

# **Exploring attitudes toward self-employment after retirement or retrenchment**

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## ABSTRACT

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In this study attitudes toward self-employment as alternative means of income will be explored through empirical study. Many facets of entrepreneurship have been researched through a literature study describing the field of entrepreneurship as well as entrepreneurial characteristics and obstacles. As far as could be established, no studies have been conducted that tests the attitudes of respondents within an Agri-business regarding self-employment.

The research will be conducted with entrepreneurship as backbone, but involving other related factors in the different sections. It will be attempted to come to an overall conclusion pertaining to the viewpoint of traditional co-operative (or “koöperasies”, in Afrikaans), staff regarding the agricultural industry, job security and being an entrepreneur with all the characteristics and challenges that accompany it. In this paper agri-business will be the term used for the employers of the respondents.

Two, from an identified three, Agri-businesses were chosen for the study, namely NWK Ltd. (formerly Noordwes Koöperasie) and Suidwes Limited (formerly Suidwes Koöperasie). Senwes Ltd. staff did not take part in the research. The study was done within the North-West Province borders of the companies' business activities and involved various departments in order to get feedback from a diversified sample. The companies are briefly discussed for background purposes.

A literature study was conducted to define the field of Entrepreneurship and related elements thereof. Entrepreneurship in general, including other industries and within corporations were explored during the literature study, but as mentioned, research pertaining to the specific topic of this study is limited.

The empirical research involved the use of a questionnaire, divided into 7 sections that include 4 sections using a Likert scale, 2 sections where statements had to be prioritized and the final section containing demographic variables. A total of 120 questionnaires were distributed, with 64 usable questionnaires returned via the predetermined manner, being collection boxes, collected at a central point per

participating department. Statistical analysis were done by calculating Cronbach Alpha coefficients, with discussions around the Mean and Standard Deviation values. Conclusions on the attitudes of respondents regarding self-employment as were drawn from responses to the various sections and the demographic information contained in the questionnaire.

From the conclusions recommendations were formulated in order to address issues that might make a positive contribution to self-employment as an option after retirement or retrenchment.

The primary and secondary objectives are revisited in the last chapter in order to measure the success in achieving the set goals of the study.

Finally, further studies are suggested that might enhance or refine the results obtained from the research.

The following keywords were used in search for related studies;

- Agribusiness + Entrepreneur
- Agribusiness + Entrepreneurship
- Agribusiness + Entrepreneurship + Retirement
- Agribusiness + Entrepreneurship + Retrenchment
- Agribusiness + Employees + Entrepreneurship

**KEYWORDS:    *Agri-business, Self-employment, Entrepreneur, Third age entrepreneur, Entrepreneurship, Retirement, Retrenchment, Attitudes.***

# CHAPTER 1

## NATURE AND SCOPE OF THE STUDY

---

### 1.1 INTRODUCTION

Agri-businesses, especially agricultural Co-Operatives, have been part of the agricultural landscape for over 100 years and are arguably good examples of traditional, even conservative, businesses. It can be deduced that because of the rural location of the Co-Operatives, often it may become the obvious choice of employer to especially locals.

In recent years, between 2013 and 2015, the traditional Co-Operatives have started to opt for a corporate identity, which can be seen in the omission of the word "Koöperasie" in most names, with only the abbreviations being used in most cases and others using only some aspect of the original Co-Operative name. Examples of the above include Suidwes Koöperasie became Suidwes Landbou, Noordwes Koöperasie became NWK Ltd., and Sentraalwes Koöperasie became Senwes Ltd..

Re-engineering, restructuring and downsizing are terms frequently used and implemented in companies in order to keep up with global trends and forces (Melk, 2010). Following the passage of the Co-operatives Amendment Act of 1993, co-operatives were enabled to expand their range of business and to convert into private companies, 90% of commercial cooperatives converted to companies (Sikuka, 2010).

According to the Global Entrepreneurship Monitor (GEM) reports of recent years (2008, 2010-2014), South Africa as a country is not faring well as far as entrepreneurship is concerned. Mike Herrington (2013) was quoted as saying, "If South Africa doesn't get a wake-up call soon we are not going to be the number one country in Africa". This statement was made in relation to the low rate of entrepreneurship in South Africa.

This study will attempt to investigate attitudes toward self-employment, which will be seen as parallel to entrepreneurship, in the event that retrenchments do occur, or retirement income is expected to be insufficient. The low rate of entrepreneurship suggests the option of becoming self-employed, which is arguably under-utilised in South Africa.

## **1.2 PROBLEM STATEMENT**

The departure point of formulating a problem statement was the low entrepreneurial activity rate in South Africa. Possible factors which may have an influence in the level of attractiveness for becoming self-employed through entrepreneurship were identified. From the Global Entrepreneurship Monitor (GEM) reports of 2008 and 2010 – 2014 it becomes clear that entrepreneurship as choice for creating income leaves much to be desired. The problem identified has entrepreneurship as necessity instead of choice as basis.

Two factors were chosen to combine with the low entrepreneurial rate in South Africa in order to formulate a problem statement which formed the foundation for the research. Those factors are the arguably changing agri-business environment and the increase in average human lifespan.

Negotiations and dealings in the agri-business industry as recent as 2015, supports the reason to include retrenchment as a factor in the study. Examples of some of the dealings mentioned are summarized below.

- The purchase of Agrinet by Suidwes Ltd. (2013).
- Senwes Ltd. and AFGRI (formerly Oos Transvaalse Ko-op – OTK) merged their wholesale and retail businesses in a joint venture during 2013 (Competition Tribunal, 2013) called Hinterland.
- AFGRI Ltd. and AgriGroupe Investments concluded a deal in 2014 whereby 60% of the shareholding will be held by AgriGroupe through an offshore structure.
- GWK and OVK merger talks according to Miller (2013). The negotiations were unsuccessful (Landbou.com, 2014.)

- One of the most recent negotiations, as reported by Hasenfuss (2013) on BD Live, were between NWK Ltd. and Senwes Ltd. on the merging of NWK Beherend and Senwesbel shares. The negotiations were unsuccessful.

NWK Ltd. offered voluntary retrenchment packages to employees during the third quarter of 2015. This seems to underline the possibility that retrenchments, albeit with drought being one of the possible factors, is not unheard of in the agri-business sector. The above scenario sketches a picture of a changing Agri-business landscape.

Coupled to a changing agri-business landscape is also the external variable of an expected average human lifespan.

A scientific research article by the Population Reference Bureau (PRB, 2011) mentions that a greater percentage humans will reach ages in excess of 100 years in future. According to Smith (2013), the global life expectancy is standing at 67.2 years, with South Africa having a current life expectancy of 60 years. She adds that it is reasonable to expect hundreds of thousands of retirees to remain productive into their 70's. In the table below it can be seen that the growth projection in persons 60 years and older between 2010 and 2030 is 1.1 %, but more significantly is the increase in number that totals roughly 1.9 million more elderly persons by 2030.

According to the Sanlam Benchmark Survey (2013), 51% of surveyed pensioners are not financially secure and one of the reasons is 62% of job changers not preserving their retirement savings.

The reason for this study is triple-barrelled, as the changing agri-business environment, average human lifespan increasing and below par entrepreneurial activity all arguably form part of a holistic problem. It was highlighted that entrepreneurship in South Africa shows scope for improvement. The study deems it necessary to determine the attitudes of the study population, with reference to entrepreneurship elements against the background of individuals having to provide for an income up to a later stage before death.

Entrepreneurship is proposed as the possible solution, by being a source of income after retirement or retrenchment. It is for this reason that the study was undertaken.

Evidence thus exists which might suggest a problem without a readily available solution. The aforementioned formed the basis for undertaking this study.

### **1.3 RESEARCH OBJECTIVES**

*Primary and secondary objectives include the following:*

#### **1.3.1 Primary Objective**

The primary objective is to determine the attitudes amongst agri-business employees, between 40 and 63 years of age, have towards post-retrenchment or post-retirement self-employment or entrepreneurship.

#### **1.3.2 Secondary Objectives**

The secondary objectives form part of the data collected by the different sections of the measuring instrument. These sections contribute to arriving at a conclusion in the form of the primary objective.

The secondary objectives flow from the primary objective and are as follows;

- Define entrepreneurship and its associated elements by means of literature study.
- Investigate attitudes of respondents regarding the *definition* of entrepreneurship and associated factors.
- Determine the impact of job satisfaction on decision to become self-employed through entrepreneurship.
- Conclude to which degree entrepreneurship is seen as vital for future income / survival after retirement or retrenchment.
- Testing to which degree respondents perceive changes in the working environment and industry employed in, as having an impact on them.
- Assess other aspects relating to self-employment, retirement and retrenchment.
- Identify challenges associated with entrepreneurship as prioritized by respondents.

- Observe key entrepreneurial characteristics as prioritized by respondents.
- Present demographic variables of respondents.

## **1.4 SCOPE OF THE STUDY**

### **1.4.1 *Field of study***

The field of study falls under the discipline of entrepreneurship.

### **1.4.2 *Industry demarcation***

The study will be conducted between two major Agri businesses namely NWK Limited and Suidwes Limited, both established in 1909.

#### **1.4.2.1 NWK Limited Company profile**

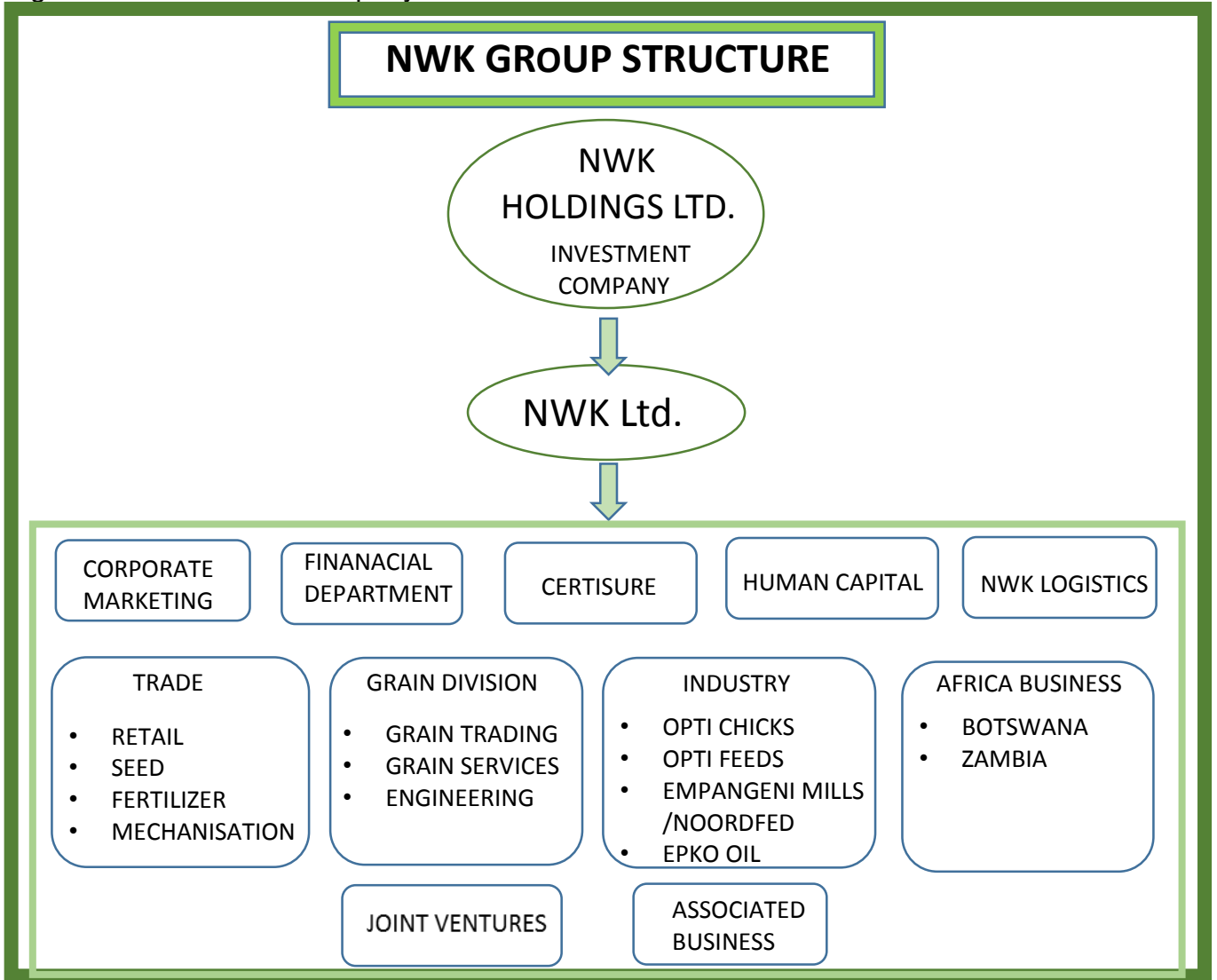
The company was established in 1909 under the name of De Lichtenburg Cooperatieve Landbouw Maatschappij. General Koos De La Rey was amongst the founders of the original business. In 1939 it became a cooperative and in 1998 became a public company.

