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Critical success factors of successful Indian entrepreneurs in the Tshwane metropolitan area

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Abstract

This work seeks to explore the critical success factors that influence the success of Indian small business owners in the Tshwane area. To achieve this, the objective of the study is to confirm whether there are significant differences between a successful and less successful group of business owners in terms of general management skills, personal characteristics and entrepreneurial orientation and financing of the business. Through an analysis of theoretical information and empirical results it is possible to facilitate a better understanding of how Indian entrepreneurs operating in small and medium enterprises sustain success, thus enabling learnings that contribute to the body of knowledge relating to entrepreneurship development in South Africa.

From the literature it became clear that cultural dimensions have an impact on the entrepreneurial process. The arrival of Indians to South Africa has also contributed to the Indian culture. The characteristics that describe ethnic entrepreneurs and success factors attributed to their success is described. Small and medium enterprises (SMEs) are crucial for the development of any country as they offer benefits of economic growth and employment generation. The success factors to sustain SMEs are also described.

Data was collected from respondents by means of a convenience sample using a structured questionnaire consisting of 28 questions. A total of 106 useable questionnaires were returned, which were then classified into a successful and less successful group, based on the criteria of annual turnover and employment growth. The classification process resulted in the successful group containing 38 respondents while the less successful group contained 49 respondents.

The findings of the study indicate that there are no significant differences between the comparable groups in relation to management skills and finance factors. There are, however, significant differences relating to personal factors, such as the level of education, family support and experience.

Finally, an important learning is that the Indian entrepreneurs in this study are similar to ethnic entrepreneurs reviewed in literature.

Keywords

Culture, entrepreneurship, success factors, small and medium enterprises (SMEs)

Declaration

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

Thiloshini Govindasamy

10 November 2010

Signature

Acknowledgements

This work is dedicated to my father, Richard Govindasamy, who instilled in me the value of education, discipline and an ambition to succeed in life.

I find it important to mention some names of particular individuals, albeit not all, who may be too modest to realise the depth of their contributions.

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Chapter 1: Introduction to Research Problem

1.1. Research Motivation

In the first quarter of 2010 South Africa's unemployment figures rose to 25% from a figure of 24% in the last quarter of 2009 (Quarterly labour force survey, Statistics South Africa, 2010). These figures indicate that unemployment is following an upward trend. Thus unemployment is a matter of serious concern as it affects the economic welfare, production and erosion of human capital, social exclusion, crime and social instability of a country (Kingdon and Knight, 2004).

Van Vuuren and Groenewald (2007) state that small business plays a vital role in stimulating economic activity, job creation, poverty alleviation and the general upliftment of living standards and has been recognised both internationally and in South Africa.

The small and medium enterprise (SME) sector can play a significant role in the growth of a country by creating new jobs opportunities and has the potential to respond to changes to the environment in the global context (Shahzad, Ullah, Azam and Marwat, 2008).

The global financial crisis in 2008, instigated by the fall in the United States' (US) sub-prime mortgage market, has impacted severely on governments and various industries, and has affected the SME sectors in many countries due to the sectors' dependence on banks (Shahzad *et al*, 2008). The financial crisis has led to tighter credit conditions by financial institutions, thus limiting the capital available to the SME sector. According to the 2009 Global Entrepreneurial Monitor during the latter half of 2008 and 2009 employment was further hampered by the fact that South Africa, like most countries around the world, slipped into recession (Herrington, Kew and Kew, 2009).

There is agreement in research that entrepreneurship plays a key role in the economic development of a country. Van Praag and Versloot (2007) conclude that entrepreneurs have a very important and specific role in the economy and suggest that entrepreneurs create employment, contribute to productivity growth as well as produce and commercialise innovations.

The conditions relating to a country's capacity to encourage start-ups combined with the skills of entrepreneurs who wish to go into business for themselves affect the economics of the entrepreneurial process (Acs, 2007). It is when these conditions are successfully combined that leads to offshoot businesses, which increases innovation and competition in the marketplace and results in a positive influence on national economic growth (Acs, 2007).

1.2 Types of Entrepreneurs

Entrepreneurs are a unique group of people as they assume risk, manage the business's operations, reap the rewards of their success and bear the consequences of their failure (Henderson, 2002). According to the Kauffman Centre for Entrepreneurial Leadership there are two kinds of entrepreneurs: namely, lifestyle and growth (Henderson, 2002). According to Henderson (2002) lifestyle entrepreneurs start firms to provide a family income or support a desired lifestyle, while high-growth entrepreneurs are motivated to start and develop larger, highly visible, and more valuable firms. These entrepreneurs are focused on obtaining the resources necessary to fuel growth (Henderson, 2002).

Ucbasaran, Wright and Westhead (2003), distinguish between the habitual starter and the habitual acquirer entrepreneur. In their study on the longitudinal study on entrepreneur starters and acquirers, Ucbasaran *et al.* (2003) concluded that the habitual starter entrepreneur was found to consider enhanced reputation as a key asset resulting from prior ownership experience and was likely to use

the increased legitimacy to gain resources to address the hurdles in the formation of subsequent ventures. The habitual acquirer was more likely to report that their business networks had been enhanced by prior business ownership because they belong to more networks by virtue of their previous experience in established organisations.

Minniti and Lévesque (2010) describe two types of entrepreneurs - research-based entrepreneurs who incur research and development (R&D) costs and commercialise technological discoveries, and imitative entrepreneurs who increase product availability and competition by replicating technologies developed elsewhere. In their study on entrepreneurial types and growth Minniti and Lévesque (2010) conclude that the presence of either type of entrepreneurship has a positive effect on the growth pattern of an economy. The relative distribution of entrepreneurs across the two categories does not influence the growth rate; what matters is that a country has a relatively high absolute number of at least one type of entrepreneur.

1.3 Entrepreneurial Success in South Africa

Entrepreneurial success in South Africa has been varied. The 2009 Global Entrepreneurial Monitor (Herrington *et al.* 2009) has shown that South Africa lags behind other developing countries in promoting early-stage entrepreneurial activity (TEA). South Africa's TEA rates range from 4.3 to 9.4 which remains consistently below the average of efficiency-driven countries which range from 8.3 to 14.9 (Herrington *et al.* 2009). This is a concern for South Africa, given its high levels of unemployment.

Table 1: Early-stage entrepreneurial rates for South Africa (Herrington *et al.* 2009)

	2001	2002	2003	2004	2005	2006	2007	2008	2009
South Africa	9.4	6.5	4.3	5.4	5.1	5.3	n/a	7.8	5.9

Nieuwenhuizen and Groenewald (2008) suggest that a contributing factor to the low early-stage entrepreneurial activity is due to the fact that entrepreneurial skills training is the difficult part of teaching entrepreneurship and is different from teaching functional and managerial skills related to entrepreneurship. The problem is that training and education focuses primarily on the managerial training of entrepreneurs and seldom on the entrepreneurial skills.

According to Nieuwenhuizen and Groenewald (2008) entrepreneurship education and training can be seen to have two legs:

1. Business planning and management skills.
2. Entrepreneurial skills and traits including background and experience carried over to the entrepreneur by parents and educators.

The skills training deficiency is one aspect that may contribute to the South Africa's low TEA ranges. The second as hypothesised by Urban (2006) is that South Africa is a culturally heterogeneous society as a result of its colonial and apartheid history which may influence the tendency towards entrepreneurship among major ethnic groups.

The 2001 Global Entrepreneurial Monitor Report on South Africa showed that race-based difference in overall entrepreneurial activity was substantial with more than double the rate of entrepreneurial activity among White and Indian individuals (Driver, Wood Segal and Herrington, 2001).

The 2005 Global Entrepreneurial Monitor Report on South Africa concluded that Indians and Whites are more likely to start a business than Blacks or Coloureds. The report indicated that Indian and White businesses are more likely to survive the incubation period and employ more people. The report indicates that about 3,7% of White owner-managed businesses create over twenty jobs while 7% of Indian owner-managers are responsible for the same number of jobs. This implies that Indian entrepreneurs create more jobs than other racial groups in South Africa (von Broembsen, Wood and Herrington, 2005).

In 2008 the Global Entrepreneurial Monitor Report on South Africa concluded that businesses started by Indians and Whites were more likely to mature into new firms than any other racial group (Herrington, Kew and Kew, 2008).

1.4 The Ethnic Entrepreneur

Ethnic entrepreneurs are united by a set of socio-cultural connections and regular patterns of interaction among people sharing a common national background or migration experiences (Waldinger, Aldrich and Ward, 1990, cited by Masurel and Nijkamp, 2003). The Indian entrepreneur in South Africa can be described as an ethnic entrepreneur.

Ethnic enclave theory sees an ethnic enterprise as a self-generating process, whereby the ethnic enterprise can act as a training system for new entrepreneurs through employment in existing enterprises, generating network linkages, thus generating a basis for informal communication, market opportunities and providing community role models (Aldrich, Zimmer and McEvoy, 1989; Waldinger, 1989; cited by Chaudhry and Crick, 2008).

Chaudhry and Crick (2008) in their study of leading practices of Asian entrepreneurs in the United Kingdom found that entrepreneurs took advantage of

niche market opportunities and with hard work and talent were able to take their businesses into the mainstream market and professionalise their businesses. Research has also stereotyped Asian entrepreneurs as being reliant on family support to finance and to help run their businesses.

The rationale for undertaking this study is to explore the factors that successful Indian entrepreneurs attribute to their success as well as to evaluate how these factors compare to less successful Indian entrepreneurs. Based on this understanding there are learning insights for entrepreneurship training and development in South Africa. The study aims to contribute to the growing body of knowledge that attempts to profile entrepreneurs of different cultural backgrounds.

1.5 Research Aim

The intention of this research is to explore how the success factors for successful entrepreneurs compare to less successful entrepreneurs of Indian origin. The target population for this study is the Indian business community in the SME sector of the Tshwane metropolitan area of South Africa. The research will focus on evaluating Indian entrepreneurs on the following three categories:

- The degree of general management skills employed in the business.
- The role personal factors such as education, family support, experience, role models, motivation, entrepreneurial characteristics and networking play in start-up and sustaining the business.
- Understand how the business was financed.

The measure of success of the business will be evaluated using the criteria of turnover and growth in employment with the business.

1.6 Research Propositions

The research aims to investigate the following propositions:

- There are no significant differences in managerial functions and business skills between successful and unsuccessful entrepreneurs.
- There are no significant differences in personal factors between successful and unsuccessful entrepreneurs.
- There are no significant differences in financing and ownership of a start-up between successful and unsuccessful entrepreneurs.

1.7 Outline of Study

The rest of the report is organised as follows:

- Chapter 2 is a literature analysis which starts by reviewing culture and the dimensions of culture. It provides an introduction to the origins and culture of the South African Indian. The impact of culture on entrepreneurship as well as the entrepreneurial traits and success factors of entrepreneurs is reviewed. The chapter also proceeds to focus on factors that impact on the success and failure of SMEs.
- Chapter 3 provides a brief overview of the link between entrepreneurship and economic growth within a country and a description of the research propositions applied in this study.
- Chapter 4 outlines the research methodology which describes the survey, the sampling procedure, data collection and the data analysis approach. It concludes with some limitations to this study.
- Chapter 5 described the criteria used to classify the data collected into two comparable groups. It uses frequencies and descriptive statistics to tabulate and present the data collected.
- Chapter 6 presents the main findings of the empirical study. The comparison between the successful and less successful entrepreneur

groups is discussed in relation to the research propositions and linked to insights gained from the literature review.

- Chapter 7 closes the study with overall conclusions in terms of answering the research propositions and makes recommendations for further research and points out the contribution of the study. This chapter also outlines the limitations of the study.

1.8 Conclusion

This chapter highlighted the importance of entrepreneurship and SMEs to a country's economic development. It introduced the various types of entrepreneurs and reviewed South Africa's entrepreneurial success rate. It also proceeded to outline the ethnic entrepreneur and concluded with the study aims and research propositions.

Chapter 2: Literature Review

2.1 Introduction

This section commences with a definition of culture and briefly describes the dimensions of culture, as this is a core focus of the study, the Indian culture. A brief historical perspective of the South African Indian is provided followed by a description of the South African Indian culture. Another core construct is the entrepreneur and entrepreneurship that will be described. The impact of culture on entrepreneurship is consequently elaborated upon as it forms part of the frame of research. The characteristics and sociological attributes that describe Indian or Asian entrepreneurs is provided as well as the success factors of SMEs are highlighted as being the focal point and outcome of this study.

2.2 What is Culture?

In the 1870s anthropologist Edward Tylor defined culture "*as that complex whole which includes knowledge, belief, art, morals, law, customs and other capabilities acquired by man*" (Hill, 1997, p. 67). Hofstede broaden this construct and defines it "*as the collective programming of the mind that distinguishes the members of one group or category from another*" (Chrisma, Chua and Steier, 2002, p.114).

Granato, Inglehart and Leblang (1996) refer to culture as a system of basic common values that help shape the behaviour of the people in a given society. Hill (1997, p. 67) views culture "*as a system of values and norms that are shared among a group of people and that when taken together constitute a design for living*". The author elaborates by defining values as the abstract ideas about what a group believes to be good, right and desirable; norms as the social rules and guidelines that prescribe appropriate behaviour, and society as the group of people who share a common set of values and norms.

Hofstede (McGrath, Macmillan & Scheinberg, 1992) defines values as a broad tendency to prefer certain state of affairs over others with the belief that values are determined early in life. Hill (1997) states that the values and norms of culture do not emerge from nowhere fully formed but are rather an evolutionary product of a number of factors at work in society. Baskerville (2003, cited by Osoba, 2009) suggests that culture can be evaluated by observing and noting values, beliefs, behaviours and symbols over a period of time.

2.3 Cultural Dimensions

Hofstede sought to understand differences in cultural patterns and to understand the mechanisms that enabled those patterns to be stable over time (McGrath *et al.* 1992). The initial four value dimensions are: large versus small, power distance, strong versus weak, uncertainty avoidance, individualism versus collectivism and masculinity versus femininity (Hofstede, 1998). A fifth dimension was later added following research by Michael Bond in 1987 from a Chinese Value Survey, namely long versus short-term orientation (Hofstede, 1998).

