South Africa clearly still has some way to go in terms of stimulating a favourable attitude towards entrepreneurship amongst its population (South African GEM Report, 2010). This is reflected by several factors that constrain entrepreneurial activity and business growth in South Africa, including inefficient government bureaucracy, restrictive labour regulations (inflexible hiring and firing practises, inflexibility of wage determination by companies, and poor labour/employer relationships), problematic access to finance, and a lack of suitable tax breaks for smaller businesses (South African GEM Report, 2009).

Coupled with a poor skills base, poverty, and a lack of active markets and poor access to resources, it is therefore perhaps not surprising that many South Africans do not regard entrepreneurship as a positive and viable career choice (*ibid*).

With the above in mind, a dual focus on improving the country’s human capital through education and skills training, and creating a more enabling environment in order to dispel negative perceptions about entrepreneurship as an employment option are key to improving South Africa’s entrepreneurial performance. A more enabling environment is also necessary to reduce the cost of running a business, and therefore improve the sustainability of enterprises in the SMME sector (South African GEM Report, 2010).

### Age

Globally, there appears to be a consistent pattern regarding the influence of age on entrepreneurial activity, and South Africa is no different. The prevalence of early-stage entrepreneurial activity tends to be relatively low in the 18—24 years group, peaks among 25—34 year olds, and then declines as age increases with the sharpest decrease after the age of 54 (South African GEM Report, 2010. See table 1). According to Bosma *et al.* (2008), this reflects the interaction between “desire to start a business, which tends to reduce with age, and perceived skills, which tends to increase with age”.

**Table 1: Involvement in early-stage entrepreneurial activity, by age.**

Age Category	2005	2006	2008	2009	2010
18-24 years	16%	22%	17%	17%	20%
25-34 years	30%	31%	27%	26%	36%
35-44 years	25%	24%	23%	28%	24%
45-54 years	14%	13%	24%	21%	14%
55-64 years	15%	10%	9%	8%	6%

Although the low prevalence of entrepreneurial activity in the 18—24 year age group is in line with general GEM global trends, it is of concern in the South African context as the youth represent a high proportion of the total population within South Africa, and particularly a high proportion of South Africa's total unemployed (South African GEM Report, 2010).

### *Gender*

From 2001-2009, South African men are 1.5-1.6 times more likely to be involved in early-stage entrepreneurial activity than women are. In 2010, however, South African men were only 1.2 times more likely than females due to perhaps that “women are becoming increasingly involved in entrepreneurial activities. This involvement is in direct correlation to their growing influence in South African politics, business and community development”. Still, compared to other developing economies like Brazil, Peru, and Argentina, South Africa's gender gap is still much higher (South African GEM Report, 2010).

It is important to note that according to the analysis of Enterprise Survey data in Africa, Bardasi *et al.* (2007) found that once they are already operating businesses, there are no significant differences in terms of performance and productivity of the business between male and female entrepreneurs.

## **2.6. Jewish South African Entrepreneurs and Businesspeople**

Globally, Jews have played a pivotal part in modern economies. According to Sombart (1962), modern capitalism was fuelled by the increase in demand for luxury goods in Europe during the age of imperial expansion, and it was the Jews who were crucially instrumental in this expansion.

Jewish South African businesspeople and entrepreneurs have left-and continue to leave-an indelible mark on South African business and economy. Examples of industry stalwarts include Adrian Gore (Discovery) and Donald Gordon (Liberty Life) in the insurance industry, Raymond Ackerman (Pick & Pay) in the

retail industry, Ernest Oppenheimer (Anglo American) in mining, and Brian Joffe (Bidvest) in the industrial sector.

There is a paucity of academic literature on Jewish South African entrepreneurs and businesspeople. It has proved difficult to evaluate the South African Jewish community as there is very little factual material to draw upon. Instead, essential information has had to be gleaned from “neglected newspaper files, culled from forgotten family letters, and distilled from the recollections of surviving pioneer settlers, whose reminiscences are inevitably coloured and distorted by the passage of time” (Arkin, 2007). Consequently, almost all information about the South African Jewish community is based on an anecdotal approach, emphasising the activities of those individuals who made their mark on Jewish communal affairs but hardly touching on the general factors which have enabled this community to play a role of some significance in the evolution of the contemporary South African scene (*ibid.*).

What follows is a brief history of Jews in South Africa, particularly focusing on their business and entrepreneurial acumen.

In the nineteenth century, Jews emigrated from Eastern Europe en masse to many countries across the globe, including to South Africa. During the peak of this migration (c. 1870-1910), when more than one million emigrants were leaving Europe annually to establish homes abroad, the percentage of Jewish emigrants was much higher than that of any other ethnic group (Ruppin, 1973). By far the majority of the Jewish immigrants to South Africa were from Lithuania. Because these Lithuanian Jews were shopkeepers, itinerant pedlars, or, at most, petty craftsmen who laboured in their own small workshop back in Lithuania, it was only natural, therefore, that they should prefer the greater economic independence which South African settlement offered the traditional non-wage-earner (Arkin, 2007). Nevertheless, the activities of the pioneer Jewish settlers-mainly from Germany and England- in the middle decades of the 19th century reveal that a specifically Jewish influence on the pulse of development in South Africa was already being felt. This was due in part to these pioneer settlers having advanced and gravitating from the initial hawking stage to become the owners of shops and warehouses (*ibid.*).



It is at this time that individuals in the Jewish community displayed entrepreneurial flair. There were "a small number of Jews among the earlier arrivals in the Transvaal, men who as a rule brought with them the commercial alertness and spirit of initiative needed in an undeveloped country", just one illustration of the Jew's propensity for entrepreneurial opportunity recognition. Now listed are some of the more striking examples of the Jewish pioneering entrepreneurial spirit "thrusting forward into unknown or untried economic fields in the new land and helping, often with conspicuous success, to mould the future of South Africa" (Arkin, 2007). The Mosenthal brothers, who not only established a series of trading-stations in the Central and Eastern Cape which became centres for the marketing of merino fleeces and mohair, but also manufactured unofficial banknotes (at a time when there were few commercial banks in the Colony); the De Pass family, who owned and operated an ambitious whaling and seal-oil factories along the west coast, owned ship-repairing yards in Table Bay, and introduced cold-storage; Jonas Bergtheil, who, with his elaborate Natal Cotton Company, served as an initial stimulant to European immigration into the Garden Province (*ibid*).

## **2.7. Education and Entrepreneurship in South Africa**

South Africa has, for a long time, faced many economic challenges that have caused much concern for the future of the country, such as crime, corruption, mismanagement, and unemployment (North, 2002). Active intervention is urgently needed and it is entrepreneurship that has been touted as the mechanism with which to revitalise the economy and bring employment to the people (Co & Mitchell, 2006; North, 2002). Specifically, it is entrepreneurial education that is perceived as the solution that will turn South Africans from job-seekers into job creators (North 2002). It is hoped that entrepreneurship education will contribute to the ideal of empowering as many people as possible in order to unleash the previously stifled human potential of all South Africans (Hanekom,1995). Additionally, while hand-out strategies like social grants and free housing units help some of the poor in the short-term, they do not address the root causes of the problem and therefore cannot end poverty. Rather,

empowering the poor through quality education and training, especially entrepreneurship training, to generate their own income may be a viable medium- to long-term strategy for reducing and eventually eradicating poverty (Mensah & Benedict, 2010).

Entrepreneurship may positively influence learners in four areas:

- Learners' self-confidence about their ability to start a business;
- Learners' understanding of financial and business issues;
- Learners' desire to start their own business; and
- Learners' desire to undertake higher education (South African GEM Report, 2009).

Unfortunately, entrepreneurial education and training in South Africa is characterised by shortfalls and weaknesses (Co & Mitchell, 2006). South Africa suffers from a 'dearth of entrepreneurial acumen' which has resulted in frequent lack of growth and high failure rates (Nieman, 2006; van Aardt & van Aardt, 1997), and education has consistently been identified as a primary inhibitor of entrepreneurial activity (South African GEM Report, 2009). As an example, the 2010 Global Competitiveness Report cites South Africa's inadequately educated workforce as the second most problematic factor for doing business in the country.

According to experts, South Africa's education problem lies not so much with the quality of entrepreneurship education and training, but with the deficiencies in the basic education system (South African GEM Report, 2009). A lack of basic education can limit business development by making it increasingly difficult for firms to move up the value chain and produce more sophisticated or value-intensive products (Global Competitiveness Report, 2010). In fact, "SA's dysfunctional school system produces entrepreneurs who are ill-prepared for the business world and workers who are so ill-prepared for the world of work that many are virtually untrainable by the time they leave school" (South African GEM Report, 2010). This is not unexpected. Quality education was denied to many black South Africans under apartheid and it is not readily available even now. The decades of poor education has inhibited the development of entrepreneurial and social skills and of social networks that are important in

gaining confidence for entrepreneurship (Kingdon & Knight, 2005). So, the current situation in South Africa is that most blacks prefer working for somebody to taking the risk to start their own business. The history of their societies has nurtured them to see themselves as employees and so they do not recognize their own latent entrepreneurial talent, and are not confident in their ability to start and run a business; nor do they recognize good start-up opportunities (Shevel, 2005; Von Broembsen, 2006; Mensah & Benedict, 2010).

Without a doubt, South Africa's primary and secondary education is in a dismal state. According to the 2011 Global Competitiveness Report, South Africa continues to languish at the bottom end of the scale, with mathematics and science education in particular being of an abysmal quality. This is of particular concern as South Africa currently spends significantly more on education than many other African countries. Indeed, in the 2011 budget, R189.5 billion has been allocated to education. The current education spend in South Africa is closer in size to what is spent by wealthy OECD countries, all of which are ranked significantly higher with respect to the quality of education. Despite this huge funding allocated to education, education in South Africa is still plagued with a continued shortage of textbooks, poor quality infrastructure in many schools and high teacher absenteeism (South African GEM Report, 2010). South Africa's education continues to favour rote learning. These types of interventions will not have a long-term benefit on the improvement of educational standards in South Africa. In fact, the negative consequence is that this may increase the number of students achieving a university entrance without increasing students' ability to cope with the educational demands of tertiary education (South African GEM Report, 2010).

South Africa's education crisis negatively affects entrepreneurship in the country because, as research by GEM has consistently found, there is an association between educational levels and success in entrepreneurial ventures. Firstly, those with matric and/or tertiary education were significantly more likely to own and/or manage a start-up than those without matric. Secondly, having a tertiary education significantly increases the probability that

a person would be the owner/manager of a new firm which had managed to survive beyond the start-up phase (South African GEM Report, 2001).

The challenge of education as a limiting factor is unique to South Africa. Several Global Entrepreneurship Monitor reports have shown conclusively that the low level of early stage entrepreneurial activity in South Africa is influenced by:

- a low level of overall education, especially in maths and science;
- social and entrepreneurial factors that do not encourage entrepreneurship as a career path of choice;
- a lack of access to finance, particularly in the micro-financing arena; and
- a difficult regulatory environment (South African GEM Report, 2009).

What should be done? First, tackling the problem of secondary education is critical because research appears to suggest that it is mostly those with education who have quicker income mobility than those without education (Gumede, 2008). An illustration of this can be found in a study done on small manufacturing enterprises in South Africa (Gumede, 2006). It was found that small manufacturing enterprises managed/owned by entrepreneurs with post-matric qualifications had a longer longevity than those managed/owned by entrepreneurs with no matric. In other words, having a tertiary education is critical in order to start and sustain an opportunity-motivated business. According to the 2005 South African GEM Report, young South Africans with a tertiary education were almost as likely as their peers in other developing countries to start an opportunity-motivated business, while South African adults without a tertiary education were significantly less likely than their counterparts in other developing countries to be able to sustain an opportunity-motivated new business venture (South African GEM Report, 2009). But, it is extremely alarming to note that unemployment has increased markedly for the better educated, with a particularly high increase of 97% for those with a tertiary education (Leibbrandt *et al.*, 2010).