NWK Ltd. was formerly known as Noordwes Koöperasie. NWK is an established and reputable agricultural business that boasts more than 100 years' experience in the dynamic South African market environment. It is A leading provider of agricultural services and inputs, primarily in the North West Province.

Corporate identity is based on progressive corporate principles and deeply rooted cooperative values. Slogan: *Your grip on the market* implies that the board of directors utilises a competent and motivated management corps to further develop NWK and to add value to shareholders' interests.

NWK is involved in a wide spectrum of activities, broadly summarized in figure 1.1.

Figure 1.1: NWK Ltd. Company structure



Source: NWK (2015), as adapted from NWK Group structure.

As can be seen NWK are arguably prone to align itself with related businesses taking into consideration joint ventures, like Certisure with Senwes Ltd. The company has also extended its footprint in Africa with equal shares being held in a Botswana venture as well as entering the cotton industry in Zambia with a partner based in the Netherlands.

As mentioned, NWK is primarily involved in the North West Province through its business dealings. Figure 1.4 illustrates the different towns within the North West province NWK operates in.

Figure 1.2: NWK Ltd. business area within the North West Province



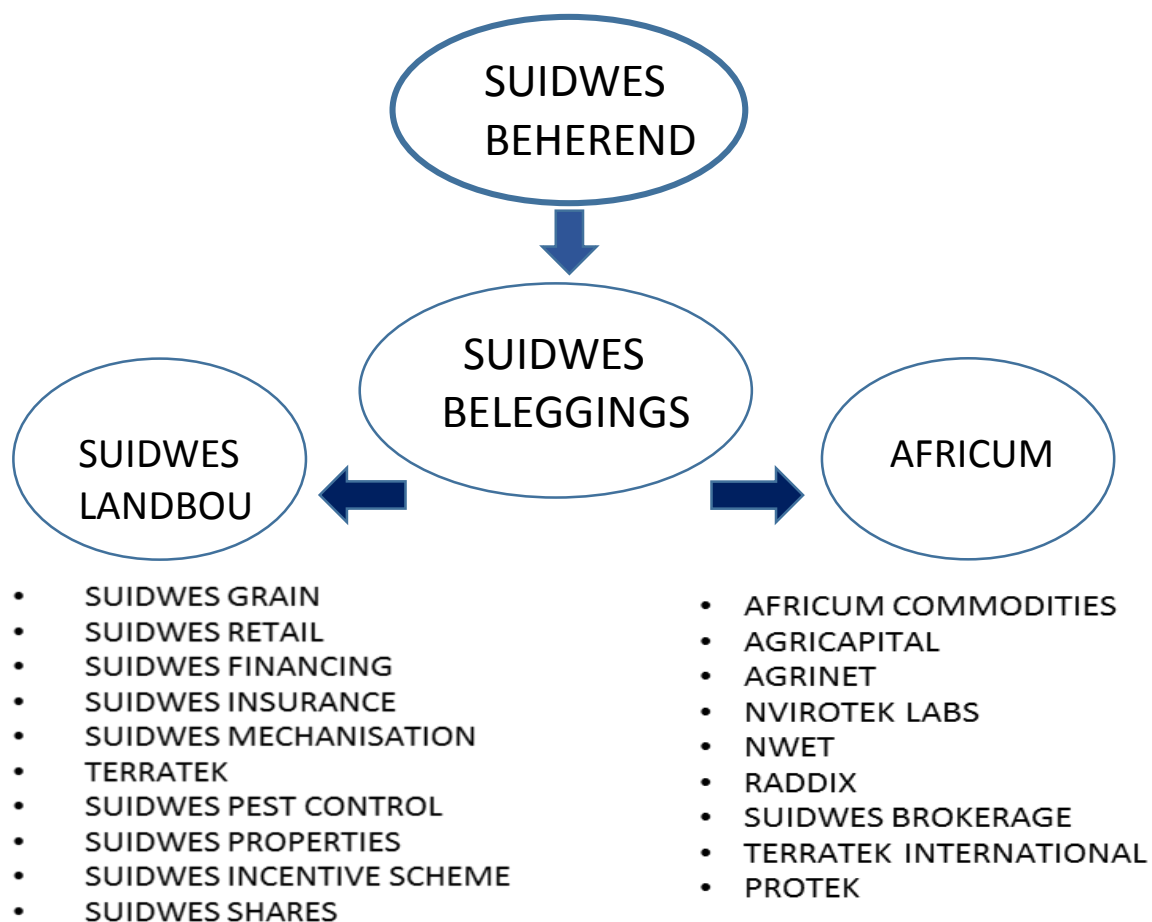
Source: Dafel (2012)

#### 1.4.2.2 SUIDWES Investment Limited Company profile

Suidwes Investments Limited is an agricultural investment company that was founded on 16 August 1909 with the formation of the Wolmaransstad Co-operative Landbouwen Vereniging. For a century Suidwes has played a leading role in various areas in South African agriculture. It developed from a small co-operative association into a modern, progressive and technologically advanced first world agricultural company which, together with its subsidiaries, forms one of the largest groups of agricultural companies in South Africa.

The Group's core business addresses the primary needs and interests of agricultural producers. The changing circumstances and needs of its customers are addressed by innovative marketing and financial products and services which include technologically advanced farming support services and precision farming products and advice. By way of its trading companies, namely Suidwes Grain, Suidwesfin, Suidwes Handel, Suidwes Meganisasie and Terratek, the Group offers a diversified and competitive range of products and services to agricultural producers. The structure of the company is presented concisely in figure 1.3 on the following page.

Figure 1.3: Structure of Suidwes Group



Source: [suid-wes.co.za](http://suid-wes.co.za) (2015)

From the above it is clear that Suidwes is a company with a diversified footprint in its industry. As the case might possibly be with a majority of agri-businesses, the structure sketched above illustrates the involvement of Suidwes in financing as well as input

farming materials. With seasons which produced less than average rainfall over the past two to three years, diversification is arguably a strategy worth investigating, and which could be deducted from the divisions and products within Suidwes.

As mentioned previously, Suidwes primarily operates in the Northwest province, but also to a smaller degree in the Free State and Northern Cape. The specific towns are illustrated by figure 1.4.

Figure 1.4: Suidwes Landbou business area within the North West Province



Source: [suid-wes.co.za](http://suid-wes.co.za) (2015)

The companies involved were chosen because of the obvious fact that their core business activities are the same to a high degree, with diversification into secondary activities. Furthermore, the proximity of the 2 companies in the North West Province, serving the same markets and with similar business cultures made the decision a relative safe option. are perceived to be the same and thelt is expected that perceptions of the employees in general between the companies, for the reasons stated above, should be a trustworthy indicator of the general population.

An important point to mention is that both companies have either been involved in mergers, accuisitions / take-overs and joint ventures. Also noteworthy is that NWK Ltd.

and Senwes has been in talks about the merging of controlling shares and have shares in a mutual insurance company, CertiSure.

### 1.4.3 Geographical demarcation

For the study only employees working for the particular agri-business within its Northwest Province operations will qualify as respondents. For the sake of background and clarity, a map of the Northwest province is presented in the form of figure 1.5.

Figure 1.5: Map of South Africa with Northwest province highlighted



Source: [www.adventureescapades.co.za](http://www.adventureescapades.co.za)

The Northwest province is one of the nine provinces of South Africa, bordering Botswana.

## 1.5 RESEARCH METHODOLOGY

The study was conducted by doing a literature overview, followed by an empirical study by means of a questionnaire.

### **1.5.1 Literature review**

The literature study was done to form a background to the elements identified in the problem statement as well as defining entrepreneurship and its elements. The aim of the literature review was primarily to discuss related factors which were utilized in constructing the research instrument and putting entrepreneurship into perspective.

For the literature study, the following key issues are identified.

- Entrepreneurship definition and motivation factors
- Entrepreneurial characteristics and challenges
- Entrepreneurship activity in the South African context as opposed to Sub-Saharan countries and global prospective
- Retirement and retrenchment definition
- Expected increase in average human lifespan.
- B-BBEE situation of agri-businesses
- Changes in the Agribusiness landscape through mergers & acquisitions

### **1.5.2 Empirical study**

#### **1.5.2.1 Constructing the research instrument**

For this study a quantitative research design was used, in the form of a questionnaire. The instrument that was chosen for research purposes was a questionnaire, in hard copy form. Survey Monkey was considered, but the fact that some outlets/ departments might have limited internet access points for all personnel, made it less viable than a physical questionnaire.

The questionnaire was composed of 6 Sections, namely section A,B,C,D being on a Likert scale with a choice from 1 to 5. The Likert scale was decided upon in light of the believe of Giel and Giel (2003), that it is often used when information is gathered in social sciences, business, relative to opinions and attitudes and the description of environment. Most of these elements are present in the information gathering for this research.

Section E and F asks of respondents to prioritize 10 statements each, using numerical choices from 1 to 10, with each number to be used only once.

The last section, section G, contains questions pertaining to demographic information.

- Section A

This section will test the feelings and perceptions towards owning a business and whether or not the respondent considers retrenchment and its effects.

- Section B

Section C focuses on the financial aspect after retirement coupled with the possibility of entrepreneurship after retirement to address insufficient income.

- Section C

Section C will focus on the financial aspect after retirement coupled with the possibility of entrepreneurship after retirement to address insufficient income.

- Section D

Section D deals primarily with what the respondent perceive as entrepreneurship, its challenges & rewards.

- Section E

Section E deals with the main challenges that aspirant entrepreneurs face, as compiled from literature studies. The respondents will be asked to rate each of 10 statements from 1 being the least important to 10 being the most important, according to their opinion.

- Section F

This section deals with the traits an entrepreneur should have, as perceived by the respondent. The respondents will be asked to rate each of 10 statements from 1 being the least important to 10 being the most important, according to their opinion.

- Section G

- Gender
- Race group

- Age group
- Highest academic qualification
- Post grade ( position )
- Period employed with current employer
- Period employed with previous Agri-business (if applicable)
- Home language

#### 1.5.2.2 Study population

The study population consisted of employees between 45 and 63 years of age, regardless of position, employed by two large Northwest province based Agri-businesses. The relevant businesses do have branches in other provinces, but for this study only employees employed within the borders of Northwest province were included in the study population..

#### 1.5.2.3 Collection of data

The human capital officers for each company were initially contacted to determine the procedure to follow in order for employees to participate in the research.

It was determined whom the researcher had to contact and the procedures in order to get the relevant permission to continue.

A personal visit was done to the human capital officers to explain the questionnaire and thank them for their cooperation.

Correspondence through e-mail was the chosen communication method during the time questionnaires were being completed.

On completion, the researcher collected the questionnaires personally from the human capital officers. The completed questionnaires were placed anonymously in a centrally places holder.

#### 1.5.2.4 Data analysis

The data analysis will be done by Statistical Consultation Services at the North-West University: Potchefstroom campus. The statistical department is widely used and a

variety of deductions can be concluded from the raw data as provided by the questionnaires.