According to Urban (2006) the five dimensions can be described as follows:

- *Power distance relates to the different solutions to the basic problem of human inequality.*
- *Uncertainty avoidance relates to the level of stress in a society in the face of an unknown future.*
- *Individualism vs. collectivism relates to the integration of individuals into primary groups.*
- *Masculinity vs. femininity relates to the division of emotional roles between men and women.*
- *Long term vs. short-term orientation relates to the choice of focus for peoples efforts, the future or the present.*

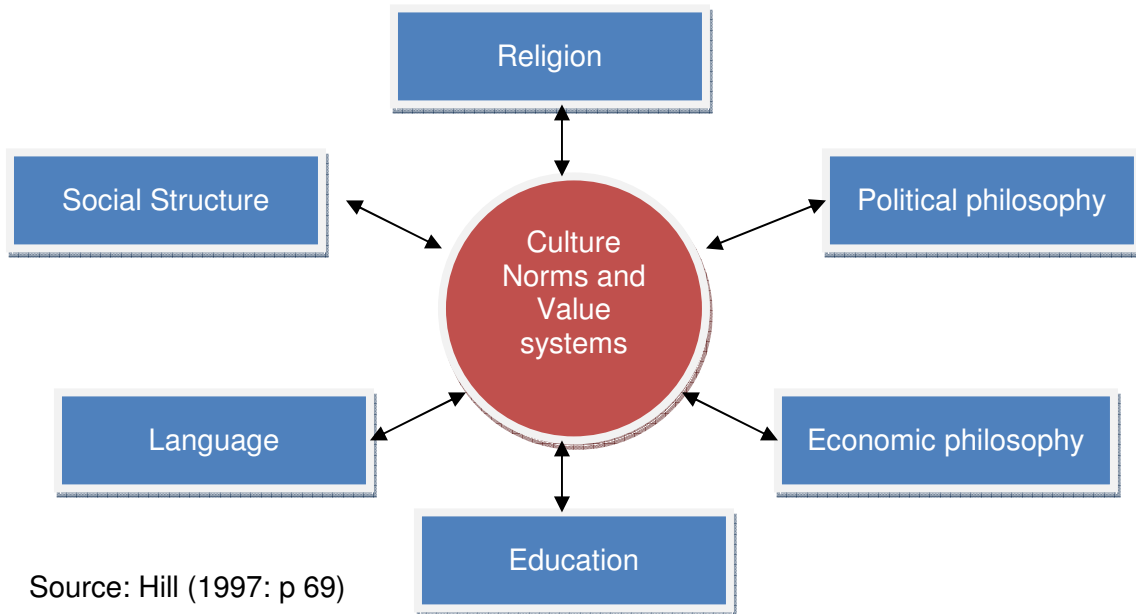
In addition to the work by Hofstede, Trompenaars (1993, cited by Urban, 2007) analysed culture by the following dimensions: achievement versus ascription, universalism versus particularism, individualism versus collectivism, neutral versus affective and specific versus diffuse.

According to Yeganeh, Su & Sauers (2008, cited by Williams, 2009) Trompenaars' dimensions are described as follows:

- *Achievement versus Ascription – Some cultures will attach importance to achievement compared to other cultures that would consider issues such as age, social class, gender and education.*
- *Universalism versus Particularism - Universalism is a belief that what is good and true can be discovered and applied universally, whereas particularism is the belief that unique circumstances are the determinant.*
- *Individualism versus Collectivism – Individualism and collectivism are related to the extent to which importance is given to the individual versus the group interests.*
- *Neutral versus Affective – This orientation relates to the importance of reason and emotion among people. In neutral cultures people control their feelings and expressions whereas in affective cultures people tend to be demonstrative.*
- *Specific versus Diffuse – These cultures are contrasted in their attitude to space and communication. In specific cultures people separate their private lives from the public compared to diffuse cultures where these may overlap.*

Hill (1997) illustrates the six determinants of culture: religion, political philosophy, economic philosophy, education, language and social structure.

Figure 1: Determinants of culture



Schwartz (2006) describes six features of values:

- *Values are beliefs that are linked inextricably to affect.*
- *Values refer to desirable goals that motivate action.*
- *Values transcend specific actions and situations (e.g. obedience and honesty are values that are relevant at work or in school, in sports, business and politics, with family, friends or strangers). This feature distinguishes values from narrower concepts like norms and attitudes that usually refer to specific actions, objects or situations.*
- *Values serve as standards or criteria that guide the selection or evaluation of actions, policies, people and events.*
- *Values are ordered by importance relative to one another to form a system of priorities. This hierarchical feature also distinguishes values from norms and attitudes*
- *The relative importance of values guides action. The trade-offs among relevant competing values is what guides attitudes and behaviours.*

Cultural values and practices are the result of a long history of social development (Russell, 2005). The Indian culture in South Africa has evolved over a period of 150 years since the arrival of the first Indians in Natal.

2.4 A Historical Perspective of the South African Indian

The origins of Indians in South Africa will be briefly discussed beginning with the arrival of Indians in Natal in 1860. Natal became a British colony in 1843 and the problem of labour proved to be a serious one from the onset of settlement in South Africa as Black labour was regarded as unreliable (Arkin, Magyar & Pillay, 1989).

The first group of Indian labourers arrived in South Africa on 16th of November 1860 on the *SS Truro* with 342 individuals, and on 26th of November 1860 a second group of immigrants arrived on the *SS Belvedere* with 351 individuals (Arkin *et al.* 1989). Indian labourers continued to arrive in South Africa at irregular intervals until 1911 (Arkin *et al.* 1989).

The Indian immigrants comprised of three distinct groups; 'indentured' individuals who were under contract; 'free' individuals who had completed their period of indentureship and who elected to remain in Natal, and 'passenger' individuals who came to South Africa at their own cost (Arkin *et al.* 1989). The indentured Indian labour was imported primarily to work on sugar plantations and on the expiration of their indentures many Indians turned their attention to trading as well as working on the coal mines of northern Natal (McCrystal & Maasdorp, 1966).

The consequent success of Indians who did not return to India and who endeavoured beyond the label of a labourer as well as the number of indentured Indians that terminated their contracts and in turn leased land invoked fear in the

colonists of Natal (Gokool, 1994). With the ever-determined enthusiasm of the Indian people, paired with their remarkable cultivation skills, they were able to convert unproductive land into gardens with fruit and vegetable crops (Gokool, 1994). They also constituted a significant proportion of the Natal government's railways and by 1904 they were to be found in every Natal district as municipal workers, waiters, servants, interpreters and a multitude of other occupations (Gokool, 1994).

In 1893 there was a series of enactments by the Natal government that deprived Indians of many rights and in particular the introduction of a £3 poll tax for Indians which was designed to compel free Indians to return to India (Arkin *et al.* 1989). During this time Mahatma Gandhi (Mohandas Karamchand Gandhi, 1869-1948) later called Mahatma, qualified as a barrister in London in 1891. It was during his time in South Africa that he developed his method of passive resistance and emerged as a prominent leader of non-violent protest for human rights (Marschall, 2008). Mahatma arrived in Natal to fight a legal case, and he remained in South Africa for 20 years, helping to lay the foundations of Indian political action and non-White resistance in South Africa (Arkin *et al.* 1989).

2.5 Cultural dimensions of the Indian South African

- **Demographic Profile**

Between 1860 and 1911 a total of 107 529 indentured Indian immigrants arrived in Natal (Arkin *et al.* 1989). The Indian and Chinese population in South Africa are grouped together in one category termed 'Indian' or 'Asian' for census-reporting purposes. Of the total population of Asian origin, those of Indian origin make up about 99% with the remaining 1% mostly of Chinese origin (Arkin *et al.* 1989). This combined category of people will be referred to as Asians. According to the mid-year population estimates of 2010, (Statistics South Africa, 2010) the Asian population is reported to be approximately 1.3 million which represents about 2,6% of the total population of South Africa. The Asian population consists of approximately 49,7% male (Statistics South Africa, 2010).

In terms of geographical distribution KwaZulu Natal has the highest concentration of Asians at 8,5% followed by Gauteng at 2,5% and the Western Cape at 1% (Census 2001, Statistics South Africa, 2003). Across the rest of the provinces in South Africa Asian representation is 0,4% or less of the population.

Applying Hill's (1997) determinants of culture, the Indian South African culture can be described as follows:

- **Language**

There has been a tremendous change in the home language of the Indian community in South Africa (Arkin *et al.* 1989). According to Census 2001 (Statistics South Africa, 2003) 93,8% of Asians attributed English as their home language. The switch from the use of the vernacular language to English is the result of the use of English as the medium of instruction in schools and the rapid rate of westernisation in the Indian community (Arkin *et al.* 1989).

- **Religion**

According to Census 2001 (Statistics South Africa, 2003) the Asian population were the followers of the following religions: Hinduism 47,3%, Islam 24,6%, Christianity 24,4%, other faiths 0,9%, and no religion 2,2%. Hinduism is the religion with the largest numbers of followers, with Islam and Christianity the other two popular religions.

- **Education**

According to Census 2001 (Statistics South Africa, 2003) 5,3% of the Asian population had no education. About 7,7% had some primary schooling and 34,9% had secondary schooling. About 14,9% had higher education.

In the sphere of education the underlying assumption is that the Indian child is being prepared to live in a milieu that is largely Western in orientation (Arkin *et al.* 1989). The social prestige attached to an intellectual position was so attractive

that many simple people endured the greatest sacrifices in order to afford their children the advantages of a reasonably good education (Arkin *et al.* 1989).

- **Economic Structure**

Table 2: Economic Sector amongst the Indian or Asian population of the employed age group of 15 – 65 years in 2001

Economic Sector	Percent of Indian or Asian population
Agriculture, hunting, forestry and fishing	1.1
Mining and quarrying	0.4
Manufacturing	22.7
Electricity, gas and water supply	0.6
Construction	3.3
Wholesale and retail trade	25.2
Transport, storage and communication	6.2
Financial, insurance, real estate and business services	12.8
Community, social and personal services	17.9
Other and not adequately defined	0
Private households	0.5
Undetermined	9.3

Source: *Census 2001 (Statistics South Africa, 2003)*

The largest portion of the Asian population is economically active in the wholesale and retail trade sector, followed by manufacturing, community services, financial services and transport, storage and communication.

- **Social Structure**

Indians have not abandoned their culture whole-heartedly and indiscriminately, resistance to change has been relatively strong in areas of religion and marriage (Arkin *et al.* 1989). At the moment the South African Indian is neither a typical

Indian by the standards of India nor a typical Westerner by European standards. A striking component of Indian culture is social and family structures (Gokool, 1994).

An extended family may be defined as one which consists of large family units with two or more nuclear families which are affiliated through an extension of the parent-child relationship (Arkin *et al.* 1989). In such a system family affairs are conducted on a joint basis and major family decisions are made by the 'pater familias' with obedience to family members and pursuit of family-centred goals rather than individualistic ones are the norm (Arkin *et al.* 1989).

Changed patterns of economic activity have enabled members of the joint family to pursue various forms of occupations outside the home and joint family situation. Children are no longer anxious to follow ways of maintaining the joint family income and instead seek opportunities to break away from family ties. Relatives appear to exerting far less influence over the younger generation and at the same time friends are becoming increasingly important and influential in the lives of the new generation (Arkin *et al.* 1989).

Russell (2005) suggests that cultural values determine the social worth assigned to entrepreneurial practices and thus influences the social status of the entrepreneur and the social direction of the entrepreneurial process. Therefore a link can be drawn between culture and entrepreneurship.

2.6 What is Entrepreneurship?

Entrepreneurship can be traced back to the Austrian economist Schumpeter who argued that value creation was the fundamental role of entrepreneurs in a free market system and thus defined entrepreneurs as the individuals who exploit market opportunity through technical and/or organisational innovation (Schumpeter, 1934, cited by Turan and Kara, 2007).

Entrepreneurship is defined as the act and process by which societies, regions, organisations or individuals identify and pursue business opportunities to create wealth (George and Zahra, 2002). Harvard Business School provided a modified definition of entrepreneurship as “the pursuit of opportunity without regard to resources currently controlled” (Turan & Kara 2007). Nieman and Niewenhuizen (2009, p.9) define an entrepreneur “as a person who sees an opportunity in the market, gathers resources and creates and grows a business venture to meet these needs. He or she bears the risk of the venture and is rewarded with profit if it succeeds”.

More contemporary research findings in this domain accentuate various elaborating and constructive inclusions in furthering the understanding of this construct, for instance: market-making, opportunity-finding and exploitation (Oksanen & Rilla 2009); firm level behaviour and entrepreneurial performance as well as entrepreneurial orientation and performance (Kreiser & Davis 2010); differentiating between founder and non-founder managerial capabilities (Langowitz & Allen 2010); as well the differentiating skills of the entrepreneur on a cognitive level (Duening 2010).

An array of research papers have elaborated upon the correlation between culture and entrepreneurship, but little specifically providing evidence on the Indian entrepreneur in a South African context.

2.7 Culture and Entrepreneurship

A variety of studies have lent support to the argument that cultural values influence entrepreneurial behaviour. The study of ethnic entrepreneurship and the importance of social embeddedness can be traced back to the works of Max Weber (1958) and Schumpeter (1934), both who argued that the source of entrepreneurial behaviour lay in the social structure of the societies and the value structures they produce (Urban, 2006).

Weber (1956, cited by Turan & Kara (2007) indicate that entrepreneurship behaviour might be linked to cultural values and suggest that values and beliefs are factors that encourage entrepreneurship within certain cultural groups predisposing their members to entrepreneurship.

Because individuals' personalities and behaviours, firms, political/legal systems, economic conditions, and social background are all intertwined with the national culture from which they originate the study of entrepreneurship under a cultural umbrella seems appropriate (Lee & Peterson, 2000). In a study relating to ethnic entrepreneurship of Indian and Chinese immigrants in the US, Li (2007) concluded that one of the barriers experienced by the Chinese immigrants was the vast differences in culture. The American culture was so different from Chinese culture in many ways which resulted in a challenge for entrepreneurs to get accepted or trusted by native people. In case of failure the Chinese immigrants felt that their opportunities were limited due to not having much social and family support in the US. The Chinese entrepreneurs did find advantages in the US in that business failure is not a big deal in American culture, where as in Chinese culture failure is hard to deal with since the culture does not encourage risk-taking. The study concluded that culture was less of a perceived barrier among Indians.

In a study relating to cultural values, market institutions and entrepreneurial potential comparing the US, Taiwan and Vietnam, Nguyen, Bryant, Rose, Tseng & Kapasuwan (2009) concluded that cultural factors appear to have a significant impact on people's desires to create new ventures and that people in a Western culture seem to have higher desires to create new ventures than those of Eastern cultures.

2.8 Characteristics and attributes of Asian entrepreneurs

The characteristics and sociological attributes that influence Asian entrepreneurs have been widely researched.

Redding (1980, cited by Thomas & Mueller, 2000), suggest that unlike the idealised American entrepreneur characterised by the rugged individualism, there is growing evidence that the Asian entrepreneur relies on familial ties in developing their business. Morris and Schindehutte (2005) in a study that explored the entrepreneurial values and ethnic enterprise, an examination of six subcultures pointed out that family and clan, hard work, loyalty, duty and relationships tend to be strong values in the Asian cultural context.