Second, according to North (2002), essential to successfully educating South Africans entrepreneurially is the involvement of the private sector. The private sector should be actively involved in promoting entrepreneurial activity among people because of, *inter alia*, the substantial "labour force imbalance", with an endemic and worsening shortage of skilled labour; the much lower percentage of South Africa's economically active population that are presently self-employed compared with the percentage in other countries, the high population growth rate in South Africa, the high rate of illiteracy in the country, and the non-relevance of the education system and the fact that too many black matriculants opt to take subjects such as History and Biblical Studies (Maré & Crous, 1995; Gouws, 1997). However, what is alarming is that in a survey of business people, Kroon *et al.* (2003) found that although business people recognise the role they play, they do not feel an obligation towards involvement in schools in order to invest in the community and the responsibility they have in developing the next generation of entrepreneurial employees and potential entrepreneurs (Co & Mitchell, 2006). Nieuwenhuizen and Kroon (2002) suggest that a holistic approach is necessary to foster an entrepreneurial culture in society. The educational system has to be supported by economic and political institutions to inculcate the entrepreneurial culture in society and to ensure the facilitation and actual establishment of enterprises. The authors suggest a framework for the training, education and development of potential entrepreneurs using success factors identified in interviews with senior managers, managers and entrepreneurs. They found that the primary factors that contribute to the success for the enterprise are similar to those individuals with high need for achievement. They recommend that these success factors should be incorporated in the educational system through adequate training, development and educational models to establish an entrepreneurial culture (Co & Mitchell, 2006).

Third, the South African government should "declare the education crisis a national emergency: overhaul the education system, revitalise teaching as a noble, well-paid profession, reintroduce properly trained school inspectors, import teaching skills and pilot charter schools". And just as frighteningly, "SA's dysfunctional school system produces entrepreneurs who are ill-prepared for

the business world and workers who are so ill-prepared for the world of work that many are virtually untrainable by the time they leave school” (South African GEM Report, 2010).

Finally, the 2010 South African Gem Report makes the following recommendations with regards to education and entrepreneurship in South Africa:

- Early exposure to entrepreneurship in schools is essential. It is important to teach business skills and to encourage entrepreneurial activities at primary, as well as secondary schools. A focus on entrepreneurial skills development is necessary to create an awareness of entrepreneurship as a viable career option;
- Education at all levels needs to return to meritocracy. An improvement in the quality of teachers is essential if South Africa’s human capital is to be developed. Scrap the SETA (which have proved to be singularly unsuccessful), but keep the skills development levy and channel the money into more meaningful areas such as the remuneration of competent school teachers;
- Expand interventions to deal with the grass roots skills gap. This could include: the establishment of a wide-ranging apprenticeship system to provide artisan skills, especially to young people; setting up experiential incubators which are easily accessible to young potential entrepreneurs, where they can learn and earn while they learn to earn;
- Nationwide mentorship programmes should be established — possibly a call centre to support entrepreneurs. Experienced mentors with a proven track record in business should be employed; and
- Strengthen and support FET colleges and other entities that support enterprise development.

## **2.8. Training and Skills Development**

### **2.8.1. Introduction**

Globally, skills development has now become a major strategic issue, and an increasing number of public, private, national and international stakeholders are working to promote training and skills projects and programmes (Walther, 2007). The issue of globalisation raises the need for “learning-led competitiveness” (King & McGrath, 2002). It is argued that to respond to the challenge of competitiveness under conditions of globalisation, important elements of response both for countries and enterprises are effective “strategies to improve individuals’ and enterprises’ level of knowledge and skills” (*ibid*).

### **2.8.2. Training and Skills Development for SMMEs**

There is a considerable body of research that shows that skills and education have a positive rate of return and are essential to increased earnings and productivity (Fretwell & Colombano, 2000).

Training and skills development are essential for successful SMME and enterprise development in Africa as it creates groups of ‘smart entrepreneurs’ who are able to ‘learn to compete’ within an increasingly competitive and globalised economy, as well as affording them the opportunity to “learn to grow” (King & McGrath, 1999, 2002; Afenyadu, King, McGrath, Oketch, Rogerson, & Visser, 2001). Indeed, there is general agreement that improving the skills of young people and adults employed in production and service SMMEs is an effective way to enable them to earn a better living for themselves and their dependents. They hope that better skills will improve the whole sector’s performance, thus enabling it to rise above precarious survival and enter a dynamic of job and wealth creation (Walther, 2007).

It should be noted, however, that “skills are not the only, nor even the main, answer to the challenge of small enterprise development” (McGrath, 2005a). And, it should also be noted that training should not be an end in and of itself

but must truly enable young people and adults to find appropriate jobs or activities. Training should be supplemented by developing educational, material and financial resources to help create effective pathways from training to the world of work. These include support for the implementation of skills acquired (mentoring, post-training support, etc.), help for the start-up phase of an activity (for example through material contributions such as tool-boxes) and financial grants (such as access to microcredit) (Walther, 2007).

Concerning South Africa, the national importance of training and skills development is highlighted in the Accelerated and Shared Growth Initiative for South Africa (ASGISA). The immediate priority for JIPSA is on skills identified by ASGISA including those for infrastructure development, public service delivery, Information and Communication Technologies (ICT) skills and for the ASGISA priority sectors. The ASGISA attributes the mediocre performance of the SMME sector in part to “the sub-optimal regulatory environment” (Upstart Business Strategies, 2006).

However, the effectiveness of the South African government’s existing training systems in supporting SMME development, its effectiveness is debatable. According to the World Bank’s (2006) assessment of government SMME programmes, the World Bank was highly critical, concluding that “results suggested that government programs to encourage training (e.g. SETA) have not been successful”.

Broadly speaking, in order for training to work and to attain positive results, academic literature points to the following recommendations:

- Sensitize national authorities to the role of the informal sector in employment generation; the right of access to basic education (with special attention to the access of girls and children from rural areas); and the importance of training for informal sector workers in order to improve the productivity of informal micro-enterprises and eventually enable them to become formal.



- Urge national authorities and training providers at the local level to be responsive to the training needs of informal sector workers and to use multiple methods in addressing these needs in the most efficient manner.
- Bring the authorities and social partners together in order to formulate a coherent but flexible policy, to avoid duplication of activities and to achieve a common understanding of the goals and means of training; and
- Develop means to assess training needs (Liimatainen, 2002).

An increasing amount of research on training and skills development linked to SMMEs in South Africa has appeared over the past decade. This research has found that:

- a large segment of South Africa's SMME entrepreneurs have very limited skills and correspondingly of the importance of training and the acquisition of skills for business development (Erasmus & Van Dyk 2003; Nieman, Hough, & Nieuwenhuizen, 2003; Perks, 2004; Smith & Perks, 2006);
- there is a pattern that the most successful, adaptive and innovative SMMEs are those in which entrepreneurs (and often also the workers) have good to high levels of education, technical/managerial skills and training (Rogerson 2000; Chandra & Rajaratnam 2001; Ligthelm & Cant, 2002; Skinner, 2005);
- there is a lack of technical and managerial skills impacted in a highly negative fashion on business development (Ligthelm & Cant 2002); and
- there is a lack of management skills and training is one of the most prevalent causes of general business failure amongst SMMEs in South Africa (McGrath, 2005a; Rogerson, 2008).

In contrast, there is a paucity of research regarding skills development specifically for enterprise development in South Africa (McGrath, 2005).

Essential baseline information is provided in the Department of Labour's National Skills Survey and the National Skills Study. Salient findings of these investigations include:

- Evidence that a relatively large amount of training is taking place within SMMEs (Martins, 2005) and underpinned by a positive attitude towards a quality-led improvement to business performance;
- Attitudes and extent of training are much greater amongst formally registered SMMEs than informal enterprises (McGrath, 2005a);
- The bulk of training is 'on the job training' rather than aligned with National Qualifications Framework (NQF)-recognised training, thus placing a question mark over training quality (Martins, 2005; McGrath 2005a);
- A key finding is that there is "very little engagement of SMMEs with the formal skills development system" (McGrath, 2005a).
- Black employees constitute 62% of those receiving training, a significantly lower level than their proportion of the population and below Department of Labour's 85% targets (*ibid*).
- Within SMMEs "informal learning was the predominant way in which knowledge and skills were transferred in these enterprises" (*ibid*).

## **2.9. Mentoring**

### **2.9.1. Introduction**

With coaching, mentoring is a crucial aspect of entrepreneurial training (Sullivan, 2000; Regis *et al.*, 2007). Skills acquisition among the beneficiaries of mentoring are maximised by individual assistance and advice, and it enables people to benefit directly from the expertise and accumulated experience of a designated mentor (Walther, 2007). Due to the complexities and the range of

tasks they must perform, entrepreneurs need assistance and input from mentors, more than anyone else (Krueger & Wilson, 1998). And, consequently, mentoring allows entrepreneurs to improve their management skills and learn through action, with the support of a person with extensive business experience (St-Jean & Audet, 2008).

Given the pressing need for accelerated individual, societal and community development in South Africa, there is a lot of interest in mentoring locally because mentoring is seen as a potentially powerful source of people development, both from academic as well as popular sources (Abbot *et al.* 2010; Clutterbuck, 2001; Evans, 2003; Freedman, 1999; Gilmore *et al.*, 2005; Kochan & Pascarelli, 2003; Stewart & Parr, 2008). But determining the state of mentoring in South Africa has proven to be difficult. There is a lack of easily-accessible information, and no directory or other form of systematic knowledge which makes tracing the number and nature of South African mentoring schemes difficult to assess (Abbott *et al.*, 2010).

### **2.9.2. Definitions**

There is much disagreement about a universally accepted definition of mentoring (Broadbridge, 1998; Sullivan, 2000; Bierema & Merriam, 2002). This is because mentoring happens in a variety of socio-economic contexts (Sullivan, 2000) and with different objectives like psycho-social development (Baldwin & Grossman, 1998), academic development (Young & Perrewé, 2000) and career development (Whitely & Coetsier, 1993). Thus, its precise role may change depending on the context and associated objectives of the mentoring relationship (Sullivan, 2000). As Gibb (1994) argues, “explaining mentoring through a single, universal and prescriptive definition or ‘type’ is inadequate.”

Traditionally, mentoring has been defined as a relationship in which a more experienced individual takes a newer employee under his/her wing in order to guide the protégé through the political and social aspects of organizational life (Kram, 1985; Levinson, Darrow, Klein, Levinson, & McKee, 1978; Singh, Bains, & Vinnicombe, 2002). In other words, mentoring is a relationship between two

parties, where one of these passes on knowledge about a specific subject to the other party (Clutterbuck, 2004). This relationship is “a protected relationship in which learning and experimentation can occur, potential skills can be developed, and in which results can be measured in terms of competencies gained, rather than curricular territory covered” (Collin, 1979; Sullivan, 2000). Implicit in this definition is a long-term relationship between the mentor and the protégé that allows time for experimentation and reflection, as well as for collaboration and advice (Graham & O’Neil, 1997; Bisk, 2002). It is through this long term relationship that mentors can provide added-value interventions that are likely to bring long-lasting benefits to entrepreneurs (Sullivan, 2000). Additionally, the mentor-protégé relationship gives the protégé needed professional advice and an additionally source of moral support (Hisrich & Peters, 2002).

Interestingly, Poulsen (2006) notes that US mentoring and research into mentoring is still very much focused on the mentor seen as a career sponsor, advisor and door opener (the expert), while in the UK there is a clearer focus on the mentor’s role as a guide, counsellor and coach (Kram, 1985; Klasen and Clutterbuck, 2002). In the USA mentors are generally defined as individuals with advanced experience and knowledge who are committed to providing upward mobility and career support to their mentees – often called protégés (Kram, 1985). Klasen and Clutterbuck (2002) talk about mentoring as a “learning alliance (that is) tapping into talent”. Clutterbuck (2004) argues that whereas the US mentoring model assumes that the mentor have more seniority and power than the mentee, the most important aspect of the UK model is that the mentor has relevant experience which is valuable to the mentee and that the mentee takes responsibility for his/her own learning.

As with general mentoring, there is no consensus around a given definition of entrepreneurial mentoring due to the shortage of research on the subject (St-Jean & Audet, 2009). Generally speaking, however, entrepreneurial mentoring is described as a form of support relationship between a novice entrepreneur (the mentee) and an experienced entrepreneur or manager (the mentor). Through the relationship, the mentee is able to develop as both an entrepreneur

and a person. When occurring within a formalized context, mentoring is said to be formal whereas it is informal when both parties decide on their own to initiate and develop a relationship of this type (*ibid*).

### **2.9.3. The Mentor and His/Her Function**

The role of the mentor is to enable the entrepreneur to reflect on actions, and, if need be, to modify future actions as a result. In other words, it is about enabling behavioural and attitudinal change (Sullivan, 2000).