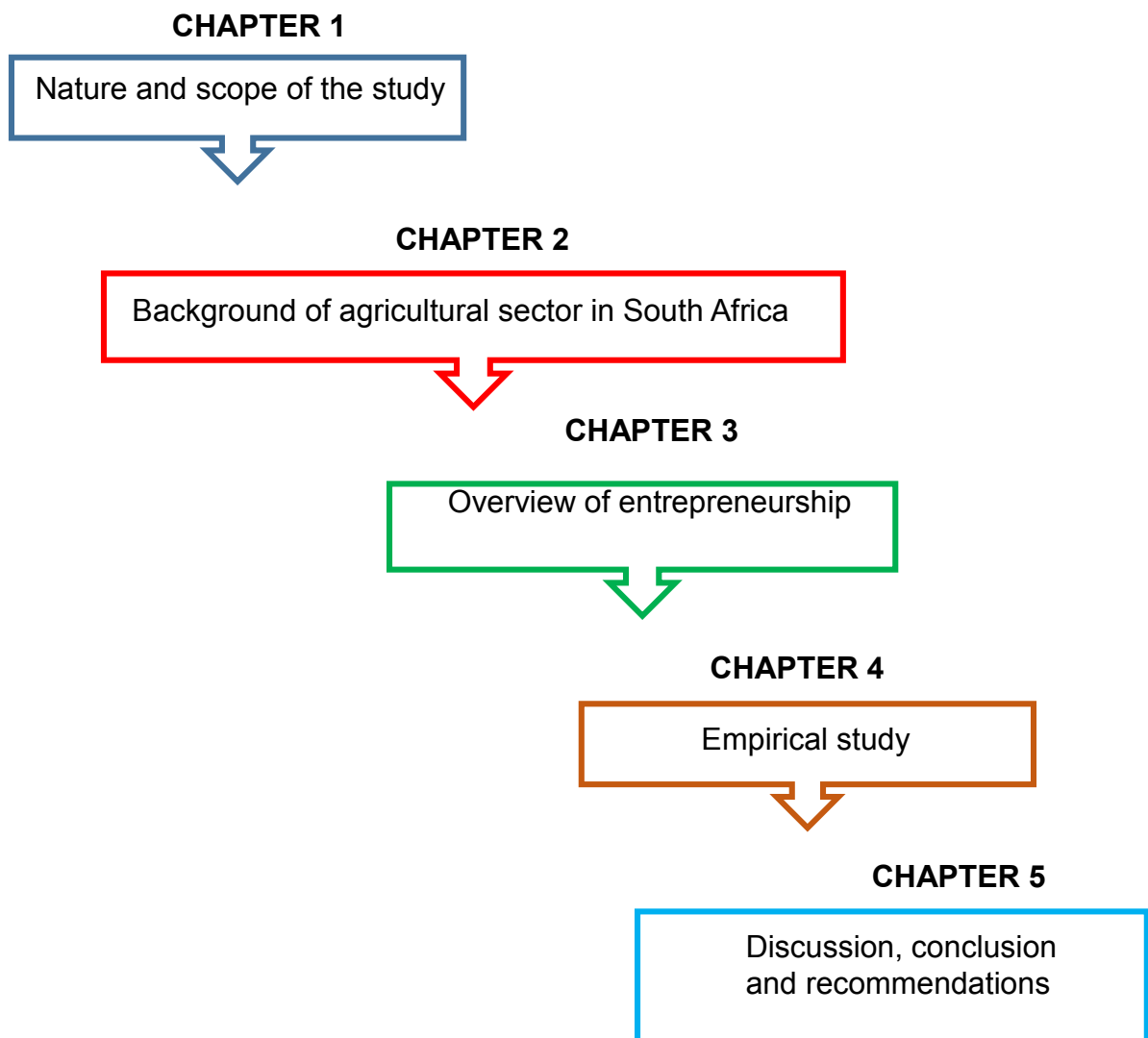
## **1.6 LIMITATIONS OF THE STUDY**

The main aim of this study is to set a basis from which to expand on regarding the opinions on post-retirement and retrenchment entrepreneurship, within Agri-businesses.

The following limitations of the study have been identified;

- The study was only conducted amongst employees of 2 large Agri-businesses. Therefore the results obtained cannot necessarily be generalised for the population outside of Agribusinesses.
- The businesses involved have their head offices in the Northwest Province only
- Only employees within the borders of the Northwest province were included in the study, although the companies involved have operating points and outlets in other provinces.
- The study was conducted amongst individuals whom are formally employed. Focus groups were considered, but the distance between retail outlets as well as the different departments involved, made it a lesser option.
- Sections A and B of the questionnaire returned low Cronbach alpha scores. This is a limitation to the findings of the study.

## 1.7 LAYOUT OF THE STUDY



### CHAPTER 1

#### Nature and scope of the study

The identified elements and the boundaries of the study will be discussed in more detail during this chapter. The chosen sample and their employers will form part of the discussion.

In the problem statement, the elements that are believed to be directly related to the problem statement are discussed.

The primary and secondary objectives were defined in order to address the study. Furthermore the scope of the study was defined by defining the agri-businesses

involved which employs the respondents to the questionnaire. The geographical demarcation and overview of the agri-businesses involved were discussed.

Research was done through a literature study and the empirical research instrument was defined.

Limitations to the study were presented to define the current study boundaries and suggest possible future research in the field of study.

To end chapter 1, a layout of the study is presented for easy referencing.

## **CHAPTER 2**

### Background of the Agricultural sector in South Africa

The broader picture of the South African agricultural landscape was discussed in the chapter.

Figures pertaining to the use of land are presented as background to the agricultural sector in South Africa.

Challenges facing the sector presently and in future are discussed.

## **CHAPTER 3**

### Overview of entrepreneurship

A literature study on the definition of entrepreneurship and its elements formed the basis for this chapter.

Entrepreneurship as field of study was identified, coupled to external factors facing entrepreneurs.

Internal factors like personality elements were discussed through different models dealing with traits and characteristics.

The state of entrepreneurship in South Africa is addressed to form the background to the study.

## CHAPTER 4

### Empirical Study

The different discussed by means of an explanation of the research methodology used to complete the study. The process of data gathering, distribution and analysis is explained. The statistically analysed data as well as the analytical process is presented. Chapter 4 contains the processed research data, analysis and findings.

A questionnaire was used to in the empirical study to determine the attitudes toward self-employment after retirement or retrenchment as well as the prioritizing of entrepreneurial challenges and traits by respondents.

The questionnaire was composed of 6 Sections, namely section A,B,C,D being on a Likert scale with a choice from 1 to 5. Section A used 10, statements pertaining to *Employment Satisfaction*. Section B used 15 statements pertaining to *Retirement*. Section C used 15 statements pertaining to *Income source*. Section D used 10 statements pertaining to *Entrepreneurship*.

Section E and F asks of respondents to prioritize 10 statements each, using numerical choices from 1 to 10, with each number to be used only once. Section E contains *Entrepreneur Challenges* and Section F contains *Entrepreneur Characteristics*.

The last section, section G, contains questions pertaining to demographic information.

The target population for the study was employees of two agri-businesses within the North-West province, NWK Ltd, and Suidwes Ltd. Different divisions and departments formed part of the population.

The internal consistency and reliability of the responses were tested with Cronbach Alpha coefficients. The data was analysed by evaluating the mean and standard deviation values.

The chapter contains a presentation on compared statements which were essentially opposite to each other. The reason for this comparison is to establish consistency between responses as a whole.

## **CHAPTER 5**

### Conclusions and Recommendations

In this chapter 5 conclusions from the research data found in the different sections comprising the research instrument will be drawn. T

The drawn conclusions will form the basis for possible recommendations as identified by the data. The level to which the objectives of the study were achieved will be critically discussed, in light of primary and secondary objectives set out in Chapter 1.

Possible future studies are suggested that were identified after research analysis.

# **CHAPTER 2**

## **BACKGROUND OF THE AGRICULTURAL SECTOR IN SOUTH AFRICA**

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### **2.1 INTRODUCTION**

The agricultural sector in South Africa are vital for food security, job providing and contribution to the Gross Domestic Product (GDP) of South Africa. Co-operatives formed the institutional backbone of commercial agriculture in South Africa from the early 1920s (Amin & Bernstein, 1996; Competition Commission, 2006:27). The modern history of South Africa cannot ignore the role cooperatives have played in the development of its economic foundations (Satgar, 2007).

In this chapter the Agricultural industry within which the Agri-businesses operate whose employees formed the sample for the research, will be overviewed.

### **2.2 OVERVIEW**

As mentioned in the problem statement in chapter 1, traditional “Koöperasie” type businesses, more commonly called agri-businesses today, were the chosen sector from which to gather information pertaining to this study.

The two chosen companies from which employees were respondents to the questionnaire are based in the North-West Province.

The North-west Province had a population of 3.5 million (6.8% of total population) and contributed 6.4% to the GDP In 2012 according to southafrica.info. The website continues that the province covers 106 152 km<sup>2</sup>, which equates to 8.7% of total South African land area. The major languages spoken are Setswana ( 63.4%) and Afrikaans (9%). The total percentage of Setswana as a share of national languages spoken is 8%, with Afrikaans increasing to 13.5% nationally (Census 2011)

Maize and sunflower are the major crops planted, with wheat farming being also a factor to a lesser degree. Cattle and sheep farming are a large percentage of farming

activities. Some areas like Vryburg and surrounds even earned the nickname of "The Texas of South Africa" (Whales, Kuhleke, Jamieson, Young and Grobler (2011), because of the large cattle ranching.

Agri-businesses are an integral part of the South African economy (Botha, 2005), traditionally cooperatives were involved in three main areas of business namely, the purchase and sale of agricultural inputs and equipment, the purchase, storage and subsequent sale of agricultural commodities and transport services (Ortmann & King, 2007). Primary agriculture contributed 3% to South Africa's GDP in 2012. Despite its relatively small share of the total GDP, primary agriculture is an important sector in the South African economy. Agriculture remains a significant provider of employment, especially in the rural areas, and a major earner of foreign exchange. Thamanga-Chitja & Dlamini agree that agri-businesses are large providers of employment.

The two chosen agri-businesses were established as far back as 1909 and have seen changes and withstood challenges over the last century.

### **2.3 CHANGING AGRI-BUSINESS INDUSTRY**

It was noted earlier in the chapter that NWK Ltd. and Suidwes Ltd. have evolved during the years since their establishment in 1909. The argument could be raised that the mergers and acquisitions, together with joint ventures and strategic alliances is nothing new to the industry.

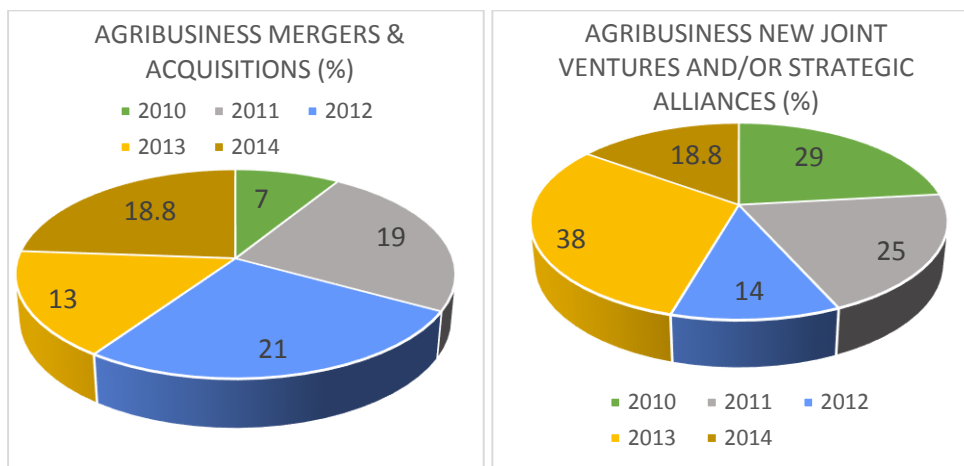
The entry angle for this study, however, is the fact that there is a change to corporate personas through becoming companies and also the merging and acquisitions of bigger agri-businesses (and negotiations around these subjects), which might arguably have an impact on the industry as a whole.

The following charts support the increasing notion of Agri-business mergers and acquisitions. Next to merger and acquisition statistics, joint venture and/or strategic alliances figures are presented. Figures are reflected as a percentage of total growth strategies available to agri-businesses for the next 12 months, as chosen by CEO respondents to the Price, Waterhouse, Coopers (PWC) surveys (2010-2014)

The agri-business environment is changing with mergers, acquisitions and take-overs becoming a bigger part of the industry than was the case previously, as figure 1.1 illustrates. It is debateable what the impact might be on workforces from possible

mergers, acquisitions and take-overs, but it can arguably be presupposed that retrenchments and retirements might be elements of the process.

Figure 2.1: Agribusiness mergers, and acquisitions and new joint ventures and or strategic alliances



Source: PWC agribusiness benchmarking surveys 2010 – 2014 (Adapted from individual reports)

The two charts indicate the increase in agri-business mergers and acquisitions, joint ventures and/ or strategic alliances since 2012. The figures indicate that agri-businesses do not necessarily operate in isolation within its industry.

## 2.4 AGRICULTURAL SECTOR AND THE ECONOMY

Eight out of the 10 major subsectors in 2012 (*agriculture* and construction being the two exceptions) saw a decline in growth, with a decline of 4.3% in mining value being the most damaging (World Bank, 2013).

The value of agricultural production in South Africa was R171 258 million in 2012, while its contribution to the GDP was approximately R73 billion. The primary agricultural sector has grown by 9,9% on average per annum since 1970, while the total economy has grown by 12,9% per annum over the same period, resulting in a drop in agriculture's share of the GDP from 7,1% in 1970 to 2,6% in 2012.

Agriculture's prominent, indirect role in the economy is a function of backward and forward linkages to other sectors. Purchases of goods such as fertilizers, chemicals

and implements form backward linkages with the manufacturing sector, while forward linkages are established through the supply of raw materials to the manufacturing industry. About 70% of agricultural output is used as intermediate products in the sector.

Agriculture is therefore a crucial sector and an important engine of growth for the rest of the economy. Agricultural land (% of land area) in South Africa was last measured at 81.70% in 2009, according to World Bank (2011) figures. Agricultural land refers to the share of land area that is arable, under permanent crops, and under permanent pastures.

The following key agricultural statistics 2012 give a more detailed insight into the agricultural industry within South Africa;

Table 2.1: South African agricultural industry statistics 2012

<b>Key agricultural statistics</b>	<b>2012</b>
Gross Farming Income	R131.5 bn
Current expenditure	R 98.7 bn
Capital expenditure	R 80.5 bn
Book value of farming assets	R11.7 bn

Source: Stats SA (2013)

The figures above will be taken into account with the figures in table 2.2, to come to the conclusion that the agricultural sector is not only contributing to the economy, but is also a large provider of employment.