Tsui-Auch (2005) points out that Chinese and Indian cultures are characterised by patrilineality, patriarchy and familialism. It is further suggested given the roots of strong kinship and communal networks one would expect that ethnic businesses would maintain family management and avoid diversification into areas in which the family members did not have expertise. Abbey (2002) proposed that the cultural background of the entrepreneur plays a significant role in defining the motivation for entrepreneurship.

According to Basu and Altinay (2001) differences in financing a business influences entrepreneurial activity; for example, Islam prohibits usury; therefore one would expect Muslims not to borrow money from banks and would instead rely on savings or family funds. They also suggest that Muslims would not enter businesses that involved alcohol.

Basu and Altinay (2001) also found that Indians who went to East Africa from Gujarat were mainly traders and hence it was not surprising that they engaged in trade enterprises in East Africa.

A list of characteristics and attributes as described in the literature is provided below:

- Network of family and friends that are self-employed.
- Choice of trade influenced by parent's background and family tradition.
- Type of business influenced by cultural background.
- Sources of start-up finance (personal savings, Bank loans or family funds).
- Longevity of ethnic Indian traders in their specialisations.
- Values such as family clan, hard work, loyalty, duty and relationships tend to be strong.

Cultural factors are just one aspect that influences the entrepreneurial process. Another aspect is entrepreneurial orientation which is defined by Swierczek and Ha (2003) as a state of mind directing a person's attention towards a goal in order to achieve it.

2.9 Entrepreneurial Orientation

McGrath and MacMillan (2000, cited by Lumpkin, Cogliser & Schneider, 2009) suggest that successful firms attribute their success to having an Entrepreneurial Orientation (EO) approach to decision-making that draws on entrepreneurial skills and capabilities. This is achieved by keeping firms alert by making them aware of marketplace trends, new technologies and helping them evaluate new possibilities.

Lumpkin and Dess (1996, cited by Lee & Peterson 2000) outline five dimensions of EO as consisting of autonomy, innovativeness, risk-taking, proactiveness and competitive aggressiveness. According to Lee and Peterson (2000) the five dimensions can be described as follows:

- *Autonomy – the catalyst driving entrepreneurial activity is the independent spirit and freedom necessary to create a new venture. In order for the autonomy dimension to be strong, entrepreneurs must operate within cultures that promote entrepreneurs to act independently, to maintain personal control and to seek opportunities in the absence of societal constraints.*
- *Innovation – the creative processes of entrepreneurs will determine the strength of the innovativeness dimension of EO.*
- *Risk-taking – the willingness of entrepreneurs to assume risk. Individuals who are willing to accept the uncertainty and riskiness associated with being self-employed as opposed to settling for the refuge of jobs within organisations are often considered entrepreneurs.*
- *Proactiveness – is crucial to EO because it is concerned with the implementation stage of entrepreneurship. Proactive individuals do what is necessary to bring their concepts to fruition and gain an advantage by being the first to capitalise on new opportunities (cited Lumpkin and Dess, 1996).*
- *Competitiveness Aggressiveness – an important component of EO because new ventures are more likely to fail than established businesses. An aggressive stance and intense competition are critical to the survival and success of new start-ups.*

Having reviewed the dimensions of culture and its impact on the entrepreneurial process relating to the skills and capabilities of the entrepreneur, the next aspect reviewed is the fit with SMEs.

2.10 Importance of SMEs

A clear definition of SME as provided in the National Small Business Act of South Africa of 1996, as amended in 2003, describes an SME as *“a separate and distinct entity including cooperative enterprises and non-governmental organisation managed by one owner or more, including its branches or subsidiaries if any, is predominantly carried on in any sector or sub-sector of the economy mentioned in the Schedule and which can be classified as a micro, a very small, a small or medium enterprise by satisfying the criteria mentioned in the Schedule”* (Government Gazette of South Africa, 2003).

SMEs are seen as playing an important role in the economies of many countries, thus governments throughout the world focus on the development of the SME sector to promote economic growth (Olawale & Garwe, 2010). According to the Ntsika Annual Review, in South Africa the SME sector form 97,5% of all business in South Africa. It generates 34,8% of gross domestic product (GDP) and contributes to 42,7% of the total salaries and wages paid in South Africa (Van Vuuren & Groenewald, 2007).

2.11 Measuring success of SMEs

There are several ways in which the success of SMEs can be defined. Lussier and Pfeifer (2001) suggest that small business success can be defined in the simplest terms as the ability to survive or to remain in business.

Chivukula, Raman and Ramachandra (2009) suggest that entrepreneurial success be defined using financial and non-financial measures. Financial measures are more widely used to measure success. In a study on the influence of socio- demographic factors on entrepreneurial attributes Chivukula *et al.* (2009) used growth in total sales and growth in employment as the financial measures in their study and non-financial measures of support received by the

entrepreneur, work experience of the entrepreneur and involvement of the entrepreneur in the running of the business.

Walker and Brown (2004) suggest that not all business owners may want to grow their business. One reason for this is that employing staff and creating jobs for others as opposed to just themselves and immediate family was not an initial goal or motivation when starting the small business.

Walker and Brown (2004) suggest that possible non-financial measures could be related to job satisfaction, greater independence, creating opportunities, encouraging new challenges and pursuing one's own interests are more difficult to quantify.

2.12 Success factors for SMEs

Delmar and Wiklund, 2008 (cited by Olawale & Garwe 2010) suggest that the business environment has a significant impact on the growth of a new small business. The business environment can be defined as all those variables both inside and outside the organisation that may influence the continued and successful existence of the organisation (Smit, Cronje, Brevis and Vrba, 2007 cited by Olawale *et al* 2010).

The business environment can be divided into the internal and external environment. The internal environment consists of factors that are controllable by the business. The internal environment includes factors such as finance, managerial competency, location, investment in technology, cost of production and networking (Cassar, 2004, cited by Olawale *et al* 2010).

The external environment includes factors such as contractual and informational frameworks, macroeconomic and microeconomic environment, social factors (i.e.

crime, corruption and ethics), technology and the regulatory environment (Olawale *et al* 2010).

Some of the environmental factors that are perceived to be critical for small business success are outlined as follows:

- **Management skills**

Managerial competencies relate to the set of knowledge, skills, behaviours and attitudes that contribute to personal effectiveness and survival and growth of new SMEs (Hellriegel, Jackson, Slocum, Staude, Amos, Klopper, Louw and Oosthuizen 2008, cited by Olawale *et al* 2010).

According to Fuller-Love (2006) management development can be seen as improving the skills of managers in relation to finance, marketing, human resources, strategy, planning and operational management. The softer management skills relate to communication, decision-making and team building. Attahir (1995) suggests that management skills refer to the ability to develop and effect good business plans, to obtain and employ resources effectively, to balance obligations with business demand and to accurately keep records.

Entrepreneurs are characterised by working hard for long hours. Pena (2002) found that entrepreneurs of growing firms are those that spend a large amount of hours (i.e. 50-60 hours) per week on business activities.

- **Marketing skills**

Marketing is often cited by researchers as a focus area for entrepreneurs (Hill, 2001). In review of the key characteristics of marketing management and competencies the author compiled the following characteristics:

- Vision
- Creativity

- Leadership
- Communication
- Motivation
- Innovation
- Intuition
- Adaptability
- Analytical abilities
- Judgement

Marketing factors also relate to the choice of location of the new business, understanding the market and size of the demand and the sales promotion skills of the entrepreneur (Attahir, 1995).

- **Networks**

According to Jack, Dodd and Anderson (2008) networks contribute to entrepreneurial capacity by extending the individual's asset base of human, social, market, financial and technical capacity.

- **Level of education and training**

The ability to compete is embedded in an individual's education which is related to knowledge, problem-solving skills, self-confidence and behaviour that allow entrepreneurs to identify and market opportunities and gather resources required to set up the new business (Rogerson, 2001; Martinez, Mora & Vila, 2007, cited by Kunene, 2008).

The 2005 Global Entrepreneurial Monitor Report on South Africa concluded that the more educated a person, the more likely they are to start a business and the more people they are likely to employ. It further suggested that the potential of tertiary-educated adults to create employment is 2.5 times greater than for adults who have only completed secondary education.

- **Access to finance and initial investments**

The lack of capital and limited access to finance is a factor inhibiting entrepreneurship and influences growth negatively, as it impedes progress and the timeous application of resources (Kunene, 2008).

- **Personal qualities**

Hills and La Forge (1992) cited entrepreneurial orientation as having six dimensions as follows:

- The propensity to take risks
- A tendency to engage in strategic planning activities
- An ability to identify customer needs and wants
- A level of innovation
- The ability to persevere in making the vision of the business a reality; and
- The ability to identify new opportunities.

Entrepreneurship is not always seen as a desirable career choice and the factors that cause individuals to become entrepreneurs are termed 'push' or 'pull' factors. Push factors are "forcing" individuals to engage in self-employment, as where a more favourable condition is created by "pull" factors, meaning voluntary engagement evolves from opportunities in the market environment. Nieman and Nieuwenhuizen (2009) show the content of these factors:

- **Push factors**
 - Unemployment
 - Job insecurity
 - Disagreement with management
 - Not fitting in with the organisation
 - The limitations of financial rewards
 - Having no other alternatives

- **Pull factors**
 - Independence
 - Achievement
 - Recognition
 - Personal development
 - Personal wealth

- **Role models**

According to Nieman and Nieuwenhuizen (2009 p. 33) role models are defined as individuals who influence an entrepreneur's career choice and style, and include people such as parents, relatives or other entrepreneurs.

Role models are about business owners sharing their practical experience and knowledge with learners and other new business owners (Auken, Fry and Stephens, 2006). Potential entrepreneurs are thought to develop an affinity for entrepreneurship through osmosis and absorb entrepreneurial knowledge that will become valuable when they enter the entrepreneurial world (Dyer, 1994, cited by Auken *et al.* 2006).

- **Experience**

The ability to assimilate experience and to learn from experience itself is one of the key factors influencing the entrepreneurial process (Deakins and Freel, 1998, cited by Kunene, 2008).

Having professional experience in an organisation that is in the same industry as the one in which the entrepreneur starts his new venture can increase the probability of high performance and survival (Dahlqvist, Davidsson and Wiklund, 2000 cited by Kunene, 2008).

According to Nieman and Nieuwenhuizen (2009) entrepreneurs are more likely to succeed if they have work experience as they are likely to see entrepreneurial opportunities from an employment base.

The above success factors outlined for small business success have been identified as important in previous studies.

2.13 Previous Research Findings on Small Business Success

According to Attahir (1995) a study on critical success factors of South Pacific entrepreneurs resulted in the following factors being highly rated:

- Good management
- Access to finance and initial investment
- Personal qualities
- Satisfactory government support.

The study also pointed to the lack of management experience in the respondents surveyed as an explanation for the high ranking given to good management as a success factor.

The findings of the study by Attahir (1995) observed differences in views between the entrepreneurs with and without formal education regarding the importance of three factors critical to small business success; namely, level of education, prior experience and personal qualities. Entrepreneurs in the study without formal education rated the mentioned factors more highly.

In a study by Coy, Shipley and Omer (2007) on small business owners in Pakistan the study findings revealed that Pakistani business owners believed several factors contributed to their success and listed the following:

- Working hard for long hours

- Product quality
- Attention to customer needs
- Communication skills and interpersonal skills
- Business connections (networking)

Coy *et al.* (2007) point out that Pakistani small business owners strongly believed that business success lay within their internal control and business connections was the only factor rated representing an external factor for business success.

2.14 Conclusion

From the review of literature it can be concluded that culture plays a significant role in the entrepreneurial process. An entrepreneur can be described as someone who creates a new business opportunity in the face of risk and uncertainty to achieve growth and profit, using skills and competencies together with the resources they can control. The cultural traits of Asian entrepreneurs were reviewed as well as their entrepreneurial orientation.

A formal definition of SMEs was provided as well as some criteria that help define SME success. The business environment factors that influence the success of the SME both internally and externally were presented.

The next chapter presents the research propositions formulated in this study and provide a description of these propositions.

Chapter 3: Research Objectives

3.1 Introduction

The literature review has established that entrepreneurship has a key role to play in enabling economies to grow and, in particular, developing economies like in South Africa. This review has also established that the SME sector plays a significant role in the growth of a country and enables the country to adapt to the changes in the global environment.

In 1985 Vietnam decided to dismantle the centrally-planned economy and embarked on an economic reform programme which has led to SMEs in Vietnam generating a quarter of the national GDP, which employed approximately 50% of the Vietnam workforce (Swierczek & Ha 2003). In a paper to empirically study the relationship between entrepreneurial culture and economic growth Beugelsdijk (2007) found by analysing a sample of 54 European regions the claim that regions that experienced higher economic growth rates had a culture that could be characterised as entrepreneurial, was supported.

A higher entrepreneurial rate and thriving SME sector will help to alleviate the current high levels of unemployment in South Africa.

The South African Indian, and the focus of this study, has a history of entrepreneurial activity, which dates back to their 1860 arrival in Natal as indentured labourers to work on the sugar plantations of Natal. The research suggests that Indians take a lead in engaging in entrepreneurial activities in South Africa. Indian entrepreneurs in South Africa are perceived to be successful especially in the retail, wholesale manufacturing and services sectors of the economy.

However, there is limited research on the success factors of this entrepreneurial group. This exploratory study aims to understand if there are differences in the factors that Indian entrepreneurs in the Tshwane metropolitan area consider important to running their business. Although all entrepreneurs who run a business are successful in their own right, for the purpose of this study based on defined success criteria a distinction will be made on successful and less successful entrepreneurs.

3.2 Research propositions

The study will divide success factors into the following three categories:

- General managerial functions and business skills
- Personal factors
- Financing and ownership of start-ups

The following research propositions will be investigated in this study:

3.2.1 Proposition 1: There are no significant differences in managerial functions and business skills between successful and less successful entrepreneurs.

This will be evaluated by determining if there are no significant differences between successful and less successful entrepreneurs on the following variables:

- Hours worked per day
- Time spent on financial, marketing, people management and operational issues
- Importance of the following skills in the business:
 - Business linkages, industry clusters and networking
 - Computer literacy

- Financial management, cash flow, pricing and costing
 - Human Resource management
 - Quality management
 - Role models (learning from others)
 - Good networks with suppliers
- Understanding customer requirements

3.2.2 Proposition 2: There are no significant differences in personal factors between successful and less successful entrepreneurs.

This will be evaluated by determining if there are no significant differences between successful and less successful entrepreneurs on the following variables:

- Education
- Experience
 - Number of years business existed
 - Number of prior businesses started
- Entrepreneurial orientation
- Motivational factors
- Network of family and friends self-employed
- Involvement of family members in managing business
- Reliance on family members to help run business
- Following in family tradition in nature of business

3.2.3 Proposition 3: There are no significant differences in financing and ownership of a start-up between successful and less successful entrepreneurs.