A mentor is someone who draws upon a deep knowledge base to teach and guide a less experienced adept (Swap, Leonard, Shields, & Abrams, 2001). More specifically, mentors are influential, highly-placed individuals with a high level of knowledge and experience, who undertake to provide upward mobility and career support for their protégés (Scandura & Ragins, 1993; Bouquillon, Sosik, & Lee, 2005). Most of the scientific literature on the subject of mentoring concentrates on this type of relationship (St-Jean & Audet, 2009).

A mentor or advisor is an essential asset to a growing company. They can warn of problems on the horizon, help craft solutions to problems and be a sounding board for the entrepreneur. A mentor's many years of experience can save a business from major errors and costly mistakes with just a few words (Cull, 2006). By contrast, mentoring is in danger of being unsuccessful when any of the following conditions apply: social distance and mismatch between the values and mentor and mentee; inexpert or untrained mentors; mismatch between the aims of the mentoring scheme and the needs of the person being mentored and a conflict of roles so that it is not clear whether the mentor is to act on behalf of the person being mentored or is present as an 'authority' (*ibid*).

Clutterbuck (1991) outlines five key roles that mentors play, namely: coach, coordinator, supporter, monitor, and organiser. The mentor's role changes according the needs of the protégé.

In entrepreneurial support situations, mentors can facilitate inspiring entrepreneurial behaviour and tuning attitudes towards change, providing skills

and tools related to business development; and developing skills to handle environmental relationships with customers, financiers and other stakeholders (Klofsten 2008).

#### **2.9.4. The Mentor/Protégé Relationship**

Mentors give meaning or aid the entrepreneur in understanding a particular experience. The mentor's role is to enable the entrepreneur to reflect on actions, and, perhaps, to modify future actions as a result. In other words, it is about enabling behavioural and attitudinal change. In order for effective learning and subsequent change to take place, both the attitude and the skills of the mentors as well as the content and delivery mode of support advice are critical (Sullivan, 2000).

Kram (1983) identifies four distinct stages of evolution through which a mentoring relationship progresses: Initiation, cultivation, separation and redefinition. The first phase, the initiation, is the phase in which the mentor relationship is started (Chao, 1997). This first 6 to 12 months are characterized by fantasies of both the mentor and the protégé about each other when considering the development of the relationship (Kram, 1983). The second phase, cultivation, is the phase during which the range of functions that is provided is maximized (*ibid*). This phase normally lasts from 2 to 5 years and the mentor and protégé get to know more about each other's competencies which helps them to optimize the benefits of the mentor relationship (Chao, 1997). The third phase, separation, signals a change in the nature of the relationship. The protégé acts more independently, both are separated structural and psycho-social and the support provided by the mentor decreases (*ibid*). This so called separation phase last between 6 and 24 months. In the fourth phase, redefinition, the relationship evolves towards a new significantly different form or ends entirely (Kram, 1983). The time needed to develop through all these stages normally is five years (*ibid*).

Furthermore, a distinction is made between formal and informal mentorship is widely found in the mentoring academic literature (Young & Perrewé, 2000;

Waters, McCabe, Kiellerup, & Kiellerup, 2002; Broadbridge, 1998; Wikholm, 2005). These two forms differ in the way the relationship is arranged (Weijman). Formal mentorship connotes being arranged by a third party who sees the pairing of two (or more) members (of an organization or program) as important for the development of at least one of the two (Weijman). Often this relationship is the result of a “formal organizational policy” (Broadbridge, 1998) or a “conscious effort by decision-makers to pair together members of an organization” (Young & Perrewé, 2000). By contrast, informal mentorship means being arranged by two (or more) people themselves, they choose to enter into an relationship from which they can benefit in the development on certain aspects like career development or academic development (Weijman). “It is a private arrangement between two individuals” (Broadbridge, 1999) that often is the result from “a personal bond between two individuals that develops from common interests, goals, and accomplishments”. (Young & Perrewé, 2000).

Academic literature has documented several traits that may positively or negatively affect the mentor-protégé relationship. Positive attributes include agreeableness, (when it is similar for both parties (Engstrom, 2004)), mutual liking, (which helps the mentor exercise psychological and career-related functions (Armstrong, Allinson, & Hayes, 2002)), trust, (which must be mutual (Ragins, 1997) and can enhance both the quality and the efficiency of the mentorship relationship (Kram, 1985)). Negative attributes include differences in business culture between the mentor and the protégé, especially regarding how the company is managed (Dalley & Hamilton, 2000), and conflict between the mentor’s advice and small business culture, or the entrepreneur’s communication method and learning style entrepreneurs (Dalley & Hamilton, 2000; Deakins, O’Neill, & Mileham, 2000; Gibb, 1997, 2000).

Both mentor and protégé must lay solid foundations for the relationship by setting out rules in the form of a moral contract between the parties (Audet & Couteret, 2005). This is achieved by the two parties agreeing on certain guidelines for their relationship, such as the goals, means, roles, plan of action, and timeline for the relationship (Covin & Fisher, 1991; King & Eaton, 1999).

The duration of the relationship as well as the frequency of meetings are important to the success of the relationship (Waters *et al.*, 2002; Cull, 2006; Smallbone, Baldock, & Bridge, 1998).

Research has highlighted several positive impacts of mentorship relationships. Protégés mentorship experiences improved their ability to achieve goals, deal with problems, learn, manage the firm and deal with change (Deakins *et al.*, 1998), their self-confidence and self-esteem, (Waters *et al.*, 2002), the development of their knowledge and contact networks (Wikholm, Henningson, & Hultman, 2005).

## **2.10. Self-Efficacy**

### **2.10.1. Introduction**

Much research has been carried out on finding constructs of individual characteristics that are unique to entrepreneurs (Urban, 2006). Studies have focused on entrepreneurial motives, values, beliefs, and cognitions (Rauch & Frese, 2000; Mitchell, Busenitz, Lant, McDougall, Morse, & Smith, 2002; Markman, Balkin, & Baron, 2002; Brandstatter, 1997) as well as the five personality dimensions of risk taking, need for achievement, need for autonomy, locus of control, and self-efficacy (Vecchio, 2003). While results concerning these constructs have been mixed, self-efficacy (along with goal setting) has yielded more consistent results (Stajkovic & Luthans, 1998). For example, self-efficacy is a better predictor than past performance/experience for future performance (Bandura 1982, 1986). This is because, first, there are sources other than past performance that affect the person's self-efficacy. Second, it is the attribution of performance rather than the objective performance per se that affects people's self-efficacy (Chen *et al.*, 1998).



## **2.10.2. Self-Efficacy Definitions and Construct Description**

The term self-efficacy (SE) is derived from Bandura's (1977) social learning theory. Several definitions for self-efficacy exist. Wood and Bandura (1989) define SE as "beliefs in one's capabilities to mobilise the motivation, cognitive resources, and course of action needed to meet given situational demands" and as "an individual's cognitive estimate of his or her capabilities to mobilize the motivation, cognitive resources, and courses of action needed to exercise control over events in their lives". According to Gist and Mitchell (1992), SE is a comprehensive summary or judgment of perceived capability for performing a specific task, it is a dynamic construct with efficacy judgements changing over time as new information and experiences are acquired, and it reflects a more complex and generative process involving the construction and orchestration of adaptive performance to fit changing circumstances.

SE is an important determinant of human behaviour (Forbes, 2005). Perceived self-efficacy is central to most human functioning, and since actions are based more on what people believe than on what is objectively true, thoughts are a potent precursor to one's level of motivation, affective states, and actions (Markman *et al.*, 2002). Furthermore, SE is a construct that explains and influences human behaviour in a wide variety of social settings (Bandura, 1997). Indeed, "human accomplishments and positive well-being require an optimistic and resilient sense of personal efficacy" (Bandura, 1988).

Self-efficacy arises from the gradual acquisition of complex cognitive, social, linguistic, and/or physical skills through experience (Bandura, 1982). Individuals appear to weigh, integrate, and evaluate information about their capabilities, and then they regulate their choices and efforts accordingly (Bandura, Adams, Hardy, & Howells, 1980). The acquisition of skills through past achievements reinforces self-efficacy and contributes to higher aspirations and future performance (Herron & Sapienza, 1992). Further, SE involves the belief that we can organize and effectively execute actions to produce given attainments (Bandura, 1997; Chen *et al.*, 1998; Gist & Mitchell, 1992).

Additionally, as Bandura (1997) states, “efficacy beliefs are concerned not only with the exercise of control over action but also with the self-regulation of thought processes, motivation, and affective and psychological states.” People with high self-efficacy have more intrinsic interest in the tasks, are more willing to expend their effort, and show more persistence in the face of obstacles and setbacks. As a result, they perform more effectively (Chen *et al.*, 1998). High SE draws individuals toward tasks about which they have high self-efficacy, they perform better on tasks about which they hold those beliefs, and individuals associate with feelings of serenity and mastery in the performance of complex tasks. On the other hand, low SE induces one to avoid and perform less well on tasks about which they have low self-efficacy, and one is more prone to feeling stressed, depressed, and anxious (Forbes, 2005; Pajares, 1997).

A wide variety of factors influence SE. These includes external task factors (e.g., group interdependence, distractions such as noise), internal factors (e.g., health, mood), factors that can be changed or changed readily (e.g., distractions and mood), factors that may be more resistant to change (e.g., group interdependence or health), factors under control of the person (e.g., effort), factors largely controlled by the organization (e.g., task resources), and factors that may be uncontrollable (e.g., weather, temporary illness) (Gist & Mitchell, 1992).

Self-efficacy is also partially determined by the individual's assessment of whether his/her abilities and strategies are adequate, inferior, or superior for performance at various task levels (Gist & Mitchell, 1992). Also relevant is whether the person believes these abilities and strategies are fixed and immutably inborn talents, for the task or can be acquired or improved through additional training and experience (Wood & Bandura, 1989a). Some of the determinants of self-efficacy are well-recognized attributional causes (i.e., effort, ability, luck, task difficulty) (Gist & Mitchell, 1992).

Performance accomplishments are found to be the most influential in shaping and estimating one's self-efficacy, while the other three major sources of self-efficacy in the order of influence next to performance are vicarious experience

(learning through role models), verbal persuasions (e.g., being told one is good), and physiological arousal (such as feeling fatigue) (Mitchell & Gist, 1992). SE is viewed as having a generative influence on performance through the use of individual ingenuity, resourcefulness, and other skills and sub-skills (*ibid*).

Self-efficacy impacts our perceived control, how much stress, self-blame, and depression we experience while we cope with taxing circumstances, and the level of accomplishments we realize (Markman *et al.*, 2002). It also influences our courses of action, level of effort, how long we persevere, our resilience in the face of obstacles, adversity, or failure, and whether our thoughts are self-hindering or self-aiding (Bandura, 1999; Wood & Bandura, 1989). SE affects a person's beliefs regarding whether or not certain goals may be attained. Choices, aspirations, effort, and perseverance in the face of setbacks are all influenced by the self-perception of one's own capabilities (Bandura, 1991).

To consolidate, Bandura (1977; 1982) suggests that SE has three dimensions and four categories of experience that are used in the development of SE. The three dimensions are magnitude (which applies to the level of task difficulty that a person believes he or she can attain), strength (which refers to whether the conviction regarding magnitude is strong or weak), and generality indicates the degree to which the expectation is generalized across situations (Bandura, 1977). The four categories of experience are enactive mastery (personal attainments), vicarious experience (modelling), verbal persuasion, and physiological arousal (e.g., anxiety). While these experiences influence efficacy perceptions, it is the individual's cognitive appraisal and integration of these experiences that ultimately determine self-efficacy (Bandura, 1982). Thus, self-efficacy may be thought of as a superordinate judgment of performance capability that is induced by the assimilation and integration of multiple performance determinants (Gist & Mitchell, 1992).

### 2.10.3. General and Specific Self-Efficacy

General self-efficacy (GSE) can be defined as one's belief in one's overall competence to affect requisite performance across a wide variety of achievement situations (Chen *et al.*, 2001), or as "individuals' perception of their ability to perform across a variety of different situations" (Judge *et al.*, 1998). Thus, GSE captures differences among individuals in the tendency to view them as capable of meeting task demands in a broad array of contexts (Chen *et al.*, 2001).

GSE is distinguishable from SE because whereas SE is a relatively malleable, task-specific belief, GSE is a relatively stable, trait-like generalised competence belief (Chen, Gully, Whiteman, & Kilcullen, 2000, Chen *et al.*, 2001).