Table 2.2: South African employment in agriculture, hunting, forestry and fishing, and total employment

NUMBER OF WORKERS (x1000)	2007	2008	2009	2010	2011	2012
Agriculture, Hunting, Forestry and Fishing	1041	767	653	640	624	661
Skilled Agriculture	341	99	72	76	61	67
Total Employment	13306	13655	13844	12975	13318	13645

Source: Stats SA (2013) – Labour Force Surveys

To put agriculture's performance in perspective as contributor to the gross national product (GDP), the following is of insight;

The nominal GDP at market prices during the first quarter of 2014 was R874 billion, which is R2 billion less than in the fourth quarter of 2013. The most notable performances were as follows:

- Agriculture, forestry and fishing *expanded* by R6 billion to R15 billion;
- Finance, real estate and business services *expanded* by R7 billion to R172 billion;
- Construction *expanded* by R4 billion to R31 billion;
- Wholesale, retail and motor trade; catering and accommodation *contracted* by R16 billion to R127 billion;
- Mining and quarrying *contracted* by R6 billion to R67 billion.

From the above figures it becomes clear that agriculture has grown even in light of declines by other key economic contributors.

#### 2.4.1 South African agricultural land use

According to the World Bank, the amount and percentage of land used for agricultural activities within South Africa's borders has not deviated significantly over the past 20 years, as table 2.2.1 summarizes.

An extract of the table was included for background to the land area contributed to the agricultural sector, divided into sub-headings.

Table 2.3: World Bank indicators of land use in South Africa

	1990	2000	2010
Agricultural land (sq. km) in South Africa	968000.0	996400.0	992280.0
Agricultural land (% of land area) in South Africa	79.7	82.0	81.7
Arable land (hectares) in South Africa	13440000.0	14753000.0	14350000.0
Arable land (% of land area) in South Africa	11.1	12.2	11.82
Permanent cropland (% of land area) in South Africa	0.7	0.8	0.78
Land area (sq. km) in South Africa	1214470.0	1214470.0	1214470.0

Source: World Bank (2011)

## **2.5 CHALLENGES FACING THE AGRICULTURAL INDUSTRY**

Not only is the agricultural environment dynamic in terms of Agri-business activities, but there are also challenges in the broader landscape in which these businesses operate.

KPMG mentions in their 2013 report on the state of agriculture in South Africa, as contained in a report by KPMG (2013) on climate change and sustainability, the following facts were highlighted;

### **2.5.1 Food security**

According to the United Nation's Food and Agriculture Organization, this aspect is a crisis in Africa because of neglect and underinvestment in the sector over the past two decades.

### **2.5.2 Agriculture and the Economy**

Agriculture's contribution to our GDP showed decline in 2013 / 2014 – being 2.2%, according to Stats SA (2014). According to first quarter figures for 2015 (Stats SA, 2015), agriculture showed a negative growth of 16.6%, and a contribution of 2% to the GDP. Nevertheless, it continues to be a vitally important contributor to our local economy, generating some R147.4 billion in income and R116.9 billion in expenditure.

### **2.5.3 The Land Issue**

No discussion of the state of agriculture in South Africa would be complete without mention of the so-called 'land issue'.

Government has outlined a land reform strategy in the National Development Plan (NDP) (Vision 2030) which aims to transfer 20% of farm lands to black farmers. Government also recognises that, in order to promote food security, which in turn promotes political stability, commercial farming activities in South Africa need to be protected and nurtured. It's a fine line to tread.

#### **2.5.4 Climate Change and Water**

Agriculture is the country's biggest user of water. South Africa, together with the Middle East and North America are facing an threatening water shortage, according to the World Wide Fund for Nature (WWF) in its *Agriculture: Facts and Trends South Africa* report (2012). Other challenges to agriculturalists are decreasing soil fertility, increasing soil salinity, greenhouse gas emissions from livestock and an ever-increasing population.

According to Sector Analysis - Agriculture (2010), there were 39 982 commercial farms in South Africa in 2007 as opposed to the 45 818 registered in 2002. A clear downward trend is evident in the number of South African commercial farming enterprises. This underscores the need to grow the commercial agriculture sector to maintain South Africa's food sustainability potential and support interventions to develop skills across the agricultural sector, especially for transformation and development of the small and emerging agricultural sector. Positive attributes within the agricultural industry include the following;

#### **2.5.5 The Duality of South African Agriculture**

South Africa is often described as a country of dualities, with first-world and third-world scenarios occurring side-by-side. Agriculture is no different – both commercial farming on a grand scale and smallholder and subsistence farming co-existing. Taking all three into account, nearly 20% of all households in South Africa (2.9 million) are 'agricultural households', according to the latest South African Census (2011).

#### **2.5.6 Agriculture and Labour**

Commercial agriculture employs 5.2% of the South African labour force, or over 600 000 people, according to Stats SA (2012). This makes this sector one of the Country's most important employers, particularly of unskilled or semi-skilled workers with little formal education.

This study focusses on employees of agri-businesses, but the above points highlights the possible opportunities, but also mostly challenges that may have an impact on companies that supply production input products to farmers.

## **2.6 B-BBEE STATUS OF SELECTED AGRIBUSINESSES**

The AgriBEE Survey (2007) is concerned with B-BBEE status in the agri-business sector. According to a press release, the survey found that in 2007, large companies achieved a 50% B-BBEE score and aimed for 76% by 2014. The 2014 version ([www.daff.gov.za](http://www.daff.gov.za)) of the same survey found that almost half of the respondents indicated their current AgriBEE scores to be at level 6 or 5, with the intention of improving it by 2016. This part of respondent agri-businesses indicated the intention to improve to a level 4 compliance by 2016. The other half of the respondents indicated scores of level 7 or 8 compliance and only 3 were non-compliant. They all have the intention of improving their scores significantly by 2016.

Broad Based Black Economic Empowerment (B-BBEE) status levels in selected agri-businesses are compared in the table below.

Table 2.4: B-BBEE status of selected South African agri-businesses

Company	B-BBEE status level	Date of validity
NWK Ltd.	8	2013 / 2014
Suidwes Landbou	5	2014 / 2015
Senwes	8	2015 / 2016
OVK	6	2014 / 2015

Source: [nwk.co.za](http://nwk.co.za), [suid-wes.co.za](http://suid-wes.co.za), [gwk.co.za](http://gwk.co.za) and [senwes.co.za](http://senwes.co.za) (2015)

From the above it becomes clear that there is room for improvement as far as B-BBEE is concerned in agri-businesses

As will be reflected by the race composition in the demographics section of this study, respondents were predominantly White, which arguably may exclude them from the South African Government's B-BBEE strategy that, according to the Department for Trade and Industry (DTI) (2015) has, amongst others, the following three main aims;

- An increasing proportion of the ownership and management of economic activities vested in community and broad-based enterprises and co-operatives.
- A significant increase in number of black people in executive and senior management of enterprises.
- A substantial increase in the number of black people who have ownership and control of existing and new enterprises in the priority sectors of the economy that government has identified in its microeconomic reform strategy 2.

## **2.7 SUMMARY**

Chapter 2 attempted to give a brief overview of the agricultural sector in South Africa.

Changes in the agri-business industry were one of the primary concerns for launching the study and are included in this chapter. The agricultural sector was put into perspective in terms of the South African economy and its contribution to it.

Challenges facing the agricultural industry also formed part of chapter 2, with the B-BBEE status of selected agri-business coming under the magnifying glass to end of the chapter.

# **CHAPTER 3**

## **OVERVIEW OF ENTREPRENEURSHIP**

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### **3.1 INTRODUCTION**

Most scholars see entrepreneurship synonymous with business ownership (Gartner, 1988; Shane, 2008), although critics disagree and feel this definition is too narrow (McKenzie, Ugbah, & Smothers. 2007). For this study, however, self-employment and entrepreneurship is used as parallel concepts. A substantial body of research investigates the self-employed as entrepreneurs, using self-employment as an observable category (Dawson, Henley & Latreille. 2009)

This chapter will give insight into the important factors associated with entrepreneurship like the definition, challenges of entrepreneurs and importance for a country amongst others. A literature study will be conducted to sketch the picture of entrepreneurship as a whole.

Chapter 3 will by means of a literature study, provide the necessary background to the questionnaire by discussing entrepreneurship by definition and the elements associated with it on a personal and economic scale.

### **3.2 DEFINITION OF ENTREPRENEURSHIP**

Entrepreneurship has been described as the backbone of several booming economies in the world. Studies show that many of the advanced markets were built on small and medium size businesses and emerging economies are also creating favourable environments for businesses and entrepreneurship (Kaplan and Warren,2010).

Entrepreneurship is derived from the French word “entreprendre” which basically means to “go between” or “undertake” (Hisrich, Peters and Shepherd, 2008:6), and no field is as dynamic as entrepreneurship (Kaplan,*et al*).

According to the GEM report (2013), entrepreneurship is a continuous process that includes nascent entrepreneurs involved in setting up a business, entrepreneurs who

own and manage a new business and entrepreneurs who own and manage an established business.

In 2010, the GEM report described Entrepreneurship as an important mechanism for economic development through job creation, innovation and its welfare effect.

Two main kinds of entrepreneurship can be distinguished, namely *Opportunity* driven entrepreneurship and *Necessity* driven entrepreneurship. The differences between these two kinds of entrepreneurship are discussed later in the chapter.

According to the GEM report (2012), *potential entrepreneurs* are defined as those who perceive good business opportunities and believe that they have entrepreneurial capabilities. South Africa's rate of perceived opportunities is 36 percent, below the average for efficiency-driven economies of 41 percent.

The report stated that "South Africa's education system is not effectively developing individuals with the skills and confidence required to consider entrepreneurship as a valid career choice".

South Africa is below the average for efficiency-driven economies as far as perceived capabilities are concerned. The average is 52% while the South African figure is only 40%. As the GEM report mentioned above, the education system is not providing support in terms of developing individuals with entrepreneurial talents. Further to this, there is a positive correlation between perceptions of capabilities and level of education.

### **3.2.1 Entrepreneurial intentions**

Entrepreneurial intentions are defined as potential entrepreneurs whom realize a good opportunity exist for a business venture and feel they possess necessary skills, knowledge and experience to pursue the opportunity (GEM Report, 2014)

South Africa is classified as an efficiency-driven economy and competes as such with other efficiency-driven countries as far as entrepreneurial activity is concerned. The percentage of intentional entrepreneurs in South Africa is only 14% as opposed to the average of 27% for other efficiency economies (skillsportal.co.za). Societal attitudes towards entrepreneurship were favourable, but it does not support the low percentage of intentional entrepreneurs.

Entrepreneurship can be divided into different phases that include intention to start a business, just started businesses to running a new business and may even include the closing of a business. It is however mostly not clear which phase leads to the next because of the many factors that influences entrepreneurship and the complex way in which different economies operate.

The point is that there is arguably not a “one-size-fits-all” approach and contributes to the dynamism of entrepreneurship.

### **3.2.2 How entrepreneurship is measured**

According to the GEM report (2012) every individual role played in the entrepreneurial process is measured. No matter how small or modest the individual’s contribution is to new business creation, it is taken into account for measurement purposes and its impact on the national level of entrepreneurship.

The GEM survey collects data on people who are potential entrepreneurs, intentional entrepreneurs, those in the process of setting up new businesses as well as those who own and manage new and established businesses.

*Total Early-Stage Entrepreneurial Activity*, or TEA, is the name given to the index by which the level of early stage activity is measured, in an age group of persons between 18 and 64 years of age.

The TEA average for 10 other Sub-Saharan countries is 29%, with South Africa lagging behind at a disturbing 7%, with our neighbour Namibia posting an 18% figure.

To distinguish an entrepreneurial economy from a managed economy, we compare the categories and its elements in table 3.1.

Table 3.1: Entrepreneurship and economic growth

Category	Entrepreneurial economy	Managed economy
Underlying forces	Localization Change Jobs <b>and</b> high wages	Globalization Continuity Jobs <b>or</b> high wages
External environment	Turbulence Diversity Heterogeneity	Stability Specialization Homogeneity
How firms function	Motivation Market exchange Competition <b>and</b> cooperation Flexibility	Control Firm transaction Competition <b>or</b> cooperation Scale
Government policy	Enabling Input targeting Local locus Entrepreneurial	Constraining Output targeting National locus Incumbent

Source: Thurik (2006)

### 3.2.3 Third age entrepreneurship

As mentioned in the problem statement, entrepreneurs after the age above 50 years are seen as *third age* entrepreneurs, with 55% being between 55 – 60 years old and 5% above 60 years of age.

Older entrepreneurship, also known as *seniorpreneurship*, is still an under-researched area characterized by a scarcity of empirical data. In particular, little recent research is available on older entrepreneurs: the people who actually become self-employed or start a business at an older age.