This will be evaluated by determining if there are no significant differences between successful and less successful entrepreneurs on the following variables:

- How ownership came about
- How the business was financed
- Future plans for business

A secondary aim of this study is to put forward any key insights from the exploratory study of Indian entrepreneurs that could possibly contribute to entrepreneurial development in South Africa.

3.3 Conclusion

This chapter provided a brief overview of the link between entrepreneurship and economic growth within a country. It also provided a description of the propositions applied in this study. The following chapter will outline the research methodology.

Chapter 4: Research Methodology

4.1 Introduction

This chapter outlines the data collection method and the analysis method used to test the propositions of the study as described.

The research methodology used was based on a quantitative method to investigate the research propositions. A survey questionnaire was used to gather primary data from respondents. The research was exploratory in nature. Exploratory research can be defined as initial research conducted to clarify and define the nature of the problem (Zikmund, 2003). Zikmund (2003) further suggests that exploratory research is conducted with the expectation that subsequent research will be required to provide conclusive evidence.

Connelly, Ireland, Reutzler & Coombs (2010), in their paper on the power and effects of entrepreneurship research, concluded that the use of statistical power in entrepreneurship research provided informative findings that stood in contrast to those of previous reviews conducted in other disciplines. They found that on average statistical power levels to be higher than expected, however, it was also shown that there were situations in which scholars relaxed the criterion for statistical power, such as for entrepreneurship studies that made use of perceptual data. Connelly *et al.* (2009) findings reflect a broad awareness of the importance of statistical power within the field, even if it is not reported often.

4.2 Unit of Analysis

The unit of analysis was the Indian entrepreneur in the Indian business community involved in the SME sector in the Tshwane metropolitan area.

4.3 Population of relevance

The population of relevance consisted of Indian entrepreneurs in the SME sector. Due to the nature of these populations a specific size cannot be attributed to the population.

4.4 Scope of research

The research was limited to businesses that complied with the definition of small and medium enterprise as defined by Small Business Act of 1996, as amended in 2003.

Businesses that were franchised were excluded. The reason is that the franchised entrepreneur benefits from having a proven viable concept, assistance with the start-up, on-going assistance with all aspects of the operation of the business, assistance with advertising and stock purchases and it may be easier to obtain finance (Nieman and Nieuwenhuizen, 2009, p.238). These enterprises may provide a distorted view of the entrepreneurial group under study.

The two constructs related to this study are critical success factors and successful businesses. The success factors were outlined in categories with variables as follows:

- General management and business skills
 - Hours worked per day
 - Time spent on managerial functions per day
 - Importance of business skills
 - Describe the market parameters in which the business operated
 - Know what customers want

- Personal Factors
 - Education
 - Number of years business existed
 - Number of prior businesses started
 - Entrepreneurial orientation
 - Motivational factors
 - Network of family and friends self-employed
 - Involvement of family members in managing business
 - Reliance on family members to help run business
 - Following in family tradition in nature of business

- Finance and ownership of start-ups
 - How ownership of business came about
 - Sourcing of capital to finance business
 - Future vision for the business

To group respondents into successful and less successful categories the measures under consideration were turnover and growth in employment within the business.

4.5 Sampling method

The aim of an appropriate sampling method is to capture accurate information about a sample of the total population under investigation that would be representative of the total population of Indian-owned SMEs.

A non-probability approach in terms of convenience sampling was used due to the fact that the size of the population was difficult to determine. Certain areas in the Tshwane city are regarded to have a strong concentration of Indian business owners which resulted in these areas being targeted in the survey. Some of the businesses surveyed were identified through snowball sampling where another

participant in the area referred a participant. According to Zikmund (2003) a consequence of using this approach means that the variability and the estimates cannot be measured or controlled and thus projecting data beyond the sample is inappropriate. This will limit the extent to which the findings of this research can be generalised to a broader context.

4.6 Questionnaire Design

The research survey consisted of a 28-question document containing 74 variables. The questionnaire consisted of three parts: the first, to extract the demographic information about the respondents; the second, to extract business information; and the third, to extract personal factors of the respondents. Every question included blocks that each respondent was required to tick off as preferred choices, with certain open questions such as age, years that the business had been in operation and number of employees.

The demographic section of the questionnaire involved the following areas:

- Nature of the business industry
- Gender of the respondent
- Age of the respondent

Closed questions were used to assess the questions on the nature of the industry and gender. An open question was used to assess the age of the respondent. The question pertaining to the nature of the industry of the business was adapted from Graaf (2007).

The business information section of the questionnaire involved the following areas:

- Academic qualification
- Length of time the business was owned
- Growth in the number of employees

- How the respondent came to be the owner of the business
- Sources of finance for the start-up
- The degree of reliance on family support to run the business
- The degree to which the respondent understood the market in which the business operated
- The management time spent on the various managerial functions of running a business
- An understanding of the customer needs
- Approximate turnover of the business and value of assets
- Future vision for the business

A combination of open and closed questions was used to assess responses. A four point likert scale was also used to assess certain questions. The questions pertaining to the management time spent on the various managerial functions was adapted from Graaf (2007). The rest of the questions in this section were adapted from the literature review.

The personal factors section of the questionnaire involved the following areas:

- Personal characteristics of achievement, risk propensity and achievement
- Motivational factors for starting a business
- Importance of skills relating business linkages in the industry, computer skills, human resource management, financial management, quality management, role models and good supplier networks.

A five point likert scale was used to assess the responses to the questions regarding personal factors. The question pertaining to the personal characteristics of the respondent as well motivational factors for starting a

business was adapted from Turan and Kara (2007). The question pertaining to the importance of skills was adapted from Kunene (2008).

A survey pilot of three questionnaires was done with colleagues and the questionnaire was then adapted to make it user-friendlier by using blocks for ticking choices, as well as improving the selectability of word choices in certain questions. It also included adapting the selection choices on certain questions. A letter of consent was attached to every questionnaire.

4.7 Data collection process

Data collection refers to the process of raw data and unprocessed information that can be processed into meaningful information, following the scientific process of data analysis (Zikmund, 2003).

The data collection process was approached in two ways. In the first approach the researcher e-mailed the questionnaire to all Indian students in the 09/10 MBA group at the Gordon Institute of Business Science. This resulted in only one response after a period of six weeks.

The second approach was to physically hand out questionnaires to Indian business owners in the Tshwane metropolitan area. Questionnaires were handed out in the following areas: Laudium, Marabastad and Pretoria central business district. The reason for personally visiting respondents as opposed to mailing the questionnaire was to ensure that a better commitment to completing the questionnaire through personal contact and assistance would be obtained. The support of family and friends was sought to help distribute and collect the questionnaires. An individual was also hired to issue and collect questionnaires during weekdays over a period of three weeks. A total of 260 questionnaires were distributed. The questionnaires were distributed in batches and each respondent was given a week to complete it before it was due to be collected.

Most of the respondents agreed in principle to complete the questionnaire but when it was time to collect the questionnaire very few had actually done so. However, most respondents completed the questionnaire while the researcher waited to collect it. The data collection process took six weeks. A total of 111 complete questionnaires were collected with a response rate of 43%. About ten of the respondents refused to answer the questions pertaining to annual turnover of the business and the value of the assets of the business.

4.8 Data analysis approach

The raw data was checked for omissions, legibility and consistency before being coded for analysis. The data was copied from the questionnaires into a Microsoft Excel (2003) spreadsheet with specific headings for each of the variables used. Each respondent received a number starting with '1' for reference purposes. The raw data was appropriately coded for the statistical analysis.

The following statistics were used to describe the data:

- Mean
- Standard deviation
- Range
- Frequencies

The following statistical tests were performed on the data:

- Cronbach's Alpha to test internal consistency of item scales
- Nonparametric tests
 - Chi-square
 - Fisher's Exact Test
 - *t*-tests using the Satterthwaite-test approach

4.9 Research limitations

The research had the following limitations:

- It did not draw comparisons to other cultural groups in South Africa. The study focused on the entrepreneurial traits and success factors of Indian entrepreneurs.
- This study was also limited in offering a detailed explanation as to why the identified traits and success factors are important.
- Business owners tend to be private and do not always appreciate outside scrutiny of their business. Therefore the outcome of the study was dependent on the information provided by the various businesses.
- Using closed-ended questions to gain information regarding perceptions may be biased as respondents were not able to express themselves verbally.

4.10 Conclusion

This chapter provided a description of the research methodology applied in this study. It outlined the research scope, questionnaire design and described the sampling method. The data-collection approach and data-analysis method were also discussed and some research limitations were put forward. The data processing that was aimed at describing the data collected is provided in the following chapter.

Chapter 5: Results

5.1 Introduction

The sample used for this research is a non-probability convenience sample of Indian business owners in the Tshwane metropolitan area. A total of 260 surveys were hand-delivered accompanied by a covering letter. A total of 111 questionnaires were returned with 106 usable questionnaires, providing a final response rate of 41%. The data was then put into an excel spreadsheet and classified into two groups: namely, successful and less successful.

5.2 Classifying data

Two criteria variables were used to classify the data set of respondents into successful and less successful entrepreneurs: namely, growth and turnover. Chivukula *et al.* (2009) used growth in employment as a measure of success; hence growth in the number of employees from when the business was started to the current number of employees was taken to represent growth in the business.

The second criterion used was a measure of the annual turnover. It was initially thought that the questionnaire should specifically ask respondents to indicate the business profitability; however, it was decided not to ask this directly. This was because it was anticipated that most respondents would choose not to answer such a question. Therefore respondents were asked to indicate their annual turnover in the form of a range beginning with less than R500,000 to greater than R5 million. For the purpose of this research, the annual turnover of more than R1 million was considered to be successful and turnover less than R1 million to be less successful.

Of the responses, 38 out of the 106 useable responses indicated a definite growth of employees within the business and indicated annual turnover of greater

than R1 million. These respondents, having met the criteria, were classified as successful entrepreneurs.

Of the responses, 49 of the 106 useable responses indicated no growth in the number of employees and indicated annual turnover of less than R1 million. These respondents were then classified as less successful.

There were 19 responses in the data set that did not satisfy both criteria fully, making it difficult to classify; hence it was decided to omit these respondents of the data set from the subsequent data analysis.

5.3 Validity

Validity can be defined as the ability of a scale or measuring instrument to measure what it is intended to measure (Zikmund, 2003). Content validity was evaluated by piloting the questionnaire to three individuals to check validity. A pilot study is described as any small-scale exploratory research technique that uses sampling but does not apply rigorous standards (Zikmund, 2003).

5.4 Reliability

Reliability can be defined as the degree to which measures are free from error and therefore yield consistent results (Zikmund, 2003). Evaluating the calculated Cronbach's alpha accesses the internal consistency or homogeneity among the test variables. The closer the Cronbach alpha coefficient is to '1' the greater the internal consistency of the items in the scale (Gliem & Gliem, 2003). According to Gliem *et al* (2003) while a high value for a Cronbach alpha indicates a good internal consistency of the items in the scale an alpha of 0.8 is a reasonable goal.

The Cronbach alphas were evaluated for the items in the scale used for questions 21 and 25 which used a four point likert scale and questions 26 and 27 which used a five point likert scale. As the likert scales differed, each question

formed a scale of its own. Therefore an alpha value was calculated for each scale and then the successful and less successful groups were compared to the alpha value.

5.4.1 Cronbach alpha for items in the scale for question 21

The Cronbach alpha for the items in the scale of question 21 which describes how the entrepreneurs goes about determining what the customer wants, is indicated in table 3 below.

Table 3: Cronbach alpha for question 21 variables

Item	Variables	Alpha if item is deleted
1	Continuously ask them	0.69
2	Put one's self in customers shoes	0.65
4	Know what they want	0.74
5	Look at what sales show	0.81
	Cronbach alpha for question	0.79

A high internal reliability is seen for the variables that describe 'how do the respondents of the two groups know what customers want'. There were originally five items in the scale for this question, before calculating the alpha value item 3 of the scale relating to 'entrepreneurs being unsure of what customers wanted', was excluded.

The 'alpha value if item is deleted' indicates the Cronbach's alpha reliability coefficient for internal consistency if the individual item is removed from the scale. If item 4 was removed, the alpha value would increase to 0.81. As the calculated alpha value is close to 0.8, it was decided to not exclude item 4.

5.4.2 Cronbach alpha for items in the scale for question 25

The Cronbach alpha for the items in the scale of question 25 which describes the entrepreneur's future vision for the business is indicated in table 4 below.

Table 4: Cronbach alpha for question 25 variables

Item	Variables	Alpha if item is deleted
1	Increase size of existing business	0.61
2	Increase employment	0.61
3	Set up other business in same industry	0.64
4	Acquire other business in same industry	0.63
5	Merge with other business	0.82
	Cronbach alpha for question	0.73

A high internal reliability is seen for the variables that describe the future plans for the business as the respondents of the two groups indicated. There were originally six items in the scale for this question, before calculating the alpha value item 6 of the scale relating to entrepreneurs selling the business as part of their future plans, was excluded.

If item 5 was removed, the alpha value would increase to 0.82. As the calculated alpha value is fairly close to 0.8, it was decided to not exclude item 5.

5.4.3 Cronbach alpha for items in the scale for question 26

The Cronbach alpha for the items in the scale of question 26 which describes the entrepreneurial orientation of the entrepreneur is indicated in table 5 below.

Table 5: Cronbach alpha for question 26 variables

Item	Variables	Alpha if item is deleted
1	High level of achievement	0.59
2	Don't give up easily	0.61
3	Like a challenge	0.62
4	Optimistic	0.61
5	Like to work on one's own	0.57
6	Quick to make a decision	0.62
7	Likes to take high risk	0.79
	Cronbach alpha for question	0.66

The alpha value of 0.66 is still acceptable for the variables that describe the personal characteristics of the respondents of the two groups. If item 7 were removed, the alpha value would increase to 0.79. As the alpha value was above 0.6 it was decided to not exclude item 7.

5.4.4 Cronbach alpha for items in the scale for question 27

The Cronbach alpha for the items in the scale of question 27 which describes the motivational factors for starting the business is indicated in table 6 below.

Table 6: Cronbach alpha for question 27 variables

Item	Variables	Alpha if item is deleted
1	Wanted greater freedom to adopt own approach	0.49
3	Always wanted to be my own boss	0.53
6	Wanted to challenge myself	0.54
9	Wanted to follow the example of someone I admired	0.49
10	Thought I would get more respect working for myself	0.53
11	Wanted to continue a family tradition	0.60
	Cronbach alpha for question	0.57

The alpha value of 0.57 is below 0.6. It is not a good measure of the internal reliability for the variables that describe the motivation factors for respondents of the two groups. Variables 2, 4, 5, 7 and 8 were reversed as these variables referred to respondents who had a job previously and was not applicable to respondents in this study.