GSE captures motivational beliefs and judgements regarding one's task capabilities (Betz & Klein, 1996; Brockner, 1998; Chen *et al.*, 2001; Gardner & Pierce, 1998), i.e. GSE is strongly related to achievement/approach motivational processes (Kanfer & Heggstad, 1997). GSE also helps explain individual differences in motivation, attitudes, learning, and task performance (e.g., Chen *et al.*, 2001; Judge & Durham, 1997), and it is positively related to work performance (Judge, Bono, & Locke, 2000). In other words, GSE is a basic self-evaluation trait that strongly affects how people act and react in various settings (Judge & Durham, 1997).

GSE emerges over one's lifespan as one accumulates successes and failures across different task domains (Shelton, 1990; Sherer, Maddux, Mercandante, Prentice-Dunn, Jacobs, & Rogers, 1982). These actual experiences of success, together with consistent positive vicarious experiences, verbal persuasion, and psychological states, augment GSE (Bandura, 1997; Chen *et al.*, 2001).

Research has found that GSE positively influences across tasks and situations (Eden, 1998). In other words, GSE, (the tendency to feel efficacious across tasks and situations) "flows" in to specific situations, as reflected by positive relationships between GSE and SSE for a variety of tasks (Shelton, 1990; Sherer *et al.*, 1982). Therefore, individuals with high GSE expect to succeed

across a variety of tasks (Chen *et al.*, 2001). In addition to affection various variables, GSE also moderates the impact of external influences-such as performance, feedback, training, and experimental treatments-on a variety of dependent variables, including SSE (Chen *et al.*, 2001).

Most SE research has been limited to conceptualising and studying SE as a task-specific or state-like construct, also known as Specific Self-Efficacy (SSE) (e.g., Gist & Mitchell, 1992; Lee & Bobko, 1994). SSE is a proximal state that positively relates to individuals' decisions to engage and persist in task-related behaviour (Eden, 1988). However, over time, some researchers have become interested in the more trait-like generality dimension of SE, which gave rise to the term General Self-Efficacy (GSE), (e.g., Eden, 1998, 1996; Gardner & Pierce, 1998, Judge, Erez, Bono, 1998; Judge *et al.*, 1997). But, the majority of SE researchers still continue to focus exclusively on SSE while ignoring the generality dimension of SE.

Some researchers have suggested that SSE is a motivational state while GSE is a motivational trait that involves individuals' beliefs regarding their general ability to succeed in tasks across different situations and domains (Chen *et al.*, 2004), (e.g., Eden, 1988; Gardner & Pierce, 1998; Judge *et al.*, 1997). For example, Eden (1988) claims that both GSE and SSE share antecedents (e.g., actual experience, vicarious experience, verbal persuasion, psychological states) (Bandura, 1997), and both connote beliefs about one's ability to achieve desired outcomes, but differ in scope (i.e. either general or specific). However, Eden (1988) does go on to say that GSE is much more resistant to transitory influences than is SSE.

But criticisms of GSE exist. There are several arguments, especially among social cognitive theorists, that the utility of GSE, both in theory and in practise, is low (Bandura, 1986, 1997; Mischel & Shoda, 1995; Stajkovic & Luthans, 1998). For example, they claim that GSE measures "bear little or no relation either to efficacy beliefs related to particular activity domains, or to behaviour: (Bandura, 1997), and they they question whether GSE is a construct distinct from self-esteem (e.g., Stanley & Murphy, 1997), even though there are conceptual distinctions between the two constructs. Finally, Locke and Latham

(1990) criticise GSE scales as being “not nearly as accurate or as precise” as SSE measures.

#### **2.10.4. Entrepreneurial Self-Efficacy**

In order to cope with the challenges of modern society, entrepreneurs must have perceptions of high SE (Douglas & Sherperd, 2002; Krueger, Reilly, & Carsrud, 2000). The concept of SE is germane to the study of entrepreneurship for several reasons. First, as a task specific construct rather than a general, global disposition, self-efficacy theory helps address the problem of lack of specificity in previous entrepreneurial personality research (Brockhaus & Horwitz, 1986; Gartner, 1989). Second, SE as a belief of one’s vocational capabilities, entrepreneurial is relatively more general than task SE. It therefore should be fairly stable yet not immutable. This allows entrepreneurs to derive, modify, and enhance their SE while constantly interacting with their environment. Third, because SE is closest to action and action intentionality (Bird 1988; Boyd & Vozikis 1994), it can be used to predict and study entrepreneurs’ behaviour choice, persistence, and effectiveness. Fourth, the relationship between SE and behaviour is best demonstrated in challenging situations of risk and uncertainty, and these characteristics are trademarks of entrepreneurship (Chen *et al.*, 1998). Fifth, the formation of self-efficacy is also influenced by the individual's assessment of the availability of resources and constraints, both personal and situational, which may affect future performance (Ajzen, 1987; Gist & Mitchell, 1992).

The construct of entrepreneurial self-efficacy (ESE), developed by Chen *et al.*, (1998) is one of the more important new constructs to emerge in the entrepreneurship literature in recent years (Forbes, 2005). The authors developed “a conceptual framework of task requirements on the basis of which self-efficacy of a domain is aggregated from self-efficacy of various constituent subdomains” (Urban, 2006), specifically the dimensions of marketing, innovation, management, risk-taking, and financial control. While it focuses on the determinants of ESE that were parts of an individual’s background (e.g. gender and education), they concur with Bandura (1997) that SE exists in a

“causally reciprocal” relationship with behaviour and the environment, i.e. it both influences and is influenced by these other phenomena (Wood & Bandura, 1989). Chen *et al.*, (1998) go on to say that ESE is a moderately stable phenomenon that is neither “completely fixed,” as personality traits have sometimes been thought to be, nor “easily changeable”. In other words, ESE may change in response to important experiences.

Boyd and Vozikis, (1994) go on to say that ESE is “an important explanatory variable in determining both the strength of entrepreneurial intentions and the likelihood that those intentions will result in entrepreneurial actions.” Further, ESE has been proposed as one of the key prerequisites of the potential entrepreneur (Krueger & Brazeal, 1994). As Urban (2008) asserts, those with high ESE appear to assess the environment as opportunistic rather than full of risks; they believe in their ability to influence the achievement of their goals, and they perceive a low probability of failure. Chen *et al.* (1998) states that these authors claim that ESE may influence entrepreneurial decisions for several reasons. First, people with high ESE may assess a scenario as brimming with opportunities, but people with low ESE may perceive the very same scenario as fraught with costs and risks. Second, people with high ESE feel more competent to address and deal with uncertainties risks, and hardships than those with low ESE. Third, those with high ESE anticipate different outcomes than people with low ESE.

Developing ESE is a “complex process of self-persuasion based on constellations of efficacy information conveyed inactively, vicariously, socially, and physiologically” (Bandura, 2000). Finding ways to ensure that the support resources made available to potential and existing entrepreneurs reflect the complexity of this process, and the advanced state of current knowledge about it is a worthwhile task (Forbes, 2005).

Using Chen *et al.*'s (1998) ESE dimensions of marketing, innovation, management, risk-taking, and financial control, this paper proposes the following hypotheses:

- Hyp 1:**        ***Mentoring leads to higher perceived ESE in marketing.***
- Hyp 2:**        ***Mentoring leads to higher perceived entrepreneurial self-  
efficacy in innovation.***
- Hyp 3:**        ***Mentoring leads to higher perceived entrepreneurial self-  
efficacy in management skills.***
- Hyp 4:**        ***Mentoring leads to higher perceived entrepreneurial self-  
efficacy in risk taking.***
- Hyp 5:**        ***Mentoring leads to higher perceived entrepreneurial self-  
efficacy in financial control.***

### **2.10.5. Self-Efficacy and Training**

As previously noted, several entrepreneurship researchers have proposed and tested the use of an education (or training) “intervention” to raise an individual’s level of ESE (e.g. Baughn, Cao, Le, Lim, & Neupert, 2006; Cox, Mueller, & Moss, 2002; Erikson, 2002; Florin, Karri, & Rossiter, 2007; Wilson, Kickul, & marlino, 2007). Wilson *et al.* (2007) notes that a well-designed entrepreneurship (education) program should give the student a realistic sense of what it takes to start a business as well as raising the student’s self-confidence level (ESE).

The implications of self-efficacy for training (or organizational development) are numerous. First, low self-efficacy may pinpoint specific training needs. Although enactive mastery and modelling have been the most successful methods for enhancing self-efficacy (Bandura & Adams, 1977; Bandura *et al.*, 1977), many training sessions focus more on lectures and verbal persuasion, imparting relevant knowledge but doing little to relieve debilitating low self-efficacy. Further, while participants may engage in small group work sessions, the experiences are sometimes dissimilar to the actual competencies required in their positions (Gist, 1987).

Previous research has indicated that some training methods can enhance self-efficacy in the areas of self-management (Frayne & Latham, 1987), cognitive



modelling (Gist, 1989), and behavioural modelling (Gist *et al.*, 1989). According to Gist *et al.* (1991), initial SE was significantly related to initial performance levels as well as to skill maintenance over a seven week time period. The effects of the initial SE on maintenance remained after controlling for initial performance. Furthermore, their results suggest that the influence of SE on skills maintenance may be moderated by post-training intervention.

Regarding entrepreneurship, Research has demonstrated that entrepreneurs often use their social networks to seek information, counsel, and help in the course of managing their new ventures (Pineda, Lerner, Miller, & Phillips, 1998). Seeking and receiving this kind of external input can have important psychological effects on managers, leaving them feeling more confident in their ability to act decisively (Eisenhardt, 1989).

#### **2.10.6. Self-Efficacy and Mentoring**

Gist and Mitchell (1992) propose a three way strategy for changing SE:

Strategy 1: Provide information that gives the individual a more thorough understanding of the task attributes, complexity, task environment (primarily through the use of mastery and modelling experiences), and the way in which these factors can be best controlled.

Strategy 2: Provide training that directly improves the individual's abilities or understanding of how to use abilities successfully in performing the task (primarily through the use of mastery, modelling, and persuasion experiences).

Strategy 3: Provide information that improves the individual's understanding of behavioural, analytical, or psychological performance strategies or effort expenditure required for task performance (primarily through the use of modelling, feedback and persuasion).

According to Gist and Mitchell (1992), mentoring applies to strategies 1 and 2 (and includes procedures such as on-the-job training, work simulations and samples, assessment techniques and centres, counselling, job rotation, and

apprenticeships) while strategy 3 is aimed at the highly variable, internal determinants, which are generally the most individually controllable and may influence self-efficacy most immediately. This is because persuasion via the forms of counselling or coaching may clarify the pros and cons of various performance strategies. Also, counselling can address psychological strategies that may increase task performance. Finally, training may be required to improve an awareness of correct strategies or effort considerations.

## **2.11. Conceptual Framework**

Bird (1988) proposes a framework that focuses on the conscious and intended act of new venture creation. Boyd *et al.* (1994) further develop Bird's model of entrepreneurial intentionality by suggesting that individual self-efficacy, influences the complex process of new venture creation.

According to Bird's framework, individuals are predisposed to entrepreneurial intentions based upon a combination of both personal and contextual factors. Personal factors include prior experience as an entrepreneur, personality characteristics, and abilities. Learned (1992) suggests that these background factors influence the propensity of the individual to found a new venture. The contextual factors of entrepreneurship consist of social, political, and economic variables such as displacement, changes in markets, and government deregulation (Bird, 1988). Thus, entrepreneurial intentionality incorporates contextual factors and personal characteristics into a broader framework that attempts to explain why some people engage in entrepreneurial behaviour.

Supported by social psychology research, Boyd & Vozikis (1994) modifies Bird's model of entrepreneurial intentionality in order to incorporate antecedent factors that explain the strength of the relationship between intentions and behaviour. The authors maintain that it is necessary to add SE to Bird's model as SE appears to be a broader construct that also provides insight into the sources of efficacy judgments that subsequently influence behaviour and goal attainment. They propose that SE is an important explanatory variable in determining both the strength of entrepreneurial intentions and the likelihood that those intentions

will result in entrepreneurial actions. The integration of self-efficacy into Bird's model provides added insight into the cognitive process by which entrepreneurial intentions are both developed and carried out through specific behaviours (Boyd & Vozikis, 1994).

Boyd Vozikis (1994) explain their modified model as follows. Human behaviour is affected by conscious purposes, plans, goals, or intentions (Ryan, 1970). Intentions are formed based on the way in which people perceive their social and physical environment, as well as the way in which they anticipate the future outcomes of their behaviour. Perceived situations, expectations, attitudes, beliefs, and preferences influence the development of intentions and these perceptions are further influenced by factors that are unique to the historical development of the individual. People develop a repertory of "stored products" or prepared reactions to environmental stimulation that are products of their past history (*ibid*). Stored information evolves from the personal and contextual variables that have been the subject of previous research and influences the thought processes of the prospective entrepreneur.