Prior studies have suggested that older entrepreneurs are more capable of starting and running a business than their younger counterparts due to the financial, human and social capital accumulated over a lifetime career (Singh & DeNoble, 2003; Weber & Schaper, 2004). Research has proven that the survival rates of businesses established by older entrepreneurs are higher than those of younger entrepreneurs (Cressy & Storey, 1995). Contrary to this, other research on older entrepreneurship

indicated that in general, older people are significantly less likely to engage in entrepreneurial activity than younger individuals (Curran & Blackburn, 2001; Hart, Anyadike-Danes & Blackburn, 2004).

Prime age entrepreneurs are classified as being between the age of 25 and 49 years (Kautonen *et al.*, 2008). Promoting older entrepreneurship can be seen as a potential policy option for prolonging the working life of an ageing population (Webster & Walker, 2005).

This study includes respondents between the ages of 40 and 63, but for the sake of classification, the age groups between 40 and 50 are categorized under aspirant prime age entrepreneurs.

### **3.3 FACTORS THAT MOTIVATE ENTREPRENEURS TO START A BUSINESS**

According to Bosch, Tait and Venter (2011), individuals imagine that through an entrepreneurial career they will achieve freedom, independence, achievement, personal development, recognition and personal wealth.

There are a variety of factors that can move aspirant entrepreneurs to start businesses, divided into *push*-and/or *pull* factors.

#### **3.3.1 Push Factors**

According to the 'push' hypothesis, increasing levels of unemployment reduce the prospects for finding paid employment; as a result the expected returns from entrepreneurship become more attractive, *pushing* people into self-employment (Storey, 1982; Storey & Johnson, 1987).

This kind of motivation to become an entrepreneur is also referred to as the recession-push hypothesis (Parker, 2009). Unemployment reduces the chances of finding paid employment, making entrepreneurship a necessity. According to Urban (2012), necessity entrepreneurship comes into being when an entrepreneur starts a business because of a lack of wage employment effectively because of a lack of better choices for work adding that necessity entrepreneurs are alternatively termed *survivalists* .

Opposed to pull factors, when a business is started out of necessity, it is started because of push factors. The relative prevalence of necessity-motivated

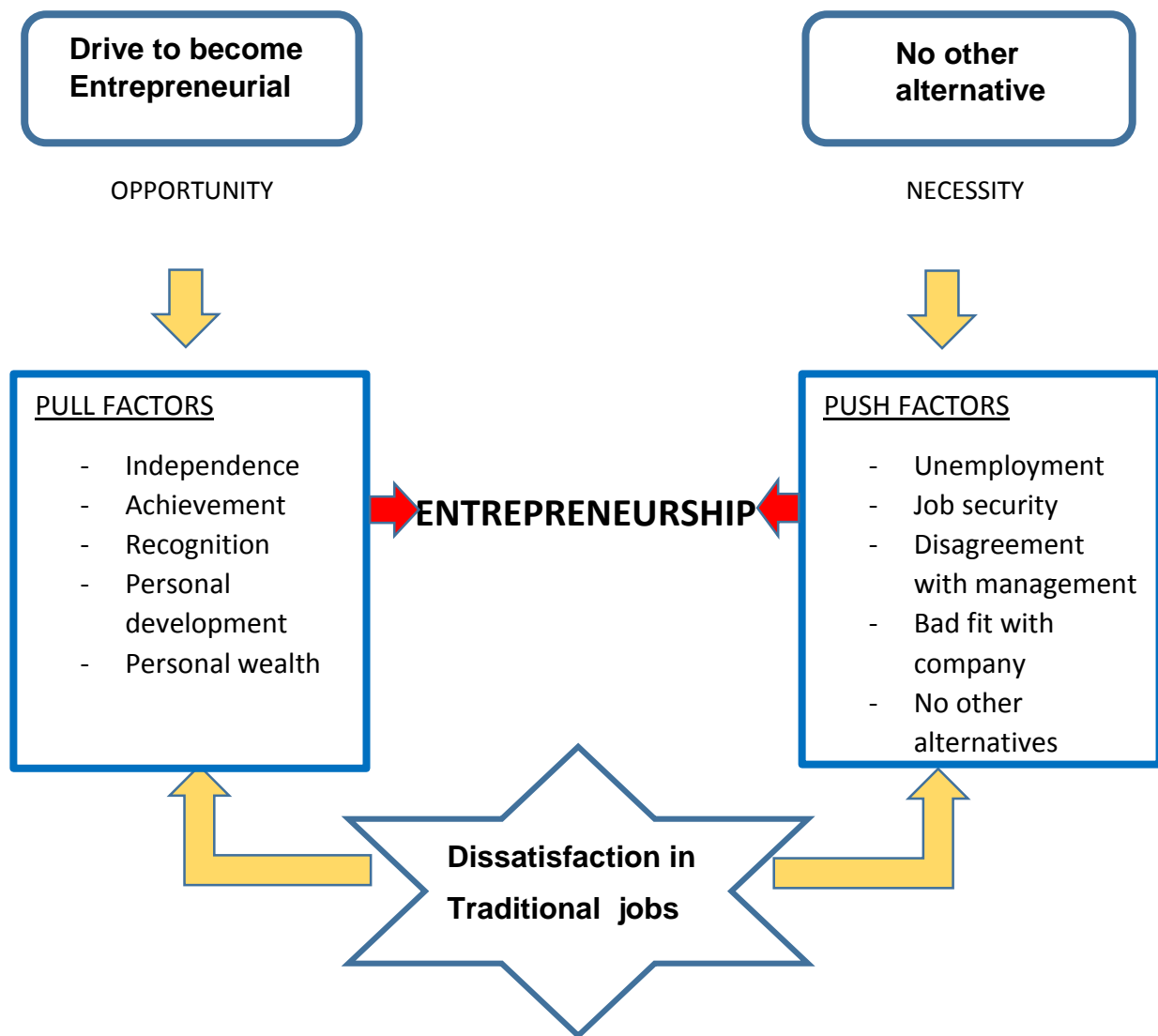
entrepreneurial activity (that is, entrepreneurs who say they are involved in an entrepreneurial effort to take advantage of opportunity or because they have no better choices for work), provides useful insights into understanding the economic contribution of these entrepreneurs – who are alternatively termed survivalists, Necessity entrepreneurs might not be driven by the same factors as opportunity entrepreneurs (Acs, Desai & Hessels, 2008). This kind of entrepreneurship is usually most frequent in developing economies such as South Africa.

### **3.3.2 Pull factors**

The pull hypothesis, also known as prosperity-pull, motivates aspiring entrepreneurs by the attractiveness of self-employment (Shepherd & Krueger, 2002). Opportunity entrepreneurship is motivated by choice because an identified opportunity (Urban, 2012). It is known as starting a business motivated by pull factors.

According to Acs *et al* (2008) opportunity entrepreneurship has a significant effect on the economy, with necessity entrepreneurship having no influence at all. As will be seen from the research results, the returned questionnaires were mostly completed by Whites. Opportunity-driven entrepreneurs are found mostly in the white population, with 87% of white entrepreneurs being opportunity-driven (GEM 2012), which might influence the way respondents perceive entrepreneurship as possibly opportunity driven primarily and necessity driven as secondary motivation. Rosa, Kodithuwakku and Balunywa (2006), however, argue that elements of both necessity and opportunity are visible amongst entrepreneurs. A visual representation of push- and pull factors is summarized in figure 3.1 on the following page.

Figure 3.1: Push and Pull factors of becoming entrepreneurial



Source: Nieman and Nieuwenhuizen (2009)

The research and questionnaire statements are based on the basis that post-retirement entrepreneurs might have a choice between entrepreneurship born out of an opportunity that was acted upon and lack of sufficient income making entrepreneurship a necessity. As far as retrenchment goes, which is also an element of the research, it is concluded that entrepreneurship will most probably be out of necessity, in the short term at least.

Retirement and retrenchment are two terms which form an integral part of the study, as attitudes regarding entrepreneurship *after* these occurrences are at the heart of the research. For the sake of definition, the two terms will be briefly discussed.

### **3.3.3 Retirement**

The study primarily attempts to gain insight into the perceptions towards and readiness to engage in entrepreneurship by *retirees or retrenchees*. Traditionally, retirement is most often defined as a worker's move from full-time employment to complete withdrawal from the labour force in a single step (Purcell, 2001). Purcell continues that nowadays many workers choose to continue working after they retired from their lifetime job. Retirement is no longer the end of working but more to a career and lifestyle transition. For the sake of this study third age entrepreneurship will be defined in chapter 3, as it has reference to the aspirant retirees amongst respondents.

### **3.3.4 Retrenchment**

Retrenchment strategy is defined by the Business dictionary (2015) as "A strategy used by corporations to reduce the diversity or the overall size of the operations of the company. This strategy is often used in order to cut expenses with the goal of becoming a more financial stable business". According to the Oxford dictionary (2015) employee redundancy is synonymous to retrenchment.

Using data from research in the United Kingdom (UK) which compare 1986 and 2000 figures, Smeaton (2003), found an increase in that in men citing 'unemployment / redundancy' as a motivating factor behind choosing self-employment, from 16% in 1986 to 26% in 2000. For women the results were 5 and 10 per cent respectively.

It is therefore believed that the study has merit in terms of research directed at retirees or retrenches and their view on self-employment as an option to being formally employed.

## **3.4 THE STATE OF ENTREPRENEURSHIP IN SOUTH AFRICA**

Unfortunately, the picture has not been rosy for South Africa in the past reports, and the situation is not improving. One of the reasons that this study was deemed necessary, in light of the fact that entrepreneurship is not only necessary, but has a lot of room for expansion in South Africa.

In South Africa, laws regulating entrepreneurship should be flexible and friendly, instead it is rigid and severe (Da Silva, 2013). Da Silva continues that these laws are hampering opportunities to fight unemployment through the creation of small and medium enterprises. South Africa's unemployment rate stood at 25.2% in 2013 and was stable at 25% in 2014 according to figures released by Statistics SA.

South Africa has a relatively small informal sector which cannot absorb a significant amount of surplus labour, contrary to what Kingdon and Knight (2004) surmises. The reasons for the small informal sector were investigated by Banerjee, Galian, Levinsohn, McLaren and Woolard (2008), but the main element seems to rather be a lack of entrepreneurial spirit.

Although the government supports entrepreneurs through different strategies, the success rate are still low (Herrington, Kew & Kew, 2009). A major reason for South Africa's poor performance according to various (2008, 2010-2014) Global Entrepreneurship Monitor (GEM) reports, may be that the below standard entrepreneurial activity rate is not caused by too little entrepreneurs, but rather by the activities entrepreneurs are involved in, as concluded by Levie and Autio (2011). There are more than 1.5 million registered small and medium businesses in South Africa, which are believed to contribute 40% of the country's jobs.

Regardless of phase of business ownership, the prognosis for South Africa is gloomy according to the GEM Report (2012). Table 3.3, compiled from the same report regarding entrepreneurial attitudes and perceptions on key issues, sketches the situation clearer when compared to other Sub-Saharan countries.

As will be seen in the table below, it is noteworthy that South Africa is below the average of other African counterparts in all of the categories. The *discontinuation of business* is not a positive, seen against the background of *new business ownership* being only 3%.

Table 3.2: Entrepreneurship statistics on business ownership.

COUNTRY	Nascent entrepreneurship rate	New business Ownership rate	TEA rates	Established business Ownership rate	Discontinuation of businesses
ANGOLA	15%	19%	32%	9%	26%
BOTSWANA	17%	12%	28%	6%	16%
ETHIOPIA	6%	9%	15%	10%	3%
GHANA	15%	23%	37%	38%	16%
MALAWI	18%	20%	36%	11%	29%
NAMIBIA	11%	7%	18%	3%	12%
NIGERIA	22%	14%	35%	16%	8%
<b>SOUTH AFRICA</b>	<b>4%</b>	<b>3%</b>	<b>7%</b>	<b>2%</b>	<b>4%</b>
UGANDA	10%	28%	36%	31%	26%
ZAMBIA	28%	15%	41%	4%	20%
<b>Unweighted Average</b>	<b>15%</b>	<b>15%</b>	<b>28%</b>	<b>13%</b>	<b>16%</b>

Source: GEM Report (2012)

The terms Nascent entrepreneurship rate and TEA rates in table 3.3 will be briefly defined for the sake of clarity.

### 3.4.1 Nascent entrepreneurship rate

As far as could be established, the term nascent entrepreneur first appeared in research literature in 1992 (Davidsson, 2006). The term refers to individuals engaged in business start-ups. The GEM report 2014 use individuals between the ages of 18 to 64 as sample and describes nascent entrepreneurs as being the percentage of individuals aged 18-64 who are actively involved in setting up a business they will own or co-own. Only businesses in operation three months or fewer sorts under this group.

### 3.4.2 TEA rates

Early-stage entrepreneurial activity rate is commonly referred to as TEA rate.