If item 11 were removed, the alpha value would increase to 0.6. The evaluated alpha value was close to 0.6 and therefore it was decided to use the value.

5.5 Personal Demographics

The personal demographic variables for which information was obtained included gender, age and level of education. The personal demographics of the two respondent groups are presented in tables that follow:

5.5.1 Gender

The gender composition of the respondents is indicated in table 7.

Table 7: Gender composition

Gender	Successful		Less successful		Total	
	frequency	percent	frequency	percent	frequency	percent
Male	38	100%	40	81.6%	78	89.7%
Female	0	0%	9	18.4%	9	10.3%
Total	38	100%	49	100%	87	100%

It was found that males, with 100% representation, dominated the successful group. This is compared to the less successful group that had 82% male and 18% female representation.

5.5.2 Average age of respondents

Descriptive statistics was generated using the SAS statistical software to find age and frequencies for the 'age' variable. The average age of the respondents is given in table 8.

Table 8 : Age of respondents

Respondent Group	frequency	Mean	Std Dev	Minimum	Maximum
Successful	38	50.1	9.5	31	68
Less successful	49	41.6	9	24	71

Although the less successful group had more respondents than the successful group there is a significant difference in the mean values of the two groups. The minimum age of the successful group is seven years older than the less successful group. The successful group had a maximum age that is 3 years younger than the less successful group.

5.5.3 Education background

The highest level of qualification of the two groups is indicated in table 9 below:

Table 9 : Education background

	Successful		Less successful		Total	
	frequency	percent	frequency	percent	frequency	percent
Postgraduate degree	2	5.3%	0	0%	2	2.3%
Degree	7	18.4%	3	6.1%	10	11.5%
Diploma	9	23.7%	9	18.4%	18	20.7%
Matric	12	31.6%	28	57.1%	40	46%
Std 9	6	15.8%	2	4.1%	8	9.2%
Std 8	2	5.3%	7	14.3%	9	10.3%
Total	38	100%	49	100%	87	100%

The successful group were on average (47%) more educated with a diploma and higher qualification than the less successful group whose large majority (76%) had only matric (Grade 12) and below.

5.6 Business Demographics

Business demographics report information about the respondents' businesses. The business demographic variables for which information was obtained included the nature of the industry, the number of years the business existed, the number of businesses started and the number of employees at the start of the business as well as the number of employees currently in the business.

Variables included how respondents became the owners of the business and the sources of capital used to fund the business. Variables also indicated if the respondents had parents who owned businesses and if their businesses were

similar to their parents. It included if the respondents had a network of family and friends that were self-employed.

General management skills included the number of hours worked per day, the number of hours spent on management issues such as financial, marketing, managing people and operational issues. It included information obtained about the market in which the business operated as well as how respondents were able to gauge what customers wanted.

The last two variables on which information was obtained were on the approximate turnover of the business and what were the future plans for the business.

The variables used as business performance variables to categorise respondents into successful and less successful groups were the number of employees at the start of the business versus the number of employees currently in the business and the approximate annual turnover of the business.

The business demographics of the two respondent groups are presented in tables that follow:

5.6.1 Nature of industry of business

The industry, in which respondents business operated, is indicated in table 10 below.

Table 10 : Nature of Industry

Industry	Successful		Less successful		Total	
	frequency	percent	frequency	percent	frequency	percent
Services			4	8.2%	4	4.6%
Manufacturing						
Clothing	11	29%	18	36.7%	29	33.3%
Food	2	5.3%	9	18.4%	11	12.6%
Hardware	3	7.9%	1	2%	4	4.6%
Other	22	57.9%	17	34.7%	39	44.8%
Total	38	100%	49	100%	87	100%

The successful group operated in industries defined as other (58%), followed by clothing (29%). This represents 87% of the successful group. The less successful group operated in industries defined as other (35%), clothing (37%) and food (18%), which represents 90% of the less successful group.

The differences in the two groups can be found in the services industry where 8% of the less successful group operated, while none of the successful respondents operated in this industry. Further there were big differences between the two groups in the food and hardware industry.

5.6.2 Number of years in business

The number of years in business is indicated in table 11 below. Descriptive statistics was generated using the statistical software SAS to find frequencies and percentages of the relevant variable.

Table 11 : Number of years business has existed

Respondent Group	Frequency	Mean	Std Dev	Minimum	Maximum
Successful	37	22.5	15.4	6	74
Less successful	49	15.3	18	2	84

The successful group indicated on average the number of years in business of 22 years which is seven years longer than the less successful group. The minimum number of years in the successful group was also four years longer than the less successful group. One of the respondents in the successful group did not provide an answer to the relevant question.

5.6.3 Started previous businesses

An indication of respondents having started previous businesses prior to the current undertaking is provided in table 12 below.

Table 12: Is this the first business started

	Successful		Less successful		Total	
	frequency	Percent	frequency	percent	frequency	percent
Yes	26	68.4%	42	87.5%	68	79.1%
No	12	31.4%	6	12.5%	18	20.9%
Total	38	100%	48	100%	86	100%

The respondents of the successful group indicated that 68% of the current business was the first one they had started. This is compared to the less successful group which group, which indicated a higher percentage of 88%. One of the respondents in the less successful group did not provide an answer to the relevant question.

5.6.4 Number of employees at start of business

The number of employees that were employed by the business at the start is provided in table 13 below. Descriptive statistics was generated using the statistical software SAS to find frequencies and percentages of the relevant variable.

Table 13 : Number of employees at start of business

Respondent Group	frequency	Mean	Std Dev	Minimum	Maximum
Successful	38	4.4	3.7	1	22
Less successful	49	3	1.5	1	7

The average number of employees employed by the successful group at the start of the business was four compared to the less successful group where the number of employees was three. The successful group indicated a maximum of 22 employees while the less successful group indicated a maximum of seven employees.

5.6.5 Number of employees currently in business

The number of employees currently employed by the business is provided in table 14 below. Descriptive statistics was generated using the statistical software SAS to find frequencies and percentages of the relevant variable.

Table 14 : Number of employees currently in business

Respondent Group	frequency	Mean	Std Dev	Minimum	Maximum
Successful	38	9.1	8.7	3	42
Less successful	49	3.5	2.2	1	12

The average number of employees employed by the successful group currently in the business is nine compared to the less successful group with three. The successful group indicated a maximum of 42 employees while the less successful group had 12 employees.

5.6.6 How did the entrepreneur become the owner of the business?

An indication of how the entrepreneur became owner of the business is provided in table 15 below.

Table 15 : Become owner of business

	Successful		Less successful		Total	
	frequency	Percent	frequency	percent	frequency	percent
Purchased	8	21.1%	16	32.7%	24	27.6%
Founded	22	57.9%	27	55.1%	49	56.3%
Inherited	8	21.1%	6	12.2%	14	16.1%
Total	38	100%	48	100%	87	100%

In both of the comparable groups the majority of the entrepreneurs founded the business. The successful group was at 58% and the less successful group at 55%. On purchasing the business the less successful entrepreneurs indicated a higher percentage at 33% compared to the successful entrepreneurs at 21%.

5.6.7 Sources of capital used to start business

The source of capital used by the entrepreneurs to fund the business is indicated in table 16 below.

Table 16 : Sources of Capital

	Successful		Less successful		Total	
	frequency	percent	frequency	percent	frequency	percent
Own	28	60.9%	38	76%	24	68.8%
Commercial	13	28.3%	9	18%	49	22.9%
Family	5	10.9%	3	6%	14	8.3%
Friends						
Total	46	100%	50	100%	87	100%

The majority of the entrepreneurs used own capital to fund the business, the successful entrepreneurs at 61% and less successful entrepreneurs at 76%. If the entrepreneur was not able to fund the business using 100% of own capital a preference was given to using a combination of own and commercial institution loans. The successful group indicated a higher use of commercial loans (28%)

than the less successful (18%). Both groups did not highly favour loans from family.

5.6.8 Did entrepreneurs' parents own a business?

An indication of whether the respondents had parents that owned a business is provided in table 17 below.

Table 17 : Parents owned a business

	Successful		Less successful		Total	
	frequency	Percent	frequency	percent	frequency	percent
Yes	25	65.8%	18	36.7%	43	49.4%
No	13	34.2%	31	63.3%	44	59.6%
Total	38	100%	48	100%	87	100%

The successful group indicated that 66% of their parents owned a business while only 37% of the less successful group had parents that owned a business.

5.6.9 To what extend is the current business similar to their parent's business?

An indication of whether the entrepreneurs' business is similar to their parents' business is provided in table 18 below.

Table 18 : To what extend is business similar to parents

	Successful		Less successful		Total	
	frequency	percent	frequency	percent	frequency	percent
Not at all	26	68.2%	34	75.6%	60	72.3%
Moderately	4	10.5%	4	8.9%	8	9.6%
Very	1	2.6%	2	4.4%	3	3.6%
Exactly	7	18.4%	5	11.1%	12	14.5%
Total	38	100%	50	100%	87	100%

The majority of the successful group respondents (68%) and the less successful group respondents (76%) indicated that their business was not at all similar to their parents. Of the successful group 21%, and of the less successful group 16%, indicated that the business was similar to their parents.

5.6.10 Are family members involved in managing the business?

The extent to which family members are involved in managing the business is indicated in table 19 below.

Table 19 : Are family members involved in managing business

	Successful		Less successful		Total	
	frequency	Percent	frequency	percent	frequency	percent
Yes	28	75.7%	22	55.1%	50	58.1%
No	9	24.3%	27	44.9%	36	41.9%
Total	37	100%	48	100%	87	100%

The successful group respondents indicated a higher involvement of family members in the business in terms of helping make decisions (76%) compared to the less successful group at 55%.

5.6.11 Reliance on family to help run business

The reliance on family members to help run the business is indicated in table 20 below.

Table 20: To what extend is there reliance on family to help run business

	Successful		Less successful		Total	
	frequency	percent	frequency	percent	frequency	percent
Not at all	9	26.7%	26	53.1%	35	40.2%
Moderately	3	7.9%	3	6.1%	6	6.9%
Very	5	13.2%	5	10.2%	10	11.5%
Exactly	21	55.3%	15	30.6%	36	41.4%
Total	38	100%	49	100%	87	100%

The less successful group of respondents indicated that 53% were not at all reliant on family help to run business, compared to the successful group at 27%. The successful group indicated a higher reliance on family help to run the business (69%) than the less successful group (41%).

5.6.12 Network of family and friends that are self-employed

An indication of having a network of family and friends that are self-employed is provided in table 21 below.

Table 21 : Network of family and friends that are self-employed

	Successful		Less successful		Total	
	frequency	Percent	frequency	percent	frequency	percent
Yes	37	100%	46	93.9%	83	96.5%
No	0		3	6.1%	3	3.5%
Total	37	100%	48	100%	87	100%

Both groups of entrepreneurs reported having a high percentage of family and friends that are self-employed. One of the respondents in the successful group did not provide an answer to the relevant question.

5.6.13 The market that the business operates in

The entrepreneur's understanding of the market in which the business operates in is provided in table 22 below.

Table 22: Describe the market parameters in which the business operated

	Successful		Less successful		Total	
	frequency	percent	frequency	percent	frequency	percent
Many competitors with fixed prices	18	47.4%	28	57.1%	46	52.3%
Few competitors that are highly competitive	18	47.4%	17	34.5%	35	40.2%
Few competitors with variable prices	3	5.3%	4	8.2%	6	6.9%
Not sure						
Total	38	100%	49	100%	87	100%

All entrepreneurs in both groups could identify the market in which the business operated. None were unsure.

5.6.14 Number of hours worked per day

An indication of the number of hours each entrepreneur worked per day is provided in table 23 below.

Table 23 : Number of hours worked per day

	Successful		Less successful		Total	
	frequency	percent	frequency	percent	frequency	percent
0–5 hours	0	0%	1	2%	1	1.2%
5-10 hours	25	65.8%	22	67.4%	58	66.7%
> 10 hours	10	26.3%	14	28.6%	24	27.6%
> 15 hours	3	7.9%	1	2%	4	4.6%
Total	38	100%	49	100%	87	100%

The majority of the entrepreneurs worked between five to ten hours per day. The successful group (66%) and the less successful group (67%) are similar. Both groups were also similar in working more than ten hours per day, the successful at 34% and less successful at 31%.

5.6.15 Number of hours per day spent on financial issues

The number of hours spent on managing the business in relation to working on financial issues is indicated in table 24 below.

Table 24 : Number of hours per day spent on financial issues

	Successful		Less successful		Total	
	frequency	Percent	frequency	percent	frequency	percent
0-1 hour	0	0%	5	10.2%	5	5.8%
2-3 hours	9	24.3%	13	26.5%	22	25.6%
> 3 hours	28	75.7%	31	63.6%	59	68.6%
Total	37	100%	49	100%	86	100%

Both groups spent more than three hours on financial issues in the business per day. The successful group indicated a higher percentage (76%) than the less successful group (64%). One of the respondents in the successful group did not provide an answer to the relevant question.

5.6.16 Number of hours per day spent on marketing

The number of hours spent on managing the business in relation to working on marketing is indicated in table 25 below.

Table 25 : Number of hours per day spent on marketing

	Successful		Less successful		Total	
	frequency	Percent	frequency	percent	frequency	percent
0-1 hour	1	2.7%	0	0%	1	1.2%
2-3 hours	2	5.4%	4	8.2%	6	7%
> 3 hours	34	91.9%	45	91.8%	79	91.9%
Total	37	100%	49	100%	86	100%

The successful group and the less successful group were similar in that 92% of respondents spent more than three hours on marketing. One of the respondents in the successful group did not provide an answer to the relevant question.

5.6.17 Number of hours per day spent on managing people

The number of hours spent on managing people in the business is indicated in table 26 below.

Table 26 : Number of hours per day spent on managing people

	Successful		Less successful		Total	
	frequency	Percent	frequency	percent	frequency	percent
0-1 hour	8	21.6%	7	14.3%	15	17.4%
2-3 hours	6	16.2%	13	26.5%	19	22.1%
> 3 hours	23	62.2%	29	59.2%	52	60.5%
Total	37	100%	49	100%	86	100%

The time spent on managing people is varied across the two groups. A higher percentage of respondents in the less successful group (27%) indicated that it spent between two and three hours managing people, compared to the successful group (22%). The successful group (62%) indicated slightly more respondents spent more than three hours managing people than the less successful group (59%). One of the respondents in the successful group did not provide an answer to the relevant question.

5.6.18 Number of hours per day spent on managing operational issues

The number of hours spent on managing the business in relation to operational issues is indicated in table 27 below.