Boyd & Vozikis' (1994) model further suggests that attitudes and perceptions regarding the creation of a new venture develop from these thought processes (through rational analytic thinking and intuitive holistic thinking) and influence the behavioural intentions of the prospective entrepreneur. Self-efficacy is also an outcome of these cognitive thought processes, and the development of self-efficacy is influenced specifically by mastery experiences, observational learning, social persuasion, and perceptions of physiological well-being that have been derived from the personal and contextual variables.

Finally, Boyd & Vozikis' (1994) model suggests that perceived self-efficacy will moderate the relationship between the development of entrepreneurial intentions and the likelihood that these intentions will result in entrepreneurial actions or behaviour. In other words, entrepreneurial intentions will not always result in new venture creation. A person will only initiate entrepreneurial actions when self-efficacy is high in relation to the perceived requirements of a specific opportunity.

This paper adds to Boyd & Vozikis' (1994) framework by adding mentoring as an antecedent to self-efficacy (see Appendix B).

## **2.12. Conclusion of Literature Review**

The literature review discussed the concept and definitions of entrepreneurship. It then contextualised this study by exploring the South African entrepreneurial environment, SMMEs, the perceptions and attitudes towards South African entrepreneurs, and Jewish South African entrepreneurs. Following this was the presentations of the relationship between education and entrepreneurship in South Africa, as well as skills development and training. Regarding the constructs of this research, mentoring and SE were investigated in details. Finally, a conceptual model was brought to contextualise this study.

To conclude, the hypotheses are restated.

***Hyp 1: Mentoring leads to higher perceived ESE in marketing than perceived ESE without mentoring.***

***Hyp 2: Mentoring leads to higher perceived entrepreneurial self-efficacy in innovation than perceived ESE without mentoring.***

***Hyp 3: Mentoring leads to higher perceived entrepreneurial self-efficacy in management skills than perceived ESE without mentoring.***

***Hyp 4: Mentoring leads to higher perceived entrepreneurial self-efficacy in risk taking than perceived ESE without mentoring.***

***Hyp 5: Mentoring leads to higher perceived entrepreneurial self-efficacy in financial control than perceived ESE without mentoring.***

## CHAPTER 3: RESEARCH METHODOLOGY

### 3.1 Research Methodology/Paradigm

This research is quantitative, cross-sectional and non-experimental. Quantitative research involves the collection of numerical data and the subsequent analysis of this data using mathematically based methods known as statistics. Statistical analysis proceeds from the ontological assumption that an objective reality exists which can be discovered utilising scientific methods (Muijs, 2010).

Because this research involves observation of the variables at a single point in time, it is cross-sectional in nature (Babbie & Mouton, 2004; Rosenthal & Rosnow, 1991).

In contradistinction to experimental research which is employed with the intent of establishing cause and effect relationships, non-experimental research does not search for the presence of this particular relationship (Cottrell & McKenzie, 2007). A study is classified as non-experimental when treatments or variables are not manipulated (Belli, 2006). Additionally, there is no control group in a non-experimental design, which is often used as a baseline measure against a group who has received or been exposed to the manipulated condition (Belli, 2006). The final identifying feature of a non-experimental design is the absence of a random assignment of study participants to both control and manipulation conditions (*ibid.*).

This study is considered non-experimental in nature because it measures existing perceptions of GSE and ESE that were not manipulated in any way, and there was also an absence of a control group and concomitant random assignment. Because non-experimental research does not allow for the establishment of cause and effect relationships, but rather permits inferences to be drawn about the relationships between existing variables, the current research permits conclusions to be of an inferential as opposed to causal nature (Cottrell & McKenzie, 2007).

## **3.2 Research Design**

This research paper employs a questionnaire, specifically an online questionnaire. This is because an online questionnaire is relatively inexpensive, allows for efficient and convenient data collection, the respondents feel more comfortable due to ease of filling out the survey, and it will allow short turnaround of results because results can be tallied as respondents complete the questionnaire (Cooper & Schindler, 2011). However, there are potential concerns that by using a questionnaire, its structure of using predetermined questions could miss vital issues pertaining to the respondents' internal world and attitudes which may give a more accurate picture of the employee's resources and various capitals (Nadler, 1977).

## **3.3 Population and Sample**

### ***3.3.1 Population***

The population comprises of South African entrepreneurs/businesspeople who own and manage SMMEs.

### ***3.3.2 Sample and Sampling Method***

Probability samples involve the selection of a random sample from a list containing the names of every individual in the population and are appropriate for large-scale, generally national level research. Non-probability sampling, on the other hand, is utilised when access to the entire population is impossible to obtain (Babbie, 2010). Four primary types of non-probability sampling methods are utilised, including convenience, purposive, quota and snowball sampling.

This research employed convenience sampling, where the sample is derived on the basis of availability or convenience. Thus, the current research sample was secured by approaching a particular non-profit organisation. The researcher used the organisation to grant permission for access to its client population.

The unit of study is those Jewish entrepreneurs who are currently partnering with the ORT JET organisation. ORT JET is a non-profit organisation that provides mentoring, transfer of business skills and business development guidance to Jewish entrepreneurs and businesspeople. The mentoring is carried out by volunteers (entrepreneurs/businesspeople) from the Jewish community.

### **3.4 The Research Instrument**

Provided the efficacy measures tailored to the specific tasks being assessed, SE can be applied to a variety of domains (Bandura, 1982). As the measure becomes more general, the predictive power will be sacrificed (Gist, 1987). In other words, in order to maintain its predictive power, the assessment of efficacy has to be at a specific task level, regardless of the specificity of the task domain (Chen *et al.*, 1998). Therefore, a balance has to be reached between specificity and generality in order to adequately but sparingly define a career domain. This paper addresses this issue by combining GSE with ESE. This paper adopts the view of Urban (2006, 2008) that rather than being a substitute or replacement for ESE, GSE supplements it that is predicted to be useful when the performance under scrutiny is generalised, such as in entrepreneurship.

Based on numerous research on ESE done by Urban (2006, 2008, 2010, 2011), this paper uses a four-part questionnaire instrument, namely, a part on general information and control variables, a part on GSE, a part on ESE, and a part on the effect of mentoring on ESE.

In part one, socio-demographic variables are measured and given as percentages in order to maintain consistency with previous research on individual differences in entrepreneurship (Urban, 2006). These variables include gender of the respondent, age group, highest educational qualification attained, presence or absence of role models.

Part two includes an 8-item GSE scale of Chen *et al.* (2001). This scale is measured on a 5-point Likert scale, 1 being strongly disagree, and 5 being strongly agree. The 8 items are:

1. *I will be able to achieve most of the goals that I have set for myself.*
2. *When facing difficult tasks, I am certain that I will accomplish them.*
3. *In general, I think that I can obtain outcomes that are important to me.*
4. *I believe I can succeed at most any endeavor to which I set my mind.*
5. *I will be able to successfully overcome many challenges.*
6. *I am confident that I can perform effectively on many different tasks.*
7. *Compared to other people, I can do most tasks very well.*
8. *Even when things are tough, I can perform quite well.*

For the third part, this paper adopts Chen *et al.*'s (1998) method of measuring ESE-as utilised by Urban (2010). Chen *et al.* (1998) developed "a conceptual framework of task requirements on the basis of which self-efficacy of a domain is aggregated from self-efficacy of various constituent subdomains" (Urban, 2006), specifically the dimensions of marketing, innovation, management, risk-taking, and financial control. According to the authors' view, these particular ESE constructs predict the probability of an individual being an entrepreneur. Indeed, McGee, Peterson, Mueller, & Sequeira, (2009) found that a properly designed entrepreneurship education program should take into account the multi-dimensional and sequential nature of entrepreneurial tasks. Respondents were asked for their degree of current competence in each of Chen *et al.*'s (1998) five dimensions, namely marketing, innovation, management skills, risk-taking, and financial control. All these questions are represented on a 5-point Likert-type scale, 1 being strongly disagree, and 5 being strongly agree. The ESE items are phrased as "can do" rather than "will do" because the phrase "can do" is a judgement of capability while "will do" is a statement of intention (Urban, 2006). This scale is measured on a 5-point Likert scale, 1 being strongly disagree, and 5 being strongly agree. As Urban (2010) points out, although the scales concerned are susceptible to the error of central tendency, there is no conclusive support for choosing a scale with less or more points (Cooper & Schindler, 2001).



Finally, part four again includes Chen *et al.*'s (1998) method of measuring ESE, with modifications made by including the perceived effect of mentoring on the respondents' ESE. This scale is called *mentoring ESE (MESE)* and is measured on a 5-point Likert scale, 1 being strongly disagree, and 5 being strongly agree.

### **3.5 Procedure for Data Collection**

The questionnaire was created online on Survey Monkey ([www.Surveymonkey.com](http://www.Surveymonkey.com)) to ensure quick and efficient dissemination as well as quick data collection. It was emailed to the CEO and the operations manager of ORT JET for authorisation and verification. The ORT JET operations manager had concerns about the survey as ORT JET had already just sent out a survey two months earlier, and they were concerned that sending out another survey so soon would be burdensome to their clients. As a compromise, it was agreed that ORT JET would send a preliminary cover letter requesting clients/respondents to voluntarily opt in to fill out the survey. This arrangement greatly reduced the number of actual respondents. Questionnaires were sent out to all 457 entrepreneurs in ORT JET's database. Of these, 39 responded and conducted the survey. The respondents had two weeks to fill in the questionnaire online, and an email will be sent a week after commencement of the survey, reminding those employees who have not yet done the questionnaire.

### **3.6 Data Analysis and Interpretation**

Factor analytic techniques are subsequently used to identify final measurement items. For example, Chen *et al.* (1998) developed an ESE scale by referencing 36 entrepreneurial roles and tasks which, in turn, were reduced to a 26-item measurement instrument. Factor analysis identified 22 items that loaded on five distinct dimensions: (1) marketing, (2) innovation, (3) management, (4) risk taking, and (5) financial control. Such techniques produce viable task-specific ESE measurement instruments that allows researchers to distinguish entrepreneurs from non-entrepreneurs (*ibid.*), better understand entrepreneurial decision-making processes (Forbes, 2005), and effectively predict

entrepreneurial intentions (De Noble, Jung, & Ehrlich, 1999). However, the factor structure of ESE is itself not yet clearly established. A confirmatory factor analysis by Drnovsek and Glas (2002) yielded measures of fit that were suboptimal and led the authors to conclude that the scale needed further refinement. Moreover, because of the newness of this construct and the theory surrounding it, the theoretical and empirical bases upon which one might base predictions concerning the component factors of ESE remain inadequate (Forbes, 2005). Yet, the overall reliability of the scale has been high in both Chen *et al.*'s original study, where the Cronbach alpha was 0.89, and in the study by Drnovsek and Glas, where the alpha was 0.84.

### **3.7 Limitations of the Study**

First, a study like this one is limited by the early stage of development in theory of the GSE and ESE constructs and subsequent measures.

Second, the restricted sampling frame-both in quantity and in the specificity of the demographic sampled- limits the research.

Third, since this study is cross-sectional, the results should be interpreted with caution.

Fourth, concerning the statistical testing with this type of analysis, there is always the possibility of reaching the wrong conclusion (Urban, 2010). Consequently, the study is subject to Type 1 and Type 2 errors, which are endemic to this type of analysis and which are well documented in academic literature (Cooper & Schindler, 2001).

Fifth, as can be seen in this paper's conceptual framework, only the relationship between mentoring and self-efficacy was addressed. Because mentoring is interconnected to the other constructs and concepts, their relationship needs further research and investigation.

Sixth and finally, there is the limitation of the ESE construct itself. While the ESE construct is quite promising, it remains empirically underdeveloped and

consequently, scholars have called for further refinement of the construct (e.g., Forbes, 2005; Kolvereid & Isaksen, 2006).

Furthermore, while there is quite a lot of literature on ESE, there are still three obstacles that impede further development and effective application of the construct (McGee *et al.*, 2009). First, there is disagreement as to whether the ESE construct is more appropriate than general self-efficacy (GSE). Second, there is inconsistency in the manner in which researchers attempt to capture the dimensionality of the ESE construct. Third, ESE researchers appear to be overly reliant on data collected from university students and practicing entrepreneurs.