From the above it is noteworthy that South Africa is lagging behind its African neighbours in almost all aspects.

The GEM report also compare countries based on certain elements associated with entrepreneurs and entrepreneurship. The elements in table 3.4 are related to entrepreneurial activity- and intention, as measured in Sub-Saharan African countries. It is noted that perceived opportunities and perceived capabilities are well below other African counterparts. The low scores coupled to the high percentage of fear of failure, sketches a negative picture as can be seen from the very low rate of entrepreneurial intentions at 14%.

Table 3.3: Entrepreneurial attitudes and perceptions in GEM countries in 2012 (Sub-Saharan countries)

	<i>Perceived opportunities</i>	<i>Perceived capabilities</i>	<i>Fear of failure</i>	<i>Entrepreneurial intentions</i>	<i>Entrepreneurship as good career choice</i>	<i>High status to successful entrepreneurs</i>	<i>Media attention for entrepreneurship</i>
<b>COUNTRY</b>							
ANGOLA	72%	38%	66%	70%	-	-	-
BOTSWANA	71%	25%	67%	72%	76%	73%	79%
ETHIOPIA	69%	33%	65%	24%	76%	92%	73%
GHANA	86%	18%	79%	60%	84%	91	82%
MALAWI	85%	12%	74%	70%			
NAMIBIA	74%	35%	75%	45%	73%	76%	82%
NIGERIA	88%	21%	82%	44%	82%	76%	78%
<b>SOUTH AFRICA</b>	<b>39%</b>	<b>31%</b>	<b>35%</b>	<b>14%</b>	<b>74%</b>	<b>74%</b>	<b>73%</b>
UGANDA	88%	15%	81%	79%			
ZAMBIA	84%	17%	78%	55%	67%	79%	72%
<b>Unweighted Average</b>	<b>76%</b>	<b>24%</b>	<b>70%</b>	<b>53%</b>	<b>76%</b>	<b>80%</b>	<b>77%</b>

Source: GEM report (2012)

Table 3.4 is a concise, albeit grim, reflection of how South Africa is faring in terms of entrepreneurial activity against other Sub-Saharan countries. From the 7 factors presented, South Africa falls below par on five. It is interesting that South Africans are positive about entrepreneurial capabilities, show the lowest fear of failure and still under perform as a whole as far as entrepreneurship is concerned. One could venture a possible opinion that the two variables should lead to greater entrepreneurial activity. The GEM report (2008) included the following elements which makes a comparison between poor and good performance factors in the South African economy. Although it might be argued that the information is dated, many of the poor performance factors are still evident in the current economy.

Table 3.4: Main elements for poor and good performance in the South African economy

<b><i>Poor performance factors</i></b>	<b><i>Good performance factors</i></b>
<ul style="list-style-type: none"> <li>• Quality of primary education</li> </ul>	<ul style="list-style-type: none"> <li>• Strengths of auditing and reporting standards</li> </ul>
<ul style="list-style-type: none"> <li>• Quality of maths and science education</li> </ul>	<ul style="list-style-type: none"> <li>• Protection of minority shareholder interests</li> </ul>
<ul style="list-style-type: none"> <li>• Quality of education system</li> </ul>	<ul style="list-style-type: none"> <li>• Financial market sophistication</li> </ul>
<ul style="list-style-type: none"> <li>• Internet access in schools</li> </ul>	<ul style="list-style-type: none"> <li>• Legal rights interest</li> </ul>
<ul style="list-style-type: none"> <li>• Tertiary enrolment</li> </ul>	<ul style="list-style-type: none"> <li>• Soundness of banks</li> </ul>
<ul style="list-style-type: none"> <li>• Hiring and firing practices</li> </ul>	
<ul style="list-style-type: none"> <li>• Pay and productivity</li> </ul>	
<ul style="list-style-type: none"> <li>• Availability of scientists and engineers</li> </ul>	

Source: GEM report (2008)

The problematic areas that are identified in 3.5 on the next page, are coupled to some of the above factors, which underlines the hurdles entrepreneurs have to deal with. South Africa ranks very low on the list of entrepreneurial countries. According to the GEM report (2012), South Africa was ranked lowest between the 50 participating countries, and even worse, performed poorest of 8 Sub-Saharan countries.

Only 14% of South Africans intend to start a business in the next three years, according to the 2012 Global Entrepreneurship Monitor (Gem) report - compared to 43% of Chileans, 36% of Brazilians, 20% of Chinese and 19% of Thais.

This can be attributed to certain socio-economic and legislative reasons. According to Da Silva (2013), some of the reasons posing obstacles to entrepreneurs include; a hostile regulatory environment, uncontrolled costs like electricity, rates and taxes and minimum wages, unionized labour forces and a poor health system. South Africa is a land of extremes for entrepreneurs whom must also overcome challenges like entrepreneurship culture, education, limited entrepreneurial training and funding, corruption and crime Kujenga (2013).

Based on a study done in African countries by Mbijjiwe and Kathure (2013), regarding entrepreneurship training and early retirement, the following findings from the above study might have a bearing on this research. It was also found that respondents felt retirees that reached retirement age tends not to invest, but rather consume, their pensions. Employees should be taken through entrepreneurial training in order to venture into their own businesses.

In the GEM Report (2012), the concern is raised of the business discontinuation rate at 4% being higher than the figure for established business activity, measured at 3%. This May possibly draw the conclusion that there is not only an opportunity for more entrepreneurs, but also scope for better entrepreneurial training and skills development.

According to an online publication, Herrington (2013), South Africa's entrepreneurial performance falls well behind that of all its African co-participants, seen in light of the GEM report, 2012. He warns that South Africa needs to wake up soon or be in danger of not being the leading economy in Africa in future.

### **3.5 CHALLENGES FACING ASPIRANT ENTREPRENEURS**

As mentioned in the previous section , entrepreneurial intentions refers to intentional entrepreneurs as being individuals who intend to pursue a business opportunity within the next three years.

It is possible to have an environment that hinders entrepreneurship. This is evident in the policies and regulations of some governments because they are simply anti-entrepreneurship or at best they create entry barriers and unfavourable environment for entrepreneurship (Klapper, Laeven & Rajan, 2006).

South African businesses find themselves in a hostile regulatory environment and unfriendly entrepreneurship laws. According to Botes (2013), more than 45 laws must be complied with which can include up to 24 returns that must be submitted. This in-itself may arguably be deterrents for aspirant entrepreneurs, as the effort may be seen as not being worth the reward. Botes (2013) continues by mentioning the most problematic areas entrepreneurs encounter for doing business, which include Inadequately educated workforce, strategic direction, culture, policies and procedures, crime and theft, restrictive labour regulations, poor work ethic in national labour force, Inefficient government bureaucracy, access to financing, inadequate supply of infrastructure, systems and structures.

The National Experts Survey (2013) adds to the above by means of insights into the entrepreneurial start-up environment in economies, with regard to the nine entrepreneurial framework conditions, as summarized in table 3.5.

Table 3.5: Entrepreneurial start-up environment and the nine entrepreneurial framework conditions

• Financing – Access to start-up capital and also getting funds for expansion of the business
• Governmental policies Government entrepreneurship programs
• Government entrepreneurship programs
• Human resources, including education and training
• Research and development transfer
• Commercial infrastructure – Access to markets
• Entry regulation -- market openness and dynamics
• Physical infrastructure
• Cultural and social norms

Source: National Experts Survey (2013)

Following main challenges entrepreneurs face above and the factors in table 3.5, the variables contained in section E of the empirical study were formulated and shortly discussed as follows;

### 3.5.1 Fear of failure

Fear of failure as a barrier to entrepreneurship is a topic that is measured by the GEM reports past and present. It can be argued that this one of the most important deterrents of entrepreneurship.

### 3.5.2 Social pressure

The extent to which existing social and cultural norms play a part in motivating or discouraging possible entrepreneurs to get involved in business and economic activities (GEM, 2012).

Social values play a key role to determine whether individuals are behaving entrepreneurially or not, as literature confirms (Kwon & Arenius, 2010).

### **3.5.3 Economic stability**

Economic stability is probably a key factor for entrepreneurs, as this will arguably form the foundation of perceptions regarding the merits of moving into self-employment. According to the South African Treasury department, there have been internal and external challenges impacting negatively on the South African economy. Slow economic growth rate and a weak exchange rate are current challenges.

### **3.5.4 Finance**

Involves financial environment and support related to entrepreneurship, as far as availability, equity and debt are concerned for new and growing ventures (GEM report, 2012).

### **3.5.5 Initial lower income / living standard**

It can be deduced from a factor like fear of failure that the risk of downgrading in living standard because of possible lower, hopefully initial, income might be a consideration when deciding on self-employment.

### **3.5.6 Government laws and legislation**

This factor relates to support of government through policies that encourage entrepreneurship, taxes, regulation and bureaucracy (GEM, 2012).

### **3.5.7 Facilities**

According to the GEM report 2012, physical infrastructure includes ease of access to available physical resources – communication, utilities, transportation, land or space – at a price that does not discriminate against new, small or growing firms.

### **3.5.8 Skills and training**

According to the GEM report, 2011, respondents to the National Experts Survey, had concerns about inadequate education and training as a constraining factor to

entrepreneurship in South Africa. Maas and Herrington (2011) draws a direct link between the role of education and training and cultivating entrepreneurial mind-sets in individuals.

### **3.5.9 Trading stable income & employment for uncertainty**

A research report by Botham and Graves (2009) found that security of regular employment was seen as a major concern by 19% under the age of 50 rising to 25% under respondents over 50.

This factor is closely related to *initial lower income / living standard*. The difference between the two statements lies in stability rather than monetary measurement. The feelings individuals whom are formally employed and used to a salary have towards entering into a venture that basically offers no guarantees of success. Research has shown that entrepreneurs are more likely than others to accept uncertainty (Hofstede 1980; Doney, Cannon and Mullen 1998).

### **3.5.10 Crime**

According to a South African Presidency commissioned report on *the impact of crime on small businesses in South Africa* (2008), 54% of respondents cited crime in general as a key problem. Respondents owned businesses over a spectrum of industries and locations.

According to the Institute for Security Studies (ISS) (2014), the official South African Police Service (SAPS) crime statistics for the 2013-2014 financial year highlights the extent to which crime impacts on business. Robberies at businesses has increased by 13.7% from the 2012-2013 figure, with a massive increase of 461% since 2004-2005.

## **3.6 DETERMINANTS AND CHARACTERISTICS OF AN ENTREPRENEUR**

The question has been debated whether entrepreneurs are born or traits are acquired through training and education. Arguments for and against both theories exist, and as far as could be determined, no clear solution has been reached to which is correct.

### **3.6.1 Theory that entrepreneurs can be taught**

Entrepreneurship, according to Kaplan *et al*, can be learned by developing the right characteristics. Farrington, Venter and Neethling (2012) supports this statement by suggesting that attributes of an entrepreneur can be developed through education, thereby promoting intentions that produce entrepreneurs. Shaw (2014) completed recent research which supports the notion that entrepreneurs are made not born.

### **3.6.2 Theory that entrepreneurs are born**

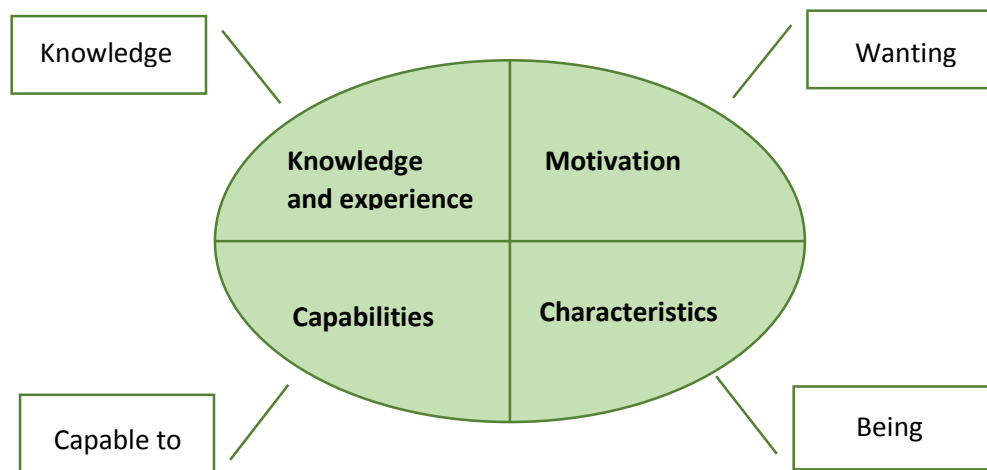
In contrast, Shane (2010) is convinced that entrepreneurship skills are innate in a person and cannot be taught.