Table 27 : Number of hours per day spent on operational issues

	Successful		Less successful		Total	
	frequency	Percent	frequency	percent	frequency	percent
0-1 hour	0	0%	2	4.1%	2	2.3%
2-3 hours	6	15.8%	8	16.3%	14	16.1%
> 3 hours	32	84.2%	39	79.6%	71	81.6%
Total	38	100%	49	100%	87	100%

The majority of respondents in both groups indicated that they spent more than three hours per day on operational issues. The successful group (84%) were slightly higher than the less successful group (80%). One of the respondents in the successful group did not provide an answer to the relevant question.

5.6.19 How do entrepreneurs know what customers want?

An indication of how entrepreneurs know what customers want is provided in table 28 below.

Table 28 : Know what customers want

	Successful				Less successful			
	Strongly Disagree	Disagree	Agree	Strongly Agree	Strongly Disagree	Disagree	Agree	Strongly Agree
Continuously ask them	5.3%	7.9%	26.3%	60.5%	2%	12.2%	34.7%	51%
Put one's self in customers shoes	5.3%	2.6%	21.1%	71.1%	0%	6.1%	26.5%	67.4%
Unsure	66.8%	5.3%	2.6%	5.3%	77.6%	18.4%	2%	2%
Know what they want	2.6%	2.6%	23.7%	71.1%	0%	0%	24.5%	75.5%
Look at what sales show	2.6%	2.6%	7.9%	86.8%	0%	0%	12.2%	87.8%

The data showed that the successful group (87%) continuously ask their customers what was required, which was similar to the less successful group (86%). The successful group (92%) agreed that they try to put one's self in the customers' shoes to determine what was required; this is similar to the less successful group (94%).

The data showed that both groups agreed that they knew what their customers wanted, the successful group (95%) and the less successful group (100%). The majority of the respondents in the successful group (95%) and the less successful group (100%) agreed that they used sales figures to keep track of what customers wanted.

5.6.20 Approximate annual turnover of the business

An indication of the approximate annual turnover of the business is provided in table 29 below.

Table 29 : What is the approximate annual turnover of the business?

	Successful		Less successful		Total	
	frequency	percent	frequency	percent	frequency	percent
< R500 000	0	0%	10	20.4%	10	11.5%
R 500 000 - R1 000 000	0	0%	25	51%	25	28.7%
R1 000 000 – R2 000 000	15	39.5%	9	18.4%	24	27.6 %
>R2 000 000	14	36.8%	4	8.2%	18	20.7%
> R5 000 000	9	23.7%	1	2%	10	11.5%
Total	38	100%	49	100%	87	100%

The majority of the less successful group (71%) indicated that the annual turnover of the business was between R500 000 and R1 million. This is compared to the successful group (100%), which indicated that the business's annual turnover was greater than R1 million.

5.6.21 Future plans for the business

An indication of the entrepreneurs' future plans for the business is provided in table 30 below.

Table 30 : Future plans for the business

	Successful				Less successful			
	Strongly Disagree	Disagree	Agree	Strongly Agree	Strongly Disagree	Disagree	Agree	Strongly Agree
Increase size of existing business	2.6%	23.7%	36.8%	36.8%	2%	24.5%	44.9%	28.6%
Increase employment	2.6%	15.8%	39.5%	42.1%	0%	26.5%	46.9%	26.5%
Set up other business in same industry	10.5%	21.1%	23.7%	44.7%	4.1%	36.7%	28.6%	30.6%
Acquire other business in same industry	7.9%	15.8%	29%	47.4%	4.1%	32.7%	30.6%	32.7%
Merge with other business	57.9%	36.8%	2.6%	2.6%	32.6%	57.1%	10.2%	0%
Sell business	84.2%	10.5%	0%	5.3%	61.2%	34.7%	4.1%	0%

The data showed that the successful group (74%) agreed that they would consider increasing the size of the existing business, similar to the less successful group (74%). Of the successful group 82% agreed that they would consider increasing the number of employees in the business compared to 74% in the less successful group.

Of respondents in the successful group 68% agreed that they may consider setting up other businesses in the same industry, compared to 59% in the less successful group. Of respondents in the successful group 76% agreed that they may consider acquiring other businesses in the same industry, compared to 63% in the less successful group.

Both groups of entrepreneurs rated the last two options of merging with other businesses and selling the business poorly in terms of agreeing with the statements.

5.7 Personal Factors

The personal factor variables for which information was obtained included personal characteristics that best described the entrepreneurial orientation of the respondents, the motivation for starting the business and the importance of skills in the business.

The personal factors of the two respondent groups are presented in tables that follow:

5.7.1 Personal characteristics

The personal characteristics that best describe the respondents entrepreneurial orientation is provided in table 31 below.

Table 31 : Statements that best describe personal characteristics

	Successful					Less successful				
	Strongly Disagree	Dis-agree	Unsure	Agree	Strongly Agree	Strongly Disagree	Dis-agree	Unsure	Agree	Strongly Agree
High level of achievement	0%	0%	5.3%	13.2%	81.6%	0%	0%	0%	24.5%	75.5%
Don't give up easily	0%	0%	2.6%	5.3%	92.1%	0%	0%	0%	16.3%	83.7%
Like a challenge	0%	0%	2.3%	7.9%	89.5%	0%	0%	0%	14.3%	85.7%
Optimistic	0%	0%	0%	7.9%	92.1%	0%	0%	0%	18.4%	81.6%
Like to work on one's own	9%	2.6%	0%	7.9%	89.5%	0%	4.1%	0%	14.3%	81.6%
Quick to make a decision	0%	2.6%	2.6%	7.9%	86.8%	0%	12.2%	0%	18.4%	69.4%
Likes to take high risk	34.2%	10.5%	5.3%	13.2%	36.8%	32.6%	36.7%	4.1%	12.2%	14.3%
Likes to take medium risk	21.1	7.9%	5.3%	23.7%	42.1%	28.6%	20.4%	2%	24.5%	24.5%
Likes to take low risk	13.2%	2.6%	2.6%	23.7%	57.9%	12.2%	14.3%	0%	28.6%	44.9%

The majority of the respondents in both groups agreed that they had a high level of achievement, don't give up easy, like a challenge and were optimistic individuals. Of the successful group 95% of respondents indicated that they liked to work by themselves, which was similar to the less successful group (96%).

Of the successful group 95% of respondents agreed that they were quick to make a decision, with the less successful group slightly lower at 88%. In terms of high risk 50% of the successful group agreed that they liked to take high risk compared to the less successful group (27%). In terms of medium risk the respondents for the successful group (66%) agreed that they liked to take medium risk compared to the less successful group (49%). Both groups rated

that they preferred to take low risk, the successful group was at 82% agreement and the less successful group was at 74% agreement.

5.7.2 Motivational factors

The motivational factors that best describe the respondents' reasons for starting the business is provided in table 32 below. The likert scale used was strongly disagree (SD), disagree (D), unsure (U) and strongly agree (SA).

Table 32 : Motivation for starting business

	Successful					Less successful				
	SD	D	U	A	SA	SD	D	U	A	SA
Wanted greater freedom to adopt own approach	2.6%	0%	0%	18.4%	79%	2%	2%	0%	24.5%	71.4%
Had been out of work for a period of time	71.1%	21.1%	0%	7.9%	0%	51%	28.6%	0%	16.3%	4.1%
Always wanted to be my own boss	0%	0%	0%	7.9%	92.1%	0%	0%	0%	16.3%	83.7%
Wanted to make more money than I was earning before	0%	0%	0%	7.9%	92.1%	2%	0%	0%	6.1%	91.8%
Had been made redundant	84.2%	7.9%	2.6%	5.3%	0%	77.6%	14.3%	4.1%	2%	2%
Wanted to challenge myself	0%	0%	2.6%	29%	68.4%	2%	2%	0%	20.4%	75.5%
Was dissatisfied with previous job	73.6%	7.9%	0%	15.8%	2.6%	53.1%	16.3%	2%	16.3%	12.2%
Wanted to develop previous experience/hobby into a business	7.9%	52.6%	0%	18.4%	21.1%	14.3%	40.8%	2%	10.2%	32.7%
Wanted to follow the example of someone I admired	0%	26.3%	0%	42.1%	31.6%	2%	30.6%	0%	34.7%	32.7%
Thought I would get more respect working for myself	0%	5.2%	0%	15.8%	79%	0%	4.1%	0%	20.4%	75.5%
Wanted to continue a family tradition	0%	31.6%	5.3%	42.1%	21.1%	6.1%	55.1%	8.2%	18.4%	12.2%

Respondents in both groups agreed that they wanted greater freedom to adopt their own approach, with the successful group at 97% and less successful at 96%. Both groups rated poorly that the reason for starting the business was

based on account that they had been out of work for period of time. The successful group agreement on this factor was 8% while the less successful group was higher at 20%.

Respondents in both groups agreed that they always wanted to be their own boss and wanted to make more money than they were earning before. The successful group's agreement on both factors was 100%, while the less successful group agreement on the factors was 100% and 98% respectively. On being made redundant both groups strongly disagreed on this factor.

On wanting to challenge one's self both groups, the successful (97%) and less successful (96%) agreed with the factor. Of the successful group 18% agreed that they were dissatisfied with their previous job compared to 29% of the less successful group. Only 40% of the successful group agreed that they wanted to develop a previous experience/hobby into a business compared to 43% of the less successful group.

Of the successful group 74% agreed that they started the business because they wanted to follow the example of someone they admired, compared to 67% of the less successful group. Of the successful group 95% agreed that they thought they would earn more respect by working for themselves, compared to 96% of the less successful group. On the last factor of wanting to continue a family tradition of starting a business, 63% of the successful group agreed compared to 31% of the less successful group.

5.7.3 Importance of business skills

The importance of skills in the business is provided in table 33 below.

Table 33: Importance of the following skills in business

	Successful				Less successful			
	Not at all	Moderately	Very	Extremely	Not at all	Moderately	Very	Extremely
Business linkages, industry clusters and networking	5.3%	2.6%	15.8%	76.3%	0%	6.1%	22.5%	71.4%
Computer literacy & access to the internet	0%	7.9%	13.2%	79%	2%	12.2%	12.2%	73.5%
Financial mgt, cash flow, pricing & costing	0%	0%	2.6%	97.4%	0%	0%	8.2%	91.8%
HR management	0%	5.3%	5.3%	89.5%	0%	4.1%	16.3%	79.6%
Quality management	0%	2.6%	5.3%	92.1%	0%	0%	12.2%	87.8%
Role models (learning from others)	0%	7.9%	5.3%	86.8%	0%	6.1%	18.4%	75.5%
Good network of suppliers	0%	2.6%	0%	93.4%	0%	0%	6.1%	93.9%

Respondents in both groups considered business linkages, industry clusters and networking to be very important. On the importance of computer literacy and having access to the Internet both groups, the successful group (92%) and less successful (86%), rated the skill as very important. Both groups rated the importance of having good financial management, cash flow and pricing and costing skills as very important.

On the importance of having good human resource management skills the successful group (97%) and the less successful group (96%) rated it as very important. Of the successful group 97% thought that quality management was very important compared to 100% of the less successful group. Of the successful

group 92% thought that learning from role models was very important, compared to 94% of the less successful group. On the last skill, maintaining good networks with suppliers, 93% of the successful group considered it very important compared 100% of the less successful group.

5.8 Conclusion

This chapter described the criteria used to classify the data collected into two categories indicating successful and less successful entrepreneurs. The data collected was described under three broad headings of personal demographics, business demographics and personal factors, using frequencies and descriptive statistics where relevant. The next chapter will discuss the results using inferential statistical analysis.

CHAPTER 6: DISCUSSION OF RESULTS

6.1 Introduction

This study attempts to determine the critical success factors of successful Indian entrepreneurs in the Tshwane metropolitan area. The literature review on the impact of culture on entrepreneurship is vast and varied. This study relates the findings back to the literature, where applicable.

To enable this study to be focused, different variables were grouped under three categories; namely, general management, personal factors and financing of business. The comparison of the defined variables within each category between successful and less successful entrepreneurs formed the basis of the propositions in this paper.

The data collected was classified into two groups representing successful and less successful entrepreneurs. The successful group consisted of 38 respondents and the less successful group consisted of 49 respondents.

6.2 Findings of the research questions

Three propositions were proposed in the study. The purpose of this section is to ascertain whether this research paper had effectively answered the research propositions and whether it supported or challenged the information in the literature review. This paper attempts to compare the success factors of successful entrepreneurs to less successful entrepreneurs of Indian origin in a South African context.

The data was inputted in to the SAS statistical programme and non-parametric tests were run. The Chi-square and Fisher's Exact test for association was performed to indicate the significant differences between the successful and less successful groups concerning their opinions about the questionnaire variables. A

group t -test, which compares group means, was also undertaken using the Satterwaithe method for unequal variances. The tests used the 95% confidence interval meaning that the p value must be lower than 0.05.

The propositions tested using Chi-square was to test whether or not two different samples were significantly different in some characteristic or aspect of their behaviour. Each proposition is discussed in further detail below:

6.2.1 Proposition 1: There are no significant differences in managerial functions and skills between successful and less successful entrepreneurs.

The statistical significance of the sub-propositions is as follows:

6.2.1.1 Hours worked per day

There were no significant differences in the successful and less successful group of entrepreneurs in terms of the number of hours worked per day. A Fisher's Exact test indicated a p value of 0.5408 which is greater than 0.05.

Of all respondents 68% indicated that they work between five and ten hours while 28% of respondents indicated that they work longer than ten hours per day. Based on a six-day workweek respondents of both groups could average about 60 work hours per week. This is in line with (Pena, 2002) who concluded that entrepreneurs of growing firms are those that spend a large amount of hours (i.e. 50-60 hours) per week on business activities. The result also supports the findings by (Coy *et al.* 2007) who concluded that working hard for long hours was a success factor for Pakistani small business owners.

6.2.1.2 Time spent on managerial functions

The time spent on four managerial functions was found to have no significant differences in the successful and less successful group of entrepreneurs in terms of time spent per day on financial issues, marketing, people management and operational issues with the p value greater than 0.05. The Fisher's Exact test p value is provided in table 34 below:

Table 34: Significant differences relating to managerial functions

Managerial function variables	Fisher's Exact Test p value
Financial issues	0.1186
Marketing	0.6561
Managing people	0.4377
Operational issues	0.6900

The managerial functions of managing a business are seen as important by both groups of entrepreneurs. Of the all respondents 69% indicated that they spent more than three hours on financial issues in the business. Of all respondents 82% indicated that they spent more than three hours managing operational issues within the business. Of all respondents 92% indicated that they spent more than three hours on marketing issues in the business. This is in line with Hill (2001) who cited marketing as a focus area for entrepreneurs.