Regarding the first obstacle, there remains fundamental disagreement regarding the very need for an ESE construct (McGee *et al.*, 2009). Some researchers argue that a GSE construct is sufficient, as it is a relatively stable, trait-like, generalized competence belief (Chen *et al.*, 2004). They advocate utilising a measure of the GSE construct because entrepreneurs require a diverse set of roles and skill sets. Therefore, they believe it would simply be too difficult to identify a comprehensive, yet concise, list of specific tasks explicitly associated with entrepreneurial activities (Markman *et al.*, 2002). Practically speaking, these researchers argue that it is much easier to measure GSE than to explicitly capture the nuances of ESE (McGee *et al.*, 2009). However, as mentioned earlier, Bandura (1977, 1997) disagrees and asserts that SE should be focused on a specific context and activity domain. The more task specific one can make the measurement of self-efficacy, the better the predictive role efficacy is likely to play in research on the task-specific outcomes of interest (Bandura, 1997). Furthermore, while a composite measure of self-efficacy would be arguably more convenient, a number of scholars have sacrificed convenience in favour of greater predictive power (e.g., Begley & Tan, 2001; Chen *et al.*, 1998; De Noble *et al.*, 1999; Forbes, 2005; Kolvereid & Isaksen, 2006).

Concerning the second obstacle, while Chen did identify five underlying factors or dimensions of the ESE construct, they did rely on a total ESE score. McGee *et al.*, (2009) argue that although this technique allowed them to effectively

distinguish entrepreneurs and managers, their results offered little insight on the importance of the construct's specific underlying dimensions (e.g., marketing, innovation, etc.). In other words, a total or composite measure of ESE fails to provide insight into what specific areas of self-efficacy are most influential.

Finally, regarding the third obstacle, there has been the lack of diversity in those populations sampled and tested. For example, much of the existing empirical research has relied on data collected exclusively from samples of university students (e.g., Begley & Tan, 2001; De Noble *et al.*, 1999; Wilson *et al.*, 2007; Chen *et al.*, 1998; Zhao, Seibert, & Hills, 2005) or existing entrepreneurs and/or small business owners (Baum & Locke, 2004; Forbes, 2005; Markman *et al.*, 2002). The primary concern of McGee *et al.*, (2009) is that data collected from business owners present another set of limitations. Such individuals have already committed to starting a small business; therefore, their perceptions of ESE as it relates to entrepreneurial intentions must be inherently retroactive. Furthermore, as Markman *et al.* (2002) admit, it is quite difficult to determine the causal direction of ESE.

### **3.8 Validity and Reliability of Research**

#### **3.8.1 External Validity**

External validity is defined as the data's ability to be generalised across persons, settings, and times i.e. how well the data represents the characteristics of the population it represents (Cooper & Schindler 2011). To maintain the integrity of this research's external validity, a pilot test was planned prior to the finalised survey being emailed out. However, due to time constraints caused by several factors, this was not possible.

The results of this research can be applied to other non-Jewish entrepreneurs.

### **3.8.2 Internal Validity**

Internal validity is the ability of a research instrument to measure what it is that it alleges to measure i.e. does the research instrument actually measure what its designer claims it does (Cooper & Schindler, 2011). Enhancement of the internal validity can be accomplished by keeping a thorough audit trail for the data collection and analysis procedures.

The predictive validity of self-efficacy is well established, and predictive validity is part of overall construct validity (Cook & Campbell, 1979).

However, it should be noted that from a construct validity point of view, SE is unique (Gist and Mitchell, 1992). In many behavioural research situations, construct validity is established by showing that different measures of the same construct are highly correlated (Campbell & Fisk, 1959). When measuring self-efficacy, an individual is asked to predict performance, yet the criterion to which self-efficacy should be related most is also performance. Thus, predictive validity for self-efficacy is conceptually similar to the way in which construct validity would be assessed, and support for predictive validity can be construed as partial support for construct validity (Landy, 1986). Support for the theory can be paralleled with the support generated from the Fishbein and Ajzen (1975) and Ajzen and Fishbein (1980) model of attitudes, in which a very specific intention to engage in a very specific behaviour is correlated with the demonstrated behaviour. It is thus theorized that when the correlations are high, then the support is strong and unambiguous; it supports both the measure and the theory.

### **3.8.3 Reliability**

Reliability demonstrates the extent to which “a particular technique, applied repeatedly to the same object, yields the same result each time” (Babbie, 2010). Furthermore, reliability is concerned with estimates of the degree to which a measurement is free from random error-a measure is reliable to the degree that it supplies consistent results (Cooper & Schindler 2011).

As done by Janssens *et al.* (2006), the reliability of the measures will be examined by two indicators. Firstly, composite construct reliability is calculated. An acceptable, but absolutely minimum threshold value is 0.60. (0.70 is preferable). Secondly, average variance extracted is calculated and here it is recommended that values should exceed 0.50 for a construct (Steenkamp & van Trijp, 1991).

In accordance with standard practice, Cronbach Alphas were calculated in order to measure reliability of the current study's instrumentation. As such, Cronbach Alphas were computed for the eight-item GSE scale of Chen *et al.* (2001), Chen *et al.*'s (1998) five-subdomain method of measuring ESE, as well as Chen *et al.*'s (1998) method of measuring ESE, with modifications made by including the perceived effect of mentoring on the respondents' ESE.

### **3.8.4 Correlations**

Correlations indicate the extent to which two variables are related (Somekh & Lewin, 2009). They represent the strength of association between variables in a linear relationship and describe the extent to which one variable changes in relation to a change in the other. Correlations are measured by means of a correlation coefficient and values run on a continuum of -1 to +1, with both extremes indicating that the data comprises a perfectly straight line. While an  $r$  value of 0.00 represents a lack of relationship between the variables, a negative  $r$  value depicts a negative relationship and implies that an increase in the value of one variable is associated with a decrease in the value of the other. In contrast, a positive correlation coefficient value indicates a positive relationship and implies that an increase in the value of one variable is accompanied by an increase in the other and vice versa. In addition to the directionality of the relationship, the  $r$  value also indicates the strength of the relationship with high values reflecting a strong association between the variables (*ibid*).

In the current analysis, correlation analyses, using the Pearson Product Moment Coefficient were employed in order to assess whether associations existed between the independent variable, the dependent variable, and mediator and to evaluate whether these associations proceeded in the expected

direction, which is a prerequisite of any mediational analysis.

## **CHAPTER 4: PRESENTATION OF RESULTS- DESCRIPTIVE STATISTICS**

### **4.1 Introduction**

This chapter presents the results pertaining to demographics (age, gender, education qualification, number of years being mentored by ORT JET), GSE, and overall and per sub-item match paired t tests on all 5 levels of ESE incorporating before and after intervention of ORT JET mentoring.

### **4.2 Demographic profile of respondents**

#### **4.2.1 Age**

The 51-60 year age group constituted the largest category of respondents at 31%, followed closely by the 31-40 year age group (29%). While both the 41-50 year age group as well as the 60+ year age group each made up 20% of the total sample, the youngest age group, 20-30 years, was not represented at all (see table 2 below).

**Table 2: Age distribution of respondents**

<b>Age Group</b>	<b>Frequency</b>	<b>Percentage</b>
20- 30	0	0%
31-40	10	29%
41-50	7	20%
51 - 60 Years	11	31%
60+	7	20%

## 4.2.2 Gender

Male respondents outnumbered female respondents by a factor of almost 2 to 1, with males comprising of 66% of the total sample and females 34% (see table 3 below)

**Table 3: Gender distribution of respondents**

	Frequency	Percentage
Female	12	34%
Male	23	66%
<b>Total</b>	<b>35</b>	<b>100%</b>

## 4.2.3 Education Qualification

40% of respondents had an undergraduate degree, while a high number (34%) had attained a postgraduate degree. 20% of respondents had a matric as their highest education qualification, and only 2 respondents (6%) never finished high school (see table 4 below).

**Table 4: Education qualification distribution of respondents**

	Frequency	Percentage
High School	2	6%
Matric	7	20%
Undergraduate	14	40%
Postgraduate	12	34%
<b>Total</b>	<b>35</b>	<b>100%</b>

## 4.2.6 Number of Years Being Mentored by ORT JET

There is a relatively even spread of how many years respondents have been mentored by ORT JET. The smallest represented group is also the group with the shortest time period (0-1 years) with 20% of total respondents, while the



largest group are respondents who have been with ORT JET for 2-4 years (29%)

**Table 5: Distribution of number of years with ORT JET of respondents**

	Frequency	Percentage
0-1 year	7	20%
1-2 years	9	26%
2-4 years	10	29%
4+ years	9	26%
<b>Total</b>	<b>35</b>	<b>100%</b>

### 4.3 GSE

As previously mentioned, General Self-Efficacy (GSE) is defined as one’s belief in one’s overall competence to affect requisite performance across a wide variety of achievement situations (Chen *et al.*, 2001). GSE is a relatively stable, trait-like generalised competence belief (Chen *et al.*, 2000, Chen *et al.*, 2001) and is a basic self-evaluation trait that strongly affects how people act and react in various settings (Judge *et al.*, 1997).

Overall, respondents have a high GSE and are confident in their abilities to perform various tasks in different situations. Four of the eight questions scored 4 or above (from highest to lowest: In general, I think I can obtain outcomes that are important; Even when things are tough, I can perform quite well; I believe I can succeed at almost any endeavour to which I set myself; I am confident that I can perform effectively on different tasks) while the remaining four questions scored above 3.5.

Respondents answered almost all GSE questions with very few missing scores. For each item, missing values are replaced with the item mean (see table 6 below).

**Table 6: GSE of respondents**

GSE	Mean	Std. Deviation	Analysis N	Missing N
I will be able to achieve most of the goals I have set for myself.	3.69	.922	39	0
When facing difficult tasks, I am certain I will accomplish them.	3.76	.872	39	1
In general, I think I can obtain outcomes that are important.	4.13	.801	39	0
I will be able to successfully overcome many challenges.	3.95	.793	39	0
Compared to other people, I can do most tasks very well.	3.86	.950	39	2
Even when things are tough, I can perform quite well.	4.13	.801	39	0
I am confident that I can perform effectively on different tasks.	4.00	.795	39	1
I believe I can succeed at almost any endeavour to which I set myself.	4.03	.873	39	0

## 4.5 Construct Validity

Construct validity requires reliability and unidimensionality which are assessed through the Cronbach's  $\alpha$  and Factor Analysis respectively.

### 4.5.1 Reliability

To assess **construct reliability** of the variables making up each construct, the reliability of each group of variables was assessed by means of Cronbach's  $\alpha$ .

Cronbach's  $\alpha$  is defined as

$$\alpha = \frac{K}{K-1} \left( 1 - \frac{\sum_{i=1}^K \sigma_{Y_i}^2}{\sigma_X^2} \right)$$

where  $K$  is the number of indicators,  $\sigma_X^2$  the variance of the observed total scores, and  $\sigma_{Y_i}^2$  the variance of indicator  $i$ .

Cronbach's  $\alpha$  should be greater than or equal to 0.70 for adequate reliability. All constructs show adequate reliability as Cronbach's  $\alpha$  values are above 0.70

The Cronbach alpha for the General Self Efficacy scale is 0.88, indicating a high level of consistency amongst the items. Similarly, the subscales of Entrepreneurial self-efficacy reflected similarly high levels of consistency with ESE Marketing, Innovation and Financial Control yielding Cronbach Alpha values of 0.83, 0.89 and 0.83 respectively. Similarly, ESE Management Skills yielded a value of 0.85 while ESE Risk Taking yielded a Cronbach Alpha value of 0.78.

When assessing the consistency of the Mentoring/ ESE scale, the subscales yielded high Cronbach Alpha values. Mentoring ESE Marketing yielded a value of 0.92 while Mentoring/ESE Innovation yielded a value of 0.94. Mentoring/ ESE Management Skills and Mentoring/ESE Risk Taking yielded values of 0.94 and 0.87 respectively. Finally, Mentoring/ ESE Financial Control yielded a value of 0.93.

#### **4.5.2 Factor Analysis**

Factor analysis was conducted to establish construct unidimensionality, whereby all the indicators of the same construct should load onto one factor. All constructs loaded onto one factor each as indicated, for different constructs below. From the results obtained, all constructs are valid. Factor Analysis show unidimensionality exhibited in all constructs.

Confirmatory factor analysis was conducted for the ESE scale in order to assess whether the items loaded on the different factors as indicated in prior research. Furthermore, exploratory factor analysis was undertaken in order to assess whether the items of the Mentoring/ESE (MESE) scale, a modified version of the ESE scale loaded onto the expected factors.