Fisher and Koch (2008) firmly believe that entrepreneurs are born and simply wired that way. Shane (2010), suggests that genes not only influence whether a person will start a business but may also determine how much money a person will earn. According to an article by Taylor (2006), an American national survey by the School of Technological Entrepreneurship at Northeastern University, respondents feel entrepreneurs are born, not made. Nearly two-thirds of entrepreneurs claim they were inspired to start their own companies by their innate desire and determination, rather than by their education or work experience. Only 1 percent of more than 200 U.S. entrepreneurs surveyed cited higher education as a significant motivator toward starting their own venture, while 61 percent cited their "innate drive."

### **3.6.3 Competence**

Characteristics of entrepreneurs may possibly be tied to competence, as the components of a competence arguably forms the foundation for the manner in which different individuals might act or react to different situations. Lahti (1999) ties good performance to the components of competence. This notion is supported by Stoof, Martens and Merriënboer (2000) whom concluded that successful behaviour in practice equals competences. The *competence theory* will be shortly presented in figure 3.2 followed by a short discussion.

Figure 3.2: Components that jointly form a competence



Source: Driessen and Zwart (2007)

The components inside the model represent internal elements which arguably leads to the external actions, represented by *knowledge*, *wanting*, *capable to* and *being*.

- *Motivation* depends on ambition, motives and values of an individual. It is directly related to how badly a person wants to achieve a goal.
- *Characteristics* are primarily concerned with traits which enable individuals to become entrepreneurs, to a lesser or larger degree.
- *Capabilities* in essence is the ability to do something and is a more rigid component of competence, as it is more inherent as knowledge and motivation which can be influenced more easily.
- *Knowledge and experience* refers to what an individual knows and has learned. Knowledge is coupled to experience and the two elements form an integrated whole

According to Burns (2005:20), the following are some of the characteristics of an entrepreneur; *opportunistic, innovative, self-confident, pro-active with high energy levels, vision and aptitude and willingness to take higher risks and live with more uncertainty*. The characteristics seem to flow from certain components of the competence theory model.

*Entrepreneurial attitudes and perceptions* according to the Global Entrepreneurship Monitor (GEM) report (2013), are high on the agenda of carious economies because

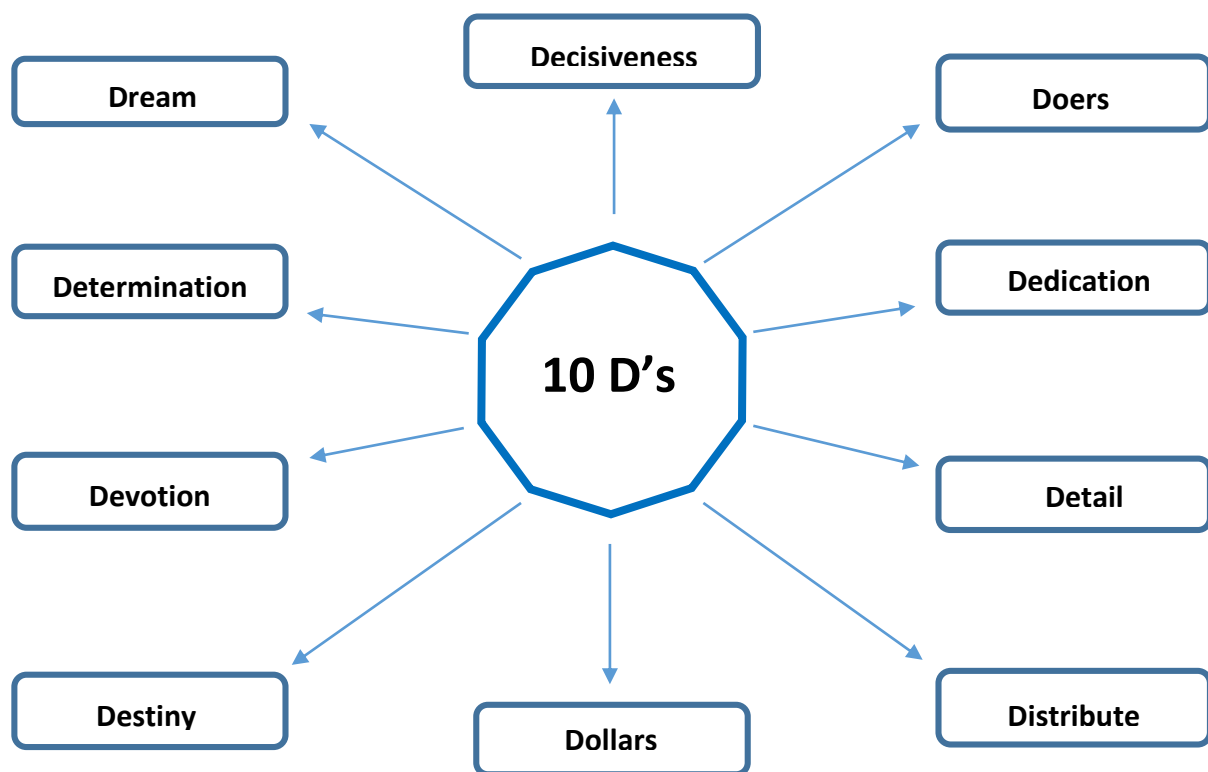
it is believed that the positive, evolving attitudes towards entrepreneurship will have an impact on those whom venture into entrepreneurship.

McMullen and Shepherd (2006), for instance, argue that individuals first react to opportunities when they see them – only afterwards are considerations about desirability and feasibility made. Fear of failure when it comes to starting a business (and the consequences of failure) could also deter an individual from exploiting perceived entrepreneurial opportunities.

There is much in between attitudes and activities and that a mixture of individual, social and contextual factors impact on the individual decision making process when it comes to venturing into entrepreneurial activity.

Bygrave and Zacharakis (2011) made a summary of ten top characteristics of entrepreneurs, called the 10 D's. Some of the identified characteristics were used as basis in constructing section F of the empirical questionnaire.

Figure 3.3: 10'D Characteristics of entrepreneurs



Source: Bygrave and Zacharakis (2011:53)

In short, the ten elements can be defined as follows;

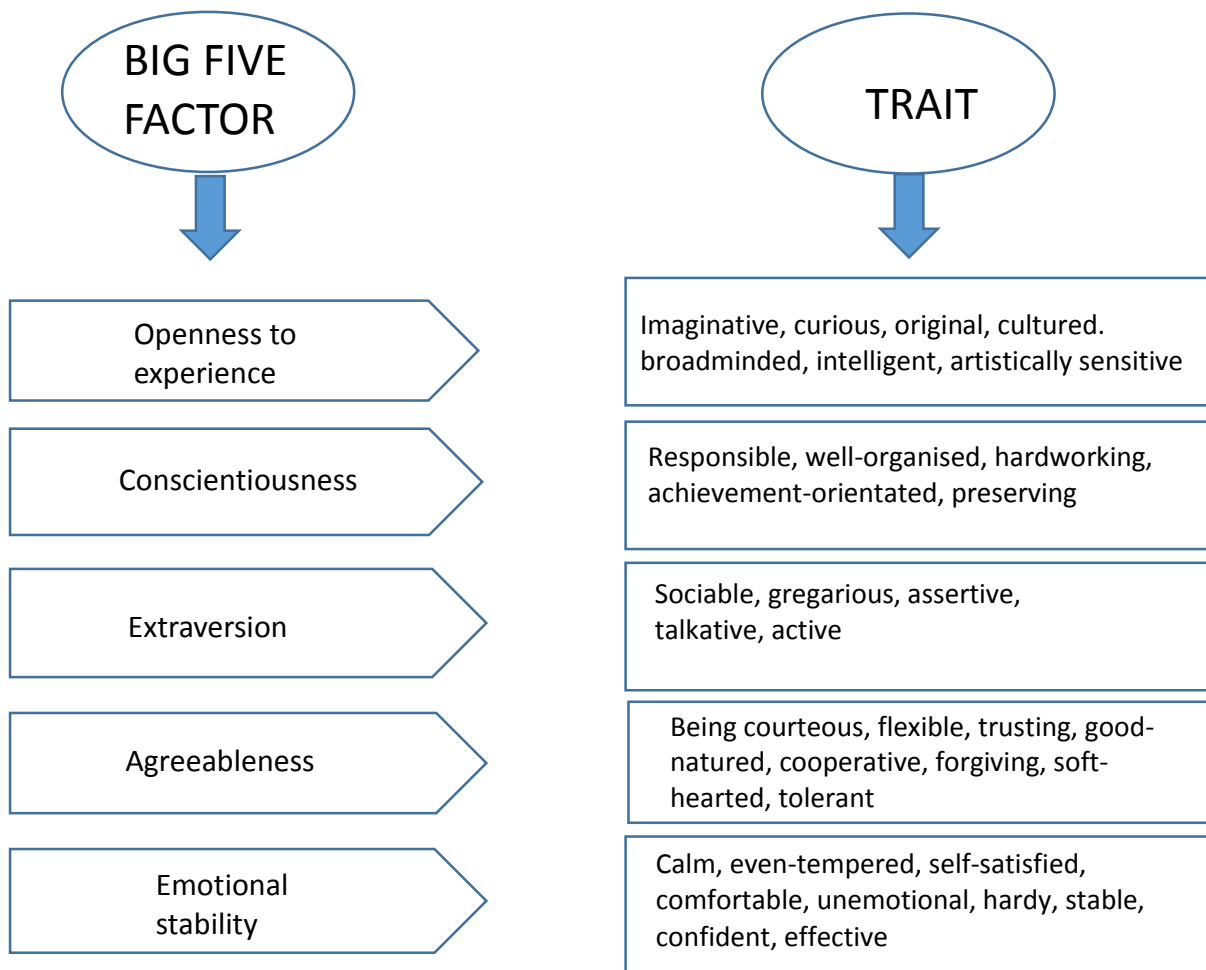
- *Dream*. Entrepreneurs have a vision coupled to the ability to turn the dream into reality.
- *Decisiveness*. Decisions are taken swiftly and this is a key in entrepreneurial success.
- *Doers*. Ability coupled to decision-making strengths leads to fast implementation of decisions.
- *Determination*. Entrepreneurs are persistent and fully committed. Failing is not an option, even in light of seemingly impossible obstacles.
- *Dedication*. Total dedication to their business sometimes means long hours and personal sacrifice
- *Devotion*. Entrepreneurs love what they do. Passion for their business venture give them the tenacity to pull through difficult times.
- *Details*. Details are very important to entrepreneurs for it is crucial to business start-up and growth.
- *Destiny*. Entrepreneurs want to be in charge of their own destiny as opposed to being dependent on an employer.
- *Dollars*. It is believed that money is not a prime motivator for entrepreneurs, but rather a measure of their success
- *Distribute*. Key employees often become part of an entrepreneur's business. These employees are critical factors in the business.

The figure contents are a concise summary of what the essential motivators are for entrepreneurial orientated individuals, and some elements were contained in the empirical study.

#### *Personality traits of entrepreneurs*

There has been research done on traits entrepreneurs possess in previous studies and a summary was constructed known as the *Big Five factor model* which includes traits and its components as it relates to entrepreneurs. Five identified factors each have different traits, which will be presented in table 3.3. For the sake of this study, the detailed components will be excluded.

Figure 3.4: Big Five factor model



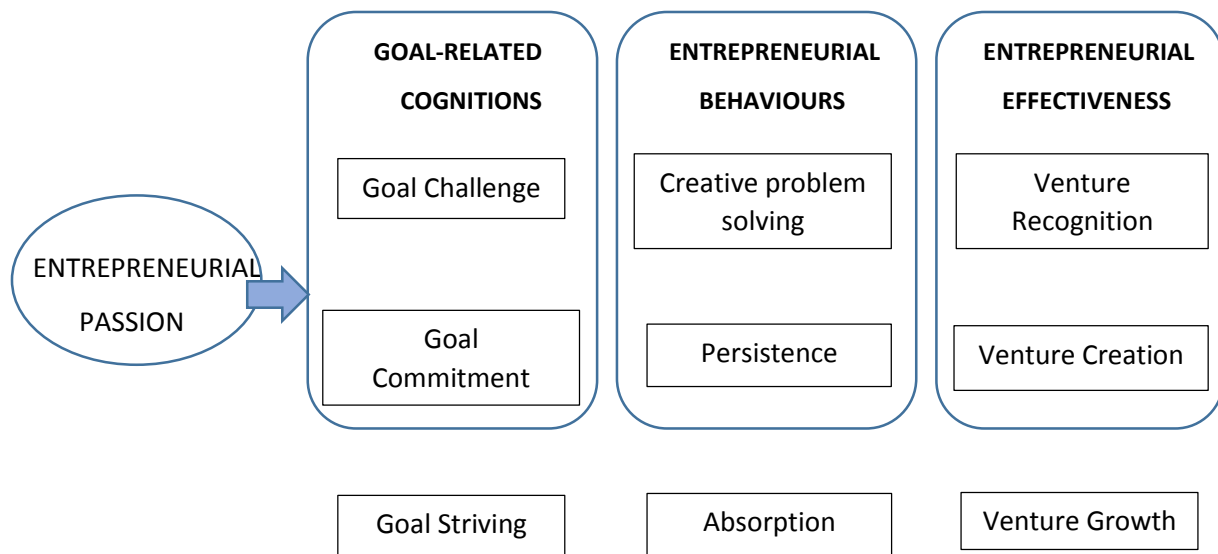
Source: Etemad, Madsen, Rasmussen and Servais (2013)

According to Rauch & Frese (2000), it can be assumed that personality traits are predictors of entrepreneurial behaviour.