Of the four categories of managerial functions the least time was spent on managing human resources in the business, both groups indicated that they spent 61% on this function. This could be related to the low average of the number of employees within the business. The successful group average is about nine employees while the less successful group is on average three to four employees.

6.2.1.3 Importance of business skills

There were no significant differences between the successful and less successful group of entrepreneurs in terms of rating the importance of business skills with the p value greater than 0.05. The Fisher's Exact test p value is provided in table 35 below:

Table 35: Significant differences relating to business skills

Skills variables	Fisher's Exact Test p value
Business linkages, industry and networking	0.3680
Computer literacy	0.9261
Financial management, cash flow, pricing and costing	0.3810
Human Resource management	0.3051
Quality management	0.2733
Role models (learning from others)	0.2227
Good networks with suppliers	0.1582

Over 90% of respondents from the successful and less successful group of entrepreneurs rated the above business skills as very or extremely important. This supports the findings of Attahir (1995) which found management skills to be highly ranked by South Pacific small business owners.

6.2.1.4 Describe market parameters in which the business operated

There were no significant differences in the successful and less successful group of entrepreneurs in terms of describing the market in which the business operated. A Fisher's Exact test indicated a p value of 0.5249 which is greater than 0.05.

All respondents could identify the market in which the business operated. However, this does not determine if respondents had correctly identified or understood the market parameters as described by Attahir (1995) in which the business operated.

6.2.1.5 Know what customers want

There were no significant differences in the successful and less successful group of entrepreneurs in terms of describing how entrepreneurs stay informed of what customers required. A group *t*-test using the Satterthwaite method indicated a *p* value greater than 0.05. The *p* value is provided in table 36 below:

Table 36: Significant difference relating to know what customers want

Variable	Method	Variance	Deg. of freedom	<i>t</i> Value	<i>p</i> value
Know what customer want	Satterthwaite	Unequal	68	-0.38	0.7055

Both groups of respondents indicated that they strongly agreed with following techniques to understand the customer's needs:

- Continuously ask them
- Put one's self in customers' shoes
- Know what they want
- Look at what sales show

This further supports the notion of marketing being a focus area of entrepreneurs.

6.2.2 Acceptance of proposition 1

The results of the above significant tests relating to managerial functions and skills are summarised below:

- Hours worked per day - *accepted*
- Time spent on managerial functions per day - *accepted*
- Importance of business skills - *accepted*

- Describe the market parameters in which the business operated - *accepted*
- Know what customers want - *accepted*

All sub-propositions were accepted, hence proposition 1 is accepted.

6.2.3 Proposition 2: There are no significant differences in personal factors between successful and less successful entrepreneurs.

The statistical significance of the sub propositions are as follows

6.2.3.1 Education

There were significant differences in the successful and less successful group of entrepreneurs in terms of education. A Chi-square test indicated a p value that is less than 0.05. The Chi-square p value is provided in table 37 below:

Table 37: Significant difference relating to education

Variable	Method	Deg. of freedom	Value	p value
Highest level of academic qualification	Chi-square	68	8.1991	0.0421

Education levels among the successful group were found to indicate a higher level of formal education (degree and higher) compared to the less successful group, which had a higher level of informal education (matric and lower). This finding does not seem to influence the importance of business skills between the two groups which were highly rated.

The successful group on average employs more people when compared to the less successful group. This is in line with the 2005 Global Monitor Report on South Africa which concludes that the more educated a person, the more likely they are to start a business and the more people they are likely to employ.

6.2.3.2 Experience

There were two variables used to describe the entrepreneur’s level of experience. The first was the number of years the business existed, and the second was had the entrepreneur started other businesses prior to the current business.

There were significant differences in the successful and less successful group of entrepreneurs in terms of the number of years the business has existed. A group *t*-test using the Satterthwaite method indicated a *p* value less than 0.05. The *p* value is provided in table 38 below:

Table 38: Significant difference relating to number of years business existed

Variable	Method	Variance	Deg. of freedom	t Value	p value
Number of years the business existed	Satterthwaite	Unequal	82.7	2.02	0.0470

The successful group was found to have more experience in terms of running the business due to the fact its business has existed, on average, longer than the less successful group.

There were significant differences in the successful and less successful group of entrepreneurs in terms of other businesses started prior to current business. A Chi-square test indicated a *p* value that is less than 0.05. The Chi-square *p* value is provided in table 39 below:

Table 39: Significant difference relating to number of business start-ups

Variable	Method	Deg. Of freedom	value	<i>p</i> value
Is this the first business started	Chi-square	1	4.6650	0.0308

The successful group indicated that 31% of respondents had started a business prior to the current business, compared to 13% from the less successful group. This points to the fact that the successful group had more experience in business start-ups.

6.2.3.3 Entrepreneurial Orientation

There were no significant differences in the successful and less successful group of entrepreneurs in terms of describing the entrepreneurial orientation of respondents. A group *t*-test using the Satterthwaite method indicated a *p* value greater than 0.05. The *p* value is provided in table 40 below:

Table 40: Significant difference relating to entrepreneurial orientation

Variable	Method	Variance	Deg. of freedom	value	<i>p</i> value
Personal characteristics	Satterthwaite	Unequal	76.7	1.99	0.0502

The findings on entrepreneurial orientation in this study tend to agree with the literature review.

6.2.3.4 Motivation

There were no significant differences in the successful and less successful group of entrepreneurs in terms of describing the motivation for starting the business. A group *t*-test using the Satterthwaite method indicated a *p* value greater than 0.05. The *p* value is provided in table 41 below:

Table 41: Significant difference relating to motivation

Variable	Method	Variance	Deg. of freedom	value	<i>p</i> value
Motivational factors	Satterthwaite	Unequal	76	1.74	0.0857

The findings on motivational factors for starting a business in this study tend to correlate closely with the defined pull factors that cause individuals to become entrepreneurs.

6.2.3.5 Network of family and friends self-employed

There were no significant differences in the successful and less successful group of entrepreneurs in terms of having a network of family and friends that are self-employed. A Fisher's Exact test indicated a p value of 0.2560 which is greater than 0.05.

Of all respondents 97% indicated that they have a network of family and friends that are self-employed. This points to a possible extension of the entrepreneurial capacity as well as provides a supply of potential role models to the entrepreneurs of the two groups.

6.2.3.6 Involvement of family members in managing business

There were significant differences in the successful and less successful group of entrepreneurs in terms of the family involvement in the business. A Chi-square test indicated a p value that is less than 0.05. The Chi-square p value is provided in table 42 below:

Table 42: Significant difference relating to family involvement in business

Variable	Method	Deg. Of freedom	value	p value
Family involvement in business	Chi-square	1	8.2053	0.0042

The higher tendency of successful entrepreneurs to have family members involved in managing the business may point to the extended family system as defined by Arkin *et al.* (1989), whereby decision-making is conducted on a joint basis.

6.2.3.7 Reliance on family to run business

There were significant differences in the successful and less successful group of entrepreneurs in terms of reliance on family members to help run the business. A Chi-square test indicated a p value that is less than 0.05. The Chi-square p value is provided in table 43 below:

Table 43: Significant difference relating to reliance on family

Variable	Method	Deg. of freedom	Value	p value
Reliance on family members to run business	Chi-square	2	7.9941	0.0184

This finding correlates to Thomas and Mueller (2000) that conclude there is growing evidence that the Asian entrepreneur relies on familial ties in developing their business.

6.2.3.8 Following family tradition in nature of business

There were no significant differences in the successful and less successful group of entrepreneurs in terms of describing the extent to which the current business is similar to the respondents' parent's business. A Chi-square test indicated a p value that is greater than 0.05. The Chi-square p value is provided in table 44 below:

Table 44: Significant difference relating family tradition of business

Variable	Method	Deg. of freedom	Value	p value
Extend to which business is similar to parents business	Chi-square	2	0.9070	0.6354

While a higher percentage (66%) of the successful group indicated that their parents owned businesses compared to the less successful group (37%).It indicates a tendency among the successful group in following in their parents' footsteps in starting a business. However, the majority of both groups indicated

that their business was not similar to their parents. Therefore the findings do not correlate to Tsui-Auch (2005) who concluded that ethnic businesses would maintain family management and avoid diversification into areas in which the family members did not have expertise.

6.2.3.9 Rejection of proposition 2

The results of the above significant tests relating to personal factors are summarised below:

- Education – *rejected*
- Number of years business existed - *rejected*
- Number of prior businesses started – *rejected*
- Entrepreneurial orientation – *accepted*
- Motivational factors – *accepted*
- Network of family and friends self-employed – *accepted*
- Involvement of family members in managing business - *rejected*
- Reliance on family members to help run business - *rejected*
- Following in family tradition in nature of business - *accepted*

Not all sub-propositions were accepted, therefore proposition 2 is rejected.

6.2.4 Proposition 3: There are no significant differences in financing and ownership of a start-up between successful and less successful entrepreneurs.

The statistical significance of the sub-propositions is as follows:

6.2.4.1 How ownership of business came about

There were no significant differences in the successful and less successful group of entrepreneurs in terms of how ownership of the current business came about.

A Chi-square test indicated a p value that is greater than 0.05. The Chi-square p value is provided in table 45 below:

Table 45: Significant difference relating to how ownership came about

<i>Variable</i>	<i>Method</i>	<i>Deg. of freedom</i>	<i>Value</i>	<i>p value</i>
How did ownership of business come about	Chi-square	2	2.1054	0.3490

In terms of ownership, the successful group indicated majority founded the business followed by equal representation of inheritance and purchase of business. The less successful group indicated majority founded the business followed by purchase and then inheritance. Inheritance in the less successful group was 9% lower than the successful group. The higher inheritance of business in the successful group could be a direct consequence of the extended family concept described in the literature.

6.2.4.2 Sourcing of capital to finance business

There were no significant differences in the successful and less successful group of entrepreneurs in terms of the sources of capital used to fund the start-up of the business. A Fisher's Exact test indicated a p value of 0.3058 which is greater than 0.05.

The sources of finance are in line with the literature; both groups of entrepreneurs favoured own capital, followed by commercial capital and lastly family capital. None of the respondents looked to friends to help finance the business.

6.2.4.3 Future plans for the business

There were no significant differences in the successful and less successful group of entrepreneurs in terms of describing the future plans for the business. A group

t -test using the Satterthwaite method indicated a p value greater than 0.05. The p value is provided in table 46 below:

Table 46: Significant difference relating to motivation

Variable	Method	Variance	Deg. of freedom	t value	p value
Future plans for the business	Satterthwaite	Unequal	775.2	0.66	0.5104

Respondents from both groups indicated a growth-orientated strategy towards their vision for the business. This is in line with the six dimensions of entrepreneurial orientation cited by Hills and La Forge (1992).

6.2.4.4 Acceptance of proposition 3

The results of the above significant tests relating to financing and ownership of business are summarised below:

- How ownership of business came about – *accepted*
- Sourcing of capital to finance business – *accepted*
- Future vision for the business – *accepted*

All the sub-propositions were accepted, therefore proposition 3 is accepted.

6.3 Conclusion

This chapter presented the main findings of the empirical study. During the course of this chapter relevant information was obtained and explained by means of inferential statistics. The next chapter will revisit the objectives, discuss the findings, make final conclusions and make suggestions for future research.

CHAPTER 7: CONCLUSION

7.1 Introduction

The influence of culture on entrepreneurial activities has been widely researched. However there is limited research on the influence of culture on Indian entrepreneurs in a South African context. The study explores this aspect in relation to the characteristics of the ethnic entrepreneur identified through the literature review. The study presents some insights into how successful and less successful Indian entrepreneurs compare.

The study draws a comparison on general management skills, the personal factors and the financing factors that characterise the two groups of entrepreneurs.

7.2 Overview of the literature study

The literature study began with a discussion highlighting the dimensions of culture as defined by Hofstede and Trompenaars. These dimensions were related to the culture of the Indian South African as it developed since the arrival of the first Indians in South Africa. Some definitions for entrepreneurship and entrepreneurial traits were put forward and the correlation between entrepreneurship and culture was explored. This concluded with a list of characteristics and attributes of Asian entrepreneurs that was well researched.

The importance of the SME sector to the South African economy was highlighted. The SME sector generates approximately 35% of GDP and contributes an estimated 43% of total salaries paid in South Africa (Van Vuuren & Groenewald, 2007). The success factor for SMEs linked to the internal and external business environment was reviewed. These included management skills, personal qualities, experience and networks.

7.3 Research objectives revisited

The study sought to answer the following research questions:

1. The degree of general management skills employed in the business.
2. The role personal factors such as education, family support, experience, role models, motivation, entrepreneurial characteristics and networking play in start-up and sustaining the business.
3. Understand how the business was financed.

The aim of this research was to explore the degree to which the sample group could identify and relate to general management and personal factors and their approach to financing the start-up. Further the objective was to explore how the factors and approach differed across successful and less successful entrepreneurs. Inferential analysis was used to compare the two groups.

7.4 Results revisited

The research concluded that there are not significant differences in terms of managerial functions and the importance of these skills in operating a business. Both groups of entrepreneurs, the successful and less successful, deemed these factors equally important.

There were some significant differences between the comparable groups relating to personal factors that characterise the entrepreneurial approach. These differences relate to the variables of education, length of time the business existed, the number of previous businesses started and the involvement and reliance of family members in managing and running the business. This relates to the literature, which concludes that the Asian entrepreneur is characterised by the extended family concept, and family affairs are concluded on a joint basis. This suggests a bigger involvement of family which aids entrepreneurs to be more successful.

The variables that indicated no significant difference relate to entrepreneurial orientation, motivational factors, network of family and friends that are self-employed, and following in family tradition in terms of type of business.

There were also no differences in the way business was financed if the owner founded the business. Neither of the groups seems to have an advantage in terms of financing the business.

7.5 Contribution of the study

This study contributes to the domain of entrepreneurship within the selected research frame as follows:

- Family support in running the business, as well as in managing the business, is more important to the respondents of the successful group.
- The findings of this study align to the characteristics and attributes of Asian entrepreneurs as found in literature.
- Customer awareness is important to both successful and less successful entrepreneurs in this frame.
- Respondents favourably rated that they would consider acquiring other businesses in the industry, thus indicating an element of organic growth.
- The length of time the businesses in this study have existed points to a success rate in excess of the typical seven years and thus indicates most of the businesses in this study are sustainable.

7.6 Further Research

Further research objectives are outlined as follows:

- Draw comparisons across cultural groups within South Africa in terms of Jewish, Greek or Portuguese business communities (perceptually measuring high on entrepreneurial orientation).