Given that the MESE scale was a self-constructed modification of the existing ESE scale, it was interesting to note that the scale items loaded onto the same factors as found in the original ESE scale. Thus, this provided support for the

MESE scale as utilised in the current research and lends credibility to the findings based on the sound instrumentation employed in the current analysis.

## **4.6 Correlations**

This paper will now perform correlations within constructs comparing before mentorship intervention and after mentorship intervention. For all distribution tables and charts, correlation is significant at the 0.05 level (see Appendix E).

### *Marketing*

The marketing item construct shows consistent unimodal scores before and after mentoring with most respondents being neutral about the statements.

### *Innovation*

The innovation item shows consistent unimodal scores before and after mentoring with most respondents being neutral about the statements.

### *Management Skills*

The management skills item shows consistent unimodal distribution of scores before and after mentoring with most respondents being neutral about the statements.

### *Risk Taking*

Regarding the risk taking item, respondents agree to the last 2 statements before mentorship while most are neutral to the same questions post mentorship.

### *Financial Control*

Regarding the financial control item, respondents mostly disagree with the statements before and after mentorship. There is a weak positive correlation between ESE

financial control and MESE financial control at significant level much higher than 0.05 implying mentorship has low positive impact on the financial control construct.

## 4.7 Results

This paper now presents the results pertaining to the abovementioned five hypotheses. Note that consistent throughout is that the results are significant at  $\alpha=0.05$ .

### 4.7.1 Overall Overview

For the items of innovation and risk taking, there are significant relationships between ORT JET's mentoring program and ESE. For the remaining three items of marketing, management skills, and financial control, there are no significant relationships between ORT JET's mentoring program and ESE.

For the items of innovation, management skills, risk taking, and financial control, the means after mentoring were considerably lower than the means before mentoring. The item of marketing shows that the means stayed the same (see table 7 below).

**Table 7: t-test: Overall means before and after intervention (n=35).**

Item	Overall Mean Before	Overall Mean After	t	p
Marketing	2.62	2.62	-	-
<b>Innovation</b>	<b>3.35</b>	<b>2.79</b>	<b>3.41</b>	<b>0.0002</b>
Management Skills	3.19	2.82	2.03	0.05
<b>Risk Taking</b>	<b>3.46</b>	<b>2.75</b>	<b>4.55</b>	<b>0.0001</b>
Financial Control	2.76	2.53	1.11	0.28

#### **4.7.1 Hypothesis 1: Mentoring leads to higher perceived ESE in marketing.**

The sub-items of ‘setting and meeting market goals’, and ‘setting and meeting sales goals’ show an increase in the mean from before mentoring intervention to after mentoring intervention. The other two sub-items of ‘establishing a position in the marketplace’ and ‘conducting market analyses’ show a decrease in the mean from before mentoring intervention to after mentoring intervention (see tables 8 and 9 below).

**Table 8: ESE: Marketing means**

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Sentiment Mean
<b>ESE MARKETING</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	
I can set and meet market share goals	5%	16%	38%	38%	3%	3.16
I can set and meet sales goals	5%	24%	46%	22%	3%	2.92
I can establish a position in the marketplace	3%	14%	30%	41%	14%	3.49
I can conduct market analysis	14%	27%	30%	22%	8%	2.84

**Table 9: MESE: Marketing means**

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Sentiment Mean
<b>MESE MARKETING</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	
Because of ORT JET, I am now more able to set and meet market share goals.	6%	15%	41%	32%	6%	3.18
Because of ORT JET, I am now more able to set and meet sales goals.	6%	21%	50%	18%	6%	2.97
Because of ORT JET, I am now more able to establish a position in the marketplace.	6%	21%	32%	35%	6%	3.15
Because of ORT JET, I am now more able to conduct market analysis.	6%	29%	53%	9%	3%	2.74

### ***Hypothesis 1: Rejected***

#### ***4.7.2 Hypothesis 2: Mentoring leads to higher perceived entrepreneurial self-efficacy in innovation.***

Overall, there is a significant difference for innovation ( $t=3.41$ ,  $p=0.0002$ ).

All the sub-items of innovation show a decrease in the mean from before mentoring intervention to after mentoring intervention (see tables 10 and 11 below).

**Table 10: ESE: Innovation means**

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Sentiment Mean
<b>ESE INNOVATION</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	
I am good at developing new business ideas.	3%	11%	23%	40%	23%	3.69
I am good at developing new products or services.	3%	19%	17%	33%	28%	3.64
I can find new markets and territories.	3%	19%	32%	32%	14%	3.35
I can develop new methods of production or systems.	3%	11%	38%	30%	19%	3.51

**Table 11: MESE: Innovation means**

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Sentiment Mean
<b>MESE INNOVATION</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	
Because of ORT JET, I am now more able to develop new business ideas.	3%	18%	47%	26%	6%	3.15
Because of ORT JET, I am now more able to develop new products or services.	3%	17%	49%	26%	6%	3.14
Because of ORT JET, I am now more able to find new markets and territories.	3%	11%	51%	29%	6%	3.23
Because of ORT JET, I am now more able to develop new methods of production or systems.	3%	23%	54%	17%	3%	2.94

***Hypothesis 2: Rejected***

**4.7.3 *Hypothesis 3: Mentoring leads to higher perceived entrepreneurial self-efficacy in management skills.***

Overall, there is not a significant difference for management skills ( $t=2.03$ ,  $p=0.05$ ).

All the sub-items of management skills show a considerable decrease in the mean from before mentoring intervention to after mentoring intervention (see tables 12 and 13 below).

**Table 12: ESE: Management skills means**

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Sentiment Mean
<b>ESE MANAGEMENT SKILLS</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	
I can reduce risk and deal with uncertainty.	0%	25%	22%	44%	8%	3.36
I am good at strategic planning.	3%	28%	19%	28%	22%	3.39
I can establish and achieve goals and objectives.	0%	11%	36%	44%	8%	3.50
I can define organisational roles/responsibilities.	3%	14%	14%	58%	11%	3.61

**Table 13: MESE: Management skills means**

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Sentiment Mean
<b>MESE MANAGEMENT SKILLS</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	
Because of ORT JET, I am now more able to reduce risk and deal with uncertainty.	3%	26%	37%	34%	0%	3.03
Because of ORT JET, I am now better at strategic planning.	3%	23%	37%	31%	6%	3.14
Because of ORT JET, I am now more able to establish and achieve goals and objectives.	3%	20%	31%	40%	6%	3.26
Because of ORT JET, I am now more able to define organisational roles/responsibilities.	3%	14%	51%	26%	6%	3.17

### ***Hypothesis 3: Rejected***

#### **4.7.4 Hypothesis 4: *Mentoring leads to higher perceived entrepreneurial self-efficacy in risk taking.***

Overall, there is a significant difference for innovation ( $t=4.55$ ,  $p<0.0001$ ).



The sub-items of ‘setting and meeting market goals’, and ‘setting and meeting sales goals’ show an increase in the mean from before mentoring intervention to after mentoring intervention. The other two sub-items of ‘establishing a position in the marketplace’ and ‘conducting market analyses show a decrease in the mean from before mentoring intervention to after mentoring intervention (see tables 14 and 15 below).

**Table 14: ESE: Risk taking means**

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Sentiment Mean
<b>ESE RISK TAKING</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	
I take calculated risks.	0%	17%	22%	50%	11%	3.56
I am comfortable with uncertainty and risk.	3%	25%	31%	31%	11%	3.22
I can take responsibility for ideas and decisions.	0%	3%	6%	53%	38%	4.26
I can work under pressure and conflict.	3%	6%	9%	51%	31%	4.03

**Table 15: MESE: Risk taking means**

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Sentiment Mean
<b>MESE RISK TAKING</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	
Because of ORT JET, I am now more able to take calculated risks.	3%	20%	46%	29%	3%	3.09
Because of ORT JET, I am now more comfortable with uncertainty and risk.	3%	30%	42%	24%	0%	2.88
Because of ORT JET, I am now more able to take responsibility for ideas and decisions.	3%	19%	34%	41%	3%	3.22
Because of ORT JET, I am now more able to work under pressure and conflict.	6%	11%	46%	37%	0%	3.14

### ***Hypothesis 4: Rejected***

#### **4.7.5 Hypothesis 5: *Mentoring leads to higher perceived entrepreneurial self-efficacy in financial control.***

Overall, there is not a significant difference for management skills ( $t=1.11$ ,  $p=0.28$ ).

The sub-item of 'performing financial analysis' shows an increase in the mean from before mentoring intervention to after mentoring intervention. The other two sub-items of 'developing financial systems' and 'controlling costs' show a decrease in the mean from before mentoring intervention to after mentoring intervention (see tables 16 and 17 below).

**Table 16: ESE: Financial control means**

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Sentiment Mean
<b>ESE FINANCIAL CONTROL</b>	1	2	3	4	5	
I can perform financial analysis.	11%	28%	28%	25%	8%	2.92
I can develop financial systems.	17%	33%	33%	8%	8%	2.58
I can control costs.	0%	17%	31%	42%	11%	3.47

**Table 17: MESE: Financial control means**

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Sentiment Mean
<b>MESE FINANCIAL CONTROL</b>	1	2	3	4	5	
Because of ORT JET, I am now more able to perform financial analysis.	6%	23%	63%	9%	0%	2.74
Because of ORT JET, I am now more able to develop financial systems.	3%	26%	59%	12%	0%	2.79
Because of ORT JET, I am now more able to control costs.	3%	20%	54%	23%	0%	2.97

***Hypothesis 5: Rejected***

## **CHAPTER 5: DISCUSSION OF THE RESULTS**

### **5.1 Introduction**

This chapter will discuss and explain the results from the previous chapter, namely demographics, GSE, and the five hypotheses.

## **5.2 Demographic profile of respondents**

### **5.2.1 Age**

All respondents are over 30 years of age. While the age groups of 31-40 years old (31%), 51-60 years old (29%), 60+ (20%), and 41-50 years old (20%) are represented, there was not one respondent from the 20-30 years old age group.

Concerning their respective youngest age group, there is consistency between this study's results and the results of the GEM Report (2010). The previously mentioned premises of Bosma *et al.* (2008)-that the desire to start a business tends to reduce with age, while at the same time, perceived skills tends to increase with age-does not fit with this study's results. This can possibly be explained by the respondents' high GSE scores (discussed below) which indicate that they are more confident to start a new business, even as they get older.

### **5.2.2 Gender**

Male respondents outnumbered female respondents by a factor of almost 2 to 1 (66% to 34%) with males comprising of 66% of the total sample and females 34%. While this ration of male/females is higher than the GEM Report (2010) ratio of 1.5-1.6 to 1 from the years 2001-2009, this study's results should be treated with caution due to its small sample size. Nevertheless, it can still be hypothesised that a high discrepancy between male and female entrepreneurs in the Jewish community may be due to an accepted social norm for females to look after the family and home while the males go out into business and earn money for the family.

### **5.2.3 Education Qualification**

Almost three quarters of the total sample either had an undergraduate degree (40%) or a postgraduate degree (34%). Of the remainder, 20% had a matric while only 6% did not finish high school. This appears to support the claim that

those with matric and/or tertiary education were significantly more likely to own and/or manage a start-up than those without matric, and having a tertiary education significantly increases the probability that a person would be the owner/manager of a new firm which had managed to survive beyond the start-up phase (GEM Report, 2001).

The 21-30 years age group makes up the majority of respondents who have attained an undergraduate degree as their highest education qualification (60%), followed by the 41-50 years age group (36.4%). Additionally, the 41-50 year age group contains the majority (and by far the most number) of respondents with a postgraduate degree (54.5%).

It appears that tertiary education is an important value in the South African Jewish community. This is substantiated by the fact that 74% of respondents have at least an undergraduate degree, by the fact that there is an even spread of respondents with tertiary degree across all age groups, by the fact that 94% of the sample have at least a matric.

### **5.2.5 Number of Years Being Mentored by ORT JET**

In order for mentoring to be effective and most beneficial, it must be implemented with a long-term view in mind. Kram's (1983) four stages of evolution through which a mentoring relationship progresses, (namely initiation, cultivation, separation and redefinition), usually takes five years. Most importantly, the second stage of cultivation is the most critical as it is when the range of functions provided by the mentor to the protégé is maximized. This phase usually lasts from two years to five years (*ibid*).