- Understand how skills transfer in relation to running a business takes place within the Indian community.
- Draw comparisons between Indian business owners across different geographical hubs within South Africa as well as internationally such as in India.
- Understand the business models employed by Indian entrepreneurs.
- Understand what formal education Indian entrepreneurs undertake and determine if this is used in the business.

7.7 Limitations of the study

The following limitations were identified through the study:

- A criticism of the questionnaire design is, in terms of measuring financial success, it would have been better to have asked respondents if growth in turnover was achieved in the last 12 months.
- A general unwillingness of respondents to answer questions relating to financial matters within the business. This is reflected in the 19 respondents that could not be classified into either of the entrepreneurial groups.
- Participation in research is not in the culture of most South Africans.
- The criteria used to determine a successful business is a source of bias. The use of defined non-financial measures for success should have been considered.
- A database that contains a list of ethnic-owned businesses in South Africa is non-existent and thus limited the reach of this study to the Tshwane metropolitan area.

7.8 Conclusion

This study was undertaken to explore the factors that differentiate successful and less successful Indian entrepreneurs in a South African context. The study outlined a process of how to go about comparing the success factors of

successful and less successful ethnic entrepreneurs. The objectives of this study were achieved.

The findings of this study have also served to highlight the link between culture and entrepreneurship. It provided insights on how the Indian culture in South Africa has evolved and how this has influenced the entrepreneurial business within the Tshwane Indian community of small business owners. It is hoped that this study has also contributed to the area of theory that aims to contribute to the growing body of knowledge that attempts to profile entrepreneurs of different cultural backgrounds.

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Annexure A

Research Questionnaire

Consent for participation in academic research study
Gordon Institute of Business Science

Critical success factors of successful Indian entrepreneurs

Dear Respondent

I am currently an MBA student at the Gordon Institute of Business Science and conducting academic research on the critical success factors of successful Indian entrepreneurs in the Tswane area.

Please note the following:

- This study involves an anonymous survey. Your name will not appear on the questionnaire and the answers you give will be treated as strictly confidential. You cannot be identified in person based on the answers you give.
- Your participation in this study is important to us. By completing survey you indicate that you are voluntarily participating in this research. You may choose not to participate.
- Please answer the questions as completely as possible. This should not take more than 15 minutes of your time. This questionnaire consists of 7 pages.
- The results of the study will be used for academic purposes. A summary of the research findings will be provided to you on request.
- If you have any concerns or questions, please contact me or my supervisor. Our details are provided below.

Researcher name: Thiloshini Govindasamy

Research Supervisor Name: Alex
Antonites

E-mail: Thiloshini.Govindasamy@gmail.com

E-mail: Alex.Antonites1@up.ac.za

Phone: 082 991 0192

Phone: +27 12 420 3119

Critical success factors of successful Indian entrepreneurs

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For office use

1. Respondent number	V1 <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/>																																																											
<p>A. DEMOGRAPHIC INFORMATION: <i>(Please mark the appropriate box with an X or click once to check or un-check a box)</i></p> <p>2. Nature of business industry</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 10px;"> <tr><td style="width: 60%;">Services</td><td style="width: 10%; text-align: center;"><input type="checkbox"/></td><td style="width: 30%; text-align: center;">1</td></tr> <tr><td>Manufacturing</td><td style="text-align: center;"><input type="checkbox"/></td><td style="text-align: center;">2</td></tr> <tr><td>Clothing</td><td style="text-align: center;"><input type="checkbox"/></td><td style="text-align: center;">3</td></tr> <tr><td>Food</td><td style="text-align: center;"><input type="checkbox"/></td><td style="text-align: center;">4</td></tr> <tr><td>Hardware</td><td style="text-align: center;"><input type="checkbox"/></td><td style="text-align: center;">5</td></tr> <tr><td>Other (please specify below)</td><td style="text-align: center;"><input type="checkbox"/></td><td style="text-align: center;">6</td></tr> <tr><td> </td><td> </td><td> </td></tr> </table> <p>3. Gender</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 10px;"> <tr><td style="width: 60%;">Male</td><td style="width: 10%; text-align: center;"><input type="checkbox"/></td><td style="width: 30%; text-align: center;">1</td></tr> <tr><td>Female</td><td style="text-align: center;"><input type="checkbox"/></td><td style="text-align: center;">2</td></tr> </table> <p>4. What is your age? <i>(Write answer in space provided below)</i></p> <table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 10px;"> <tr><td style="width: 80%; height: 20px;"> </td><td style="width: 20%; text-align: center;">1</td></tr> </table> <p>B. BUSINESS INFORMATION:</p> <p>5. Please indicate your highest level of academic qualification</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 10px;"> <tr><td style="width: 60%;">Postgraduate degree</td><td style="width: 10%; text-align: center;"><input type="checkbox"/></td><td style="width: 30%; text-align: center;">1</td></tr> <tr><td>Degree</td><td style="text-align: center;"><input type="checkbox"/></td><td style="text-align: center;">2</td></tr> <tr><td>Diploma</td><td style="text-align: center;"><input type="checkbox"/></td><td style="text-align: center;">3</td></tr> <tr><td>Matric</td><td style="text-align: center;"><input type="checkbox"/></td><td style="text-align: center;">4</td></tr> <tr><td>Std 9</td><td style="text-align: center;"><input type="checkbox"/></td><td style="text-align: center;">5</td></tr> <tr><td>Std 8</td><td style="text-align: center;"><input type="checkbox"/></td><td style="text-align: center;">6</td></tr> <tr><td>Std 7</td><td style="text-align: center;"><input type="checkbox"/></td><td style="text-align: center;">7</td></tr> <tr><td>Std 6</td><td style="text-align: center;"><input type="checkbox"/></td><td style="text-align: center;">8</td></tr> <tr><td>Std 5</td><td style="text-align: center;"><input type="checkbox"/></td><td style="text-align: center;">9</td></tr> </table> <p>6. How many years has the business existed? <i>(Write answer in space provided below)</i></p> <table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 10px;"> <tr><td style="width: 80%; height: 20px;"> </td><td style="width: 20%; text-align: center;">1</td></tr> </table>		Services	<input type="checkbox"/>	1	Manufacturing	<input type="checkbox"/>	2	Clothing	<input type="checkbox"/>	3	Food	<input type="checkbox"/>	4	Hardware	<input type="checkbox"/>	5	Other (please specify below)	<input type="checkbox"/>	6				Male	<input type="checkbox"/>	1	Female	<input type="checkbox"/>	2		1	Postgraduate degree	<input type="checkbox"/>	1	Degree	<input type="checkbox"/>	2	Diploma	<input type="checkbox"/>	3	Matric	<input type="checkbox"/>	4	Std 9	<input type="checkbox"/>	5	Std 8	<input type="checkbox"/>	6	Std 7	<input type="checkbox"/>	7	Std 6	<input type="checkbox"/>	8	Std 5	<input type="checkbox"/>	9		1	<p>V2 <input style="width: 40px; height: 20px;" type="text"/></p> <p>V3 <input style="width: 40px; height: 20px;" type="text"/></p> <p>V4 <input style="width: 40px; height: 20px;" type="text"/></p> <p>V5 <input style="width: 40px; height: 20px;" type="text"/></p> <p>V6 <input style="width: 40px; height: 20px;" type="text"/></p>
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7. Is this the first business you started?

Yes	<input type="checkbox"/>	1
No	<input type="checkbox"/>	2

V7

8. If answer was NO in question 8 how many businesses have you started?

(Write answer in space provided below)

<input type="text"/>	1
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V8

9. How many employees worked for you when the business was started? *(Write answer in space provided below)*

<input type="text"/>	1
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V9

10. How many employees are there currently in the business? *(Write answer in space provided below)*

<input type="text"/>	1
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V10

11. How did you become the owner of this business?

I purchased it	<input type="checkbox"/>	1
I founded it	<input type="checkbox"/>	2
I inherited it	<input type="checkbox"/>	3
Other (please specify below)	<input type="checkbox"/>	4
<input type="text"/>		

V11

12. What source/s of capital did you use in starting the business?

Used own capital	<input type="checkbox"/>	1
Loan from commercial bank	<input type="checkbox"/>	2
Loan from family members	<input type="checkbox"/>	3
Loan from friends	<input type="checkbox"/>	4
Used venture capital	<input type="checkbox"/>	5

V12

V13

V14

V15

V16

V17

13. Did any of your parents own a business?

Yes	<input type="checkbox"/>	1
No	<input type="checkbox"/>	2

V18

14. To what extent is your business similar to your parent's business?

Not at all	<input type="checkbox"/>	1
Moderately	<input type="checkbox"/>	2
Very	<input type="checkbox"/>	3
Exactly the same line of business	<input type="checkbox"/>	4

V19

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15. Are family members involved in your business?

No	<input type="checkbox"/>	1
Yes	<input type="checkbox"/>	2
If yes who (please specify)		

16. To what extent are you dependent on family members to help run the business?

Not at all	<input type="checkbox"/>	1
Moderately dependent	<input type="checkbox"/>	2
Very dependent	<input type="checkbox"/>	3
Extremely dependent	<input type="checkbox"/>	4

17. Do you have a network of family and friends that are self employed?

Yes	<input type="checkbox"/>	1
No	<input type="checkbox"/>	2

18. How would you describe the market you operate in?

Many competitors with fixed prices	<input type="checkbox"/>	1
Few competitors that are highly competitive	<input type="checkbox"/>	2
Few competitors with variable prices	<input type="checkbox"/>	3
Not sure	<input type="checkbox"/>	4

19. How many hours do you work per day?

0 – 5 hours	<input type="checkbox"/>	1
5 – 10 hours	<input type="checkbox"/>	2
> 10 hours	<input type="checkbox"/>	3
> 15 hours	<input type="checkbox"/>	4

20. How many hours per day do you spend doing the following?

Financial issues	0 -1	<input type="checkbox"/>	2 - 3	<input type="checkbox"/>	> 3	<input type="checkbox"/>	1
Marketing / Sales	0 -1	<input type="checkbox"/>	2 - 3	<input type="checkbox"/>	> 3	<input type="checkbox"/>	2
Managing people	0 -1	<input type="checkbox"/>	2 - 3	<input type="checkbox"/>	> 3	<input type="checkbox"/>	3
Operational issues	0 -1	<input type="checkbox"/>	2 - 3	<input type="checkbox"/>	> 3	<input type="checkbox"/>	4

V20
V74

V21

V22

V23
V24
V25
V26

V27

V28
V29
V30
V31

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21. How do you know what your customers want?

Rating Scale

a = Strongly disagree

b= Disagree

c= Agree

d= Strongly Agree

	a	b	c	d	
I continuously ask them	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1
I put myself in their shoes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2
Not sure	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3
I know what they want	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	4
I look at what the sales show me	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5

V32

V33

V34

V35

V36

22. What is the approximate annual turnover of the business?

< R 500,000	<input type="checkbox"/>	1
R 500,000 – R1, 000,000	<input type="checkbox"/>	2
R1, 000,000 – R 2, 000,000	<input type="checkbox"/>	3
> R 2, 000,000	<input type="checkbox"/>	4
> R 5, 000,000	<input type="checkbox"/>	5

V37

23. Please indicate the approximate value of the business?

> R 1,000,000	<input type="checkbox"/>	1
R1, 000,000 –R 2, 000,000	<input type="checkbox"/>	2
> R 2, 000,000	<input type="checkbox"/>	3

V38

24. Did you require external financial assistance to meet financial obligations of the business in the last 12 months?

Yes	<input type="checkbox"/>	1
No	<input type="checkbox"/>	2

V39

25. What are your future plans for the business?

Rating Scale

a = Strongly disagree

b= Disagree

c= Agree

d= Strongly Agree

	a	b	c	d	
Increase size of existing business	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1
Increase employment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2
Set up other business in different industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3
Acquire other business in same industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	4
Merge with other business	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5
Sell business	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6

V40

V41

V42

V43

V44

V45



C. PERSONAL FACTORS:

26. To what extent do you agree or disagree that the following statements that best describes your personal characteristics?

	Strongly disagree	Disagree	Unsure	Agree	Strongly Agree
(a) High level of achievement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(b) Don't give up easily	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(c) Like a challenge	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(d) Optimistic	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(e) Like to work on own	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(f) Quick to make a decision	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(g) Likes to take high risks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(h) Likes to take medium risks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(i) Likes to take low risks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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27. To what extent do you agree or disagree that the following statements describes your motivation for starting a business?

	Strongly disagree	Disagree	Unsure	Agree	Strongly Agree
(a) Wanted greater freedom to adopt own approach to work	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(b) Had been out of work for a period of time	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(c) Always wanted to be my own boss	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(d) Wanted to make more money than was earning before	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(e) Had been made redundant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(f) Wanted to challenge myself	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(g) Was dissatisfied with previous job	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(h) Wanted to develop previous experience / hobby into a business	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(i) Wanted to follow the example of someone I admired	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(j) Thought I would get more respect working for myself	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(l) Wanted to continue a family tradition	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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28. How important are the following skills in your business?

	Not at All	Moderately	Very	Extremely
(a) Business linkages , industry clusters and networking	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(b) Computer literacy and access to the internet	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(c) Financial management, cash flow, pricing and costing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(d) Human resource management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(e) Quality management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(f) Role Models (learning from others)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(g) Good networks with suppliers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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Thank you, your assistance is greatly appreciated

Annexure B

Consistency Matrix

Research Objective	Research Propositions	Related Literature Topics	Related Survey Questions	Data Collection Method	Analysis Tools
Critical success factors of successful Indian entrepreneurs in the Tshwane metropolitan area	<u>Proposition 1</u> : There are no significant differences in managerial functions and business skills between successful and less successful entrepreneurs.	2.12 Success factors for SMEs 2.13 Previous research on small business success	Questions: 18,19, 20, 21, 28(c)	Survey Questionnaire	Descriptive statistics Non parametric tests: <ul style="list-style-type: none"> • Chi-square • Fisher's Exact test • t-test using Satterthwaite test approach
	<u>Proposition 2</u> : There are no significant differences in personal factors between successful and less successful entrepreneurs.	2.8 Characteristics and attributes of Asian entrepreneurs 2.9 Entrepreneurial orientation 2.12 Success factors for SMEs	Questions: 5, 6, 7, 13, 15, 16, 17, 26, 27, 28(f), 28(a), 28(g)	Survey Questionnaire	Descriptive statistics Non parametric tests: <ul style="list-style-type: none"> • Chi-square • Fisher's Exact test t-test using Satterthwaite test approach
	<u>Proposition 3</u> : There are no significant differences in financing and ownership of a start-up between successful and less successful entrepreneurs?	2.12 Success factors for SMEs	Questions: 11, 12, 25	Survey Questionnaire	Descriptive statistics Non parametric tests: <ul style="list-style-type: none"> • Chi-square • Fisher's Exact test t-test using Satterthwaite test approach