This study's data show that 80% of respondents have been with ORT JET for this critical two to five year period. This indicates that ORT JET is committed to mentoring its protégés for the long-term and by doing so, the entrepreneurs are giving them the best chance to maximise the benefits from the mentor/protégé relationship in their business and entrepreneurial endeavours.

### **5.3 GSE**

GSE both captures motivational beliefs and judgements regarding one's task capabilities (Betz & Klein, 1996; Brockner, 1998; Chen *et al.*, 2001; Gardner & Pierce, 1998) as well as helps explain individual differences in motivation, attitudes, learning, and task performance (e.g., Chen *et al.*, 2001; Judge *et al.*, 1997). In short, GSE is a basic self-evaluation trait that strongly affects how people act and react in various settings (Judge *et al.*, 1997).

It is clear from the data that the respondents score highly in GSE. It is possible that several factors contribute to this. First, the respondents' high education levels may be a contributing factor in instilling confidence in their beliefs to tackle tasks, both from the point of view of having attained the knowledge and know-how that tertiary education offers, and also from the confidence and sense of achievement instilled in one by finishing a undergraduate degree. Second, the respondents, as South African Jews, live and exist in a very supportive communal environment. The South African Jewish community is very supportive of its members and aids them in numerous ways, including its own safety and security initiative (the Community Armed Protection), its own emergency services service (Hatzalah), and its own charity and welfare organisation (Chevra Kadisha) which caters and helps thousands of elderly and poor Jews. There are also many other small funds in the Jewish community that help sponsor less fortunate Jewish learners attend Jewish day schools and even tertiary institutions. Therefore, it is possible that the respondents have high GSE because they have a very supportive community behind them, one that can assist them in various ways, from mentoring that ORT JET affords to various interest-free loans available especially to the Jewish community.

### **5.4 Discussion Pertaining to Hypotheses**

All five hypotheses were rejected. Only three out of the total of nineteen sub-item questions ('I can set and meet market share goals', 'I can set and meet sales goals', and 'I can perform financial analysis') show that the mentoring

offered by ORT JET had a positive impact on respondents in increasing their ESE.

While these results are surprising, there are a few possible explanations as to why the respondents perceive that, for the most part, mentoring offered by ORT JET does not increase their ESE.

First, this research may contain nonresponse bias. As the data show, there is missingness in the actual responses (only 35 out of the 39 respondents complete the survey).

Furthermore, because data were collected specifically from business owners, a unique set of limitations present themselves. According to McGee et al., (2009), such individuals have already committed to starting a small business; therefore, their perceptions of ESE as it relates to entrepreneurial intentions must be inherently retroactive. Therefore, this study's results may be skewed.

Second, the sample of this study is small and not necessarily representative of the entire population of ORT JET clients. Third, because ORT JET sent a preliminary cover letter requesting clients/respondents to voluntarily opt in to fill out the questionnaire of this study, this may have created self-selection bias and voluntary response bias. A voluntary respondent will often be on the extreme, therefore it makes sense that the ones with a negative experience replied. Scrutinising the data set reveals that there are indeed a few respondents who may have been dissatisfied with ORT JET, and who took the opportunity to vent their dissatisfaction in the survey. Together, these two points may explain the results. However, this does not invalidate the results at all.

In contrast, the fourth possibility posits that the data are indeed valid and reflect the notion that perhaps ORT JET's mentoring is not effective in increasing ESE in its clients. What are the possible reasons for this? It may be simply that ORT JET's methods of mentoring are inadequate and poorly implemented.

Fifth, and as an extension of the previous point, perhaps mentoring does in fact have a limited positive effect on ESE. Given the fact that the ESE construct of Chen *et al.*, (1998) is very task-specific, and given that entrepreneurs already

have already established levels of ESE, it could well be that mentoring serves to merely 'fine tune' one's ESE in specific areas, and not change it drastically and across all spheres. Further research is needed to see what role culture and support of one's community have on an entrepreneur's SE, GSE, and ESE, and then to research the SE constructs' relationship to mentoring.

## **CHAPTER 6: CONCLUSIONS, IMPLICATIONS AND RECOMMENDATIONS**

### **6.1 Conclusions of the Study, Implications, Recommendations, and Implications for Further Research**

This paper found that Jewish South African entrepreneurs did not perceived higher ESE from the mentoring offered to them. Out of nineteen sub-items, only in the three specific areas of 'setting and meeting market goals, setting and meeting sales goals, and performing financial analysis did mentoring have a positive perceived effect on ESE. Follow-up research is needed to ascertain why this is so.

On the other hand, the Jewish entrepreneurs of this study showed high GSE. While this research focused on mentoring and ESE, the results pertaining to GSE should not be overlooked. As stated previously, there are in fact researchers who argue that a GSE construct is sufficient, that there is no need for the ESE construct at all as GSE is a relatively stable, trait-like, generalized competence belief (McGee *et al.*, 2009; Chen *et al.*, 2004). The high GSE of Jewish entrepreneurs in this research, (i.e. their strong belief in their overall competence "to affect requisite performance across a wide variety of achievement situations" (Chen *et al.*, 2001)), coupled with the valuing of education as well as the overall support of the Jewish community, may, with further research, provide insights to government, policymakers and implementers of entrepreneurial and enterprise development as to what fosters a supportive entrepreneurial culture, one that promotes positive attitudes and

perceptions and that will potentially create entrepreneurial acumen amongst South Africans.

Regarding future research, there is no doubt that more research needs to be conducted on mentoring in South Africa, particularly studies on qualification & ability of the mentors, the clear setting of goals and structure of ORT JET's offerings, the structure of the actual mentoring interaction, the training of the mentor to coach, impart information and facilitate growth, how the mentor and protégé are matched together, the frequency of mentoring interactions, needs and expectations analyses of the protégés, given their unique and nice background, and the need to identify the needs of the mentors themselves.



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## **APPENDIX A**

### **ACTUAL RESEARCH INSTRUMENT**



## **APPENDIX B**

### **Conceptual Framework**

## **APPENDIX C**

### **Cover Letter Sent by ORT JET to its Clients on Behalf of This Research**

**Please assist ORT JET in serving you better!**

With the support of leading small business academics and experts, ORT JET is researching the effectiveness of mentoring on the growth of your business and your personal business skills.

This research will benefit you greatly as it will reveal your personal strengths and challenges in specific areas of running your business. Also, this research will assist ORT JET in improving its service you in providing more detailed feedback & assistance in your business endeavours.

We ask if you would be willing to fill out on an online survey that will take no more than 15 minutes of your time.

Please respond by replying "include me" to this mail and we will send you the survey.

Your prompt and urgent response is greatly appreciated.

Warm Regards

Cindy (Operations Manager)

# APPENDIX D

## Factor Analyses of ESE and MESE

### 1. ESE

#### *ESE Marketing*

	Component
<b>ESE MARKETING</b>	1
MARKETING: I can set and meet market share goals	.889
I can set and meet sales goals	.871
I can establish a position in the marketplace	.846
I can conduct market analysis.	.674

#### **Total Variance Explained.**

Component	Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %
1	2.719	67.985	67.985

#### *ESE Innovation*

	Component
<b>ESE INNOVATION</b>	1
INNOVATION: I am good at developing new business ideas.	.893
I am good at developing new products or services.	.944
I can find new markets and territories.	.812
I can develop new methods of production or systems.	.805

#### **Total Variance Explained.**

Component	Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %
1	2.996	74.908	74.908

## *ESE Management Skills*

<b>ESE</b>	Component
<b>MANAGEMENT SKILLS</b>	1
I can reduce risk and deal with uncertainty.	.827
I am good at strategic planning.	.846
I can establish and achieve goals and objectives.	.828
I can define organisational roles/responsibilities.	.847

### **Total Variance Explained**

Component	Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %
1	2.805	70.113	70.113

## *ESE Risk Taking*

	Component
<b>ESE RISK TAKING</b>	1
I take calculated risks.	.778
I am comfortable with uncertainty and risk.	.822
I can take responsibility for ideas and decisions.	.872
I can work under pressure and conflict.	.634

### **Total Variance Explained**

Component	Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %
1	2.442	61.057	61.057

## *ESE Financial Control*

<b>ESE</b>	Component
<b>FINANCIAL CONTROL</b>	1
I can perform financial analysis.	.914
I can develop financial systems.	.942
I can control costs.	.703

### **Total Variance Explained**

Component	Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %
1	2.218	73.929	73.929

Extraction Method: Principal Component Analysis.

## **2. MESE**

### *Mentoring/ESE Marketing*

	Component
<b>MESE MARKETING</b>	1
Because of ORT JET, I am now more able to set and meet market share goals.	.922
Because of ORT JET, I am now more able to set and meet sales goals.	.936
Because of ORT JET, I am now more able to establish a position in the marketplace.	.906
Because of ORT JET, I am now more able to conduct market analysis.	.841

### **Total Variance Explained**

Component	Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %
1	3.253	81.320	81.320

## Mentoring/ESE Innovation

	Component
<b>MESE INNOVATION</b>	1
Because of ORT JET, I am now more able to develop new business ideas.	.955
Because of ORT JET, I am now more able to develop new products or services.	.932
Because of ORT JET, I am now more able to find new markets and territories.	.901
Because of ORT JET, I am now more able to develop new methods of production or systems.	.860

### Total Variance Explained

Component	Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %
1	3.332	83.309	83.309

## *Mentoring/ESE Management Skills*

<b>MESE</b>	Component
<b>MANAGEMENT SKILLS</b>	1
Because of ORT JET, I am now more able to reduce risk and deal with uncertainty.	.914
Because of ORT JET, I am now better at strategic planning.	.905
Because of ORT JET, I am now more able to establish and achieve goals and objectives.	.946
Because of ORT JET, I am now more able to define organisational roles/responsibilities.	.924

### **Total Variance Explained**

Component	Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %
1	3.401	85.030	85.030

## */ESE Risk Taking*

	Component
<b>MESE RISK TAKING</b>	1
Because of ORT JET, I am now more able to take calculated risks.	.878
Because of ORT JET, I am now more comfortable with uncertainty and risk.	.655
Because of ORT JET, I am now more able to take responsibility for ideas and decisions.	.921
Because of ORT JET, I am now more able to work under pressure and conflict.	.895

### **Total Variance Explained**

Component	Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %
1	2.849	71.231	71.231

### *Mentoring/ESE Financial Control*

MESE	Component
FINANCIAL CONTROL	1
Because of ORT JET, I am now more able to perform financial analysis.	.950
Because of ORT JET, I am now more able to develop financial systems.	.905
Because of ORT JET, I am now more able to control costs.	.847

#### **Total Variance Explained**

Component	Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %
1	2.439	81.309	81.309



## APPENDIX E

### Correlations for ESE and MESE

#### *Marketing*

<b>Marketing</b>		ESE MARKETING	MESE MARKETING
ESE MARKETING	Pearson Correlation	1	.457
	Sig. (2-tailed)		.007
	N	37	34
MESE MARKETING	Pearson Correlation	.457	1
	Sig. (2-tailed)	.007	
	N	34	34

#### *Innovation*

<b>Innovation</b>		ESE INNOVATION	MESE INNOVATION
ESE INNOVATION	Pearson Correlation	1	.375
	Sig. (2-tailed)		.027
	N	37	35
MESE INNOVATION	Pearson Correlation	.375	1
	Sig. (2-tailed)	.027	
	N	35	35

#### *Management Skills*

<b>Management Skills</b>		ESE MANAGEMENT SKILLS	MESE MANAGEMENT SKILLS
ESE MANAGEMENT SKILLS	Pearson Correlation	1	.271
	Sig. (2-tailed)		.116
	N	36	35
MESE MANAGEMENT SKILLS	Pearson Correlation	.271	1
	Sig. (2-tailed)	.116	
	N	35	35

### **Risk Taking**

		ESE RISK TAKING	MESE RISK TAKING
<b>RISK TAKING</b>			
ESE RISK TAKING	Pearson Correlation	1	.215
	Sig. (2-tailed)		.214
	N	36	35
MESE RISK TAKING	Pearson Correlation	.215	1
	Sig. (2-tailed)	.214	
	N	35	35

### **Financial Control**

		ESE FINANCIAL CONTROL	MESE FINANCIAL CONTROL
<b>FINANCIAL CONTROL</b>			
ESE FINANCIAL CONTROL	Pearson Correlation	1	.227
	Sig. (2-tailed)		.190
	N	36	35
MESE FINANCIAL CONTROL	Pearson Correlation	.227	1
	Sig. (2-tailed)	.190	
	N	35	35