Results from a study by Leutner, Ahmetoglu, Akhtar and Chamorro-Premuzic (2014) revealed that personality predicts entrepreneurial success outcomes beyond business creation and success.

The variables of the *Entrepreneurial Passion Model* are illustrated below and have bearing on the personality traits as identified for this research. The effects each variable has on others will not be demonstrated, only the variables as stand-alone factors.

Figure 3.5: Elements of the Entrepreneurial Passion Model



Source: Cardon, Wincent, Singh, and Drnovsek (2009)

The discussed models form the foundation for the empirical questionnaire design for the 6 sections (A to F), to which respondents are exposed to. Ten main characteristics were identified to test the opinions of the respondents on.

### 3.6.4 Innovative and creative

Creative problem solving and innovation are key capabilities for entrepreneurs (Sarasvathy and Venkataraman, 2011). Problem-solving skills is presented as a separate characteristic, although Sarasvathy *et al* suggests it is connected to innovation, as mentioned under *innovative and creative*.

### 3.6.5 Courage to take risks

Entrepreneurs show risk-taking propensity (Stewart and Roth, 2004). According to Sitkin and Weingart (1995), risk-taking propensity is defined as an individual's current tendency to take or avoid risks.

### **3.6.6 Go-getter / self-starter**

According to Abrams and LaPlante (2008), an entrepreneur is a self-starter and go-getter whom think beyond realm of possibilities.

### **3.6.7 Discipline**

Self-discipline is related to self-confidence, as it is thought that self-discipline breeds self-confidence, according to Anderson (2015). Entrepreneurs must be organized and regimented in their pursuit of a successful venture (boundless.com).

### **3.6.8 Positive even in adverse situations**

Research findings indicate that entrepreneurs score particularly high on the personal characteristic of dispositional optimism (Fraser & Greene, 2006; Lowe & Ziedonis, 2006). Research findings suggest that high levels of optimism yielded outcomes like increased resistance to prolonged, intense stress (Tugade & Fredrickson, 2004) and greater persistence in the face of adversity (Markman, Baron & Balkin, 2005).

### **3.6.9 Ability to cope with failure**

Research has been done on the topic of the failures entrepreneurs face. Related to the ability to cope with failure is *stress tolerance*. Stress tolerance is important because entrepreneurs typically have a high workload and take financial and personal risks. Entrepreneurs should not get strained in situations that are typically characterized by high insecurity and pressure (Rauch *et al.*).

### **3.6.10 High level of perseverance**

Perseverance may be crucial for one's success in entrepreneurial settings, which are notoriously challenging (Baron & Shane, 2004). Perseverance also influences how much stress individuals can endure while they cope with setbacks, and the level of accomplishments they eventually realize (Bandura, 1997).

### **3.6.11 Committed to goals**

Persistence is identified in entrepreneurial studies as being an important trait of entrepreneurs. According to a study by Stewart, Watson, Carland and Carland (1999) an entrepreneur is an individual whom is highly driven to succeed. Goel and Karri (2006) also mention that individuals with high levels of self-efficacy believe they can attain a goal.

### **3.6.12 Problem-solving skills**

Creativity and entrepreneurship are closely connected, as the ability to think creatively supports decisions in uncertain business situations (Lourenço & Jayawarna, 2011).

### **3.6.13 Self-confidence**

A study was done on entrepreneurial self-efficacy and business start-up intentions by Drnovšek, Wincent and Cardon (2010). Generalized Self-efficacy is important for entrepreneurs because they must be confident in their capabilities to perform various (and often unanticipated) tasks in uncertain situations (Baum & Locke, 2004).

Distinctive differences exist between a traditional manager and an entrepreneur, according to Hisrich, Peters and Shepherd (2005). This study focuses on respondents from a formal working environment, and therefore key differences between a traditional manager and an entrepreneur will be compared as per table 3.6.

Table 3.6: Traditional manager versus Entrepreneur

	<b>Traditional manager</b>	<b>Entrepreneur</b>
Primary motive	Promotion and other corporate incentives	Independence and opportunity to have self-worth
Time orientation	Short term goals and working towards planned horizon	Survival and 5 – 10 years growth of business
Activity	More delegation and supervision than direct involvement	Direct involvement
Risk	Cautious	Moderate risk-taker
Status	Status symbols important	Status symbols are secondary
Failure and mistakes	Try and avoid mistakes and failure	Handles mistakes and failure
Choices	Usually agrees with higher powers	Follows own dream
Whom served	Others	Self and clients
Family history	Family members usually worked for organizations	Family are professionals, farmers or small business owners
Relationships with others	Hierarchy as basic basis of relationship	Transactions and reaching agreements as basis for relationship

Source: Hisrich, *et al.* (2005)

Research into entrepreneurial orientation and traits of entrepreneurs as opposed to non-entrepreneurs found that entrepreneurs have a higher number of distinct previous professional activities than non-entrepreneurs. Entrepreneurs also declare more often that they plan to move in the future. They also appear to have different personality characteristics with respect to risk when asked whether they were willing to accept a risk-neutral gamble (Muhanna, E. 2007).

### 3.7 THE IMPORTANCE OF ENTREPRENEURSHIP IN SOUTH AFRICA

Because of the obvious advantage of job creating, economic development and a solution to social issues, government policies at regional, national and local levels are focusing effort, resources and crafting policies that is specifically target at entrepreneurial development (Audretsch, Grilo & Thurik, 2007).

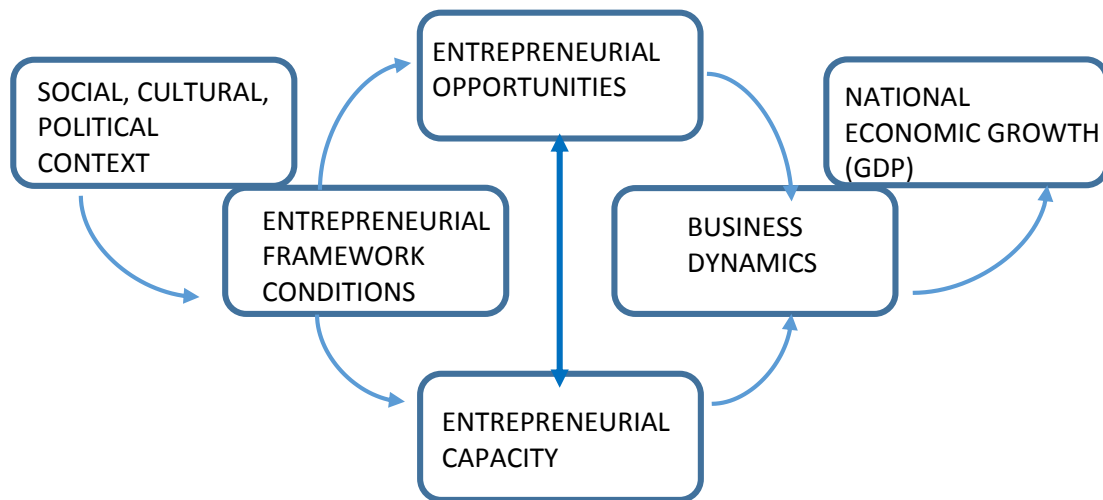
In South Africa, as in the rest of the world, challenges exist over a wide spectrum, from government legislation to social pressures. It must be said that for every reason to become an entrepreneur, there must be two reasons why one should not become one.

Many whites were driven into entrepreneurial activity post-1994, with entrepreneurial activity doubling amongst whites since 1994. It must be noted that entrepreneurship amongst black South Africans increased ten-fold in the last 20 years. Cronje (2013) reported on the fact that whites turn to entrepreneurship. This fact is reinforced by data that found black university graduates is more likely than white graduates to find a job within 12 months of graduation, however white graduates are four times more likely to start and operate businesses.

Despite the challenges facing entrepreneurship in South Africa, it remains the major solution to the socio-economic issues faced by the country. A South Africa with increased total entrepreneurship activities and growing business activities would provide more jobs and improve the livelihood of families. It is therefore imperative that the government, institutions and the private sector join for to inspire entrepreneurship in South Africa to demonstrate their commitment to the competitiveness of the country in the global market (Nieman, *et al.*).

The following is a model of entrepreneurial processes that affects national economic growth.

Figure 3.6: Model of entrepreneurial processes affecting national economic growth.



Source: Reynolds, Hay and Camp (1999)

The model gives a broader perspective on the individual and external market factors which impact the entrepreneurial process. The model make a direct connection between entrepreneurial opportunities and entrepreneurial capacity which implies a positive correlation between the two.

The South African government and associated organizations have committed itself to expanding entrepreneurship through grants, incubations and other assistance programs, according to the 2014 Budget speech delivered by South African Minister of finance, Previn Gordhan.

### 3.8 SUMMARY

Chapter 3 contained the literature study on Entrepreneurship, which not only formed the background to the field of study in which the study was done, but also laid the basis for the empirical study, to follow in Chapter 4.

The definition of entrepreneurship was determined by comparing opinions of different authors.

The state of entrepreneurship in South Africa was investigated by comparing relevant data against those of Sub Saharan counterparts. Global Entrepreneurship Reports were used to a large degree as source of information.

Challenges facing entrepreneurs were gathered from different sources and discussed in order to form a holistic picture of which obstacles might hinder or deter entrepreneurs or aspirant entrepreneurs.

The characteristics and traits that entrepreneurs might arguably share, were identified and discussed in order to form a view of the kind of person an entrepreneur would possibly be.

The research of this study is concerned with how respondents perceive different elements of entrepreneurship in order to ultimately gain insight into attitudes regarding self-employment after retirement or retrenchment. On this note, the importance of entrepreneurship in South Africa formed part of the literature study in chapter 3. The picture that emerged was bleak, one that might indicate much room for improvement in terms of entrepreneurial activity.

# **CHAPTER 4**

## **EMPIRICAL STUDY**

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### **4.1 INTRODUCTION**

The primary objective of the research was to determine the level of susceptibility that agri-business employees between 40 and 63 years of age have towards post-retrenchment or post-retirement self-employment or entrepreneurship.

The empirical study instrument was a self-completion questionnaire distributed to employees in different departments within two chosen agri-businesses. The questionnaire consisted of six sections which measured different entrepreneurial elements and one section capturing demographic information of respondents. An example of the questionnaire is presented in Annexure A.

The empirical study was designed without modifying existing questionnaires from previous research, which means that the elements that were included in the measuring instrument were identified and research through a literature study that included thesis, dissertations, journals, articles, and books. Any question/s that are similar to previous studies' questionnaires is purely coincidental. As far as could be established, there is no empirical research available that address the issues that were seen as primary and secondary for this study

The mean values ( $\bar{x}$ ), standard deviation (s) and Cronbach alpha coefficients were calculated by the Statistical Consultation Services (SCS) of the North-West University, Potchefstroom campus. The reliability of the questionnaire and different variables was tested by means of evaluating Cronbach alpha coefficients.

### **4.2 GATHERING OF DATA**

Permission to distribute the questionnaires was obtained by contacting the human capital manager or legal officer of the company by e-mail.

The request to distribute the surveys explained the reason for the research and included the cover letter, questionnaire and demographic information that respondents would be exposed to. This was done in order for the relevant manager to ascertain himself/ herself that ethical and other relevant considerations were met and acceptable in terms of company policy.

The detail of how questionnaires were to be distributed and collected was explained once permission in principle was obtained.

The questionnaire was offered in hard copy format only. Some respondents might not have access to the internet or a computer at their department of work. For this reason an electronic version, like Survey Monkey for example, was not expected to have the desired effect.

The questionnaire was available in Afrikaans and English, with a cover letter explaining the purpose and instructions to complete the questionnaire.

The questionnaire consists of seven sections; section A measuring employment satisfaction, section B measuring aspects related to retirement, section C measuring income source variables, section D measuring entrepreneurship perceptions, section E testing perceptions regarding entrepreneurial challenges, section F testing perceptions toward entrepreneurial characteristics and section G capturing demographic information.

Section A to D captured the opinion of respondents through statements based on a five point Likert scale. Section E and F is not measured on a Likert scale as sections A to D, but respondents are requested to rank statements in order of importance from 1 to 10, using each number only once, with 1 being least important and 10 being most important.

#### **4.2.1 Study population**

The study population consisted of full-time employees of NWK Limited and Suidwes Landbou Limited. The population was not limited to a certain post grade and respondents ranged from top management to non-managerial employees. The population consisted of 120 employees spread across the departments presented in figure 4.1.

The distribution number of questionnaires per department is illustrated in figure 4.2, on the following page.

Figure 4.1: Study population departments of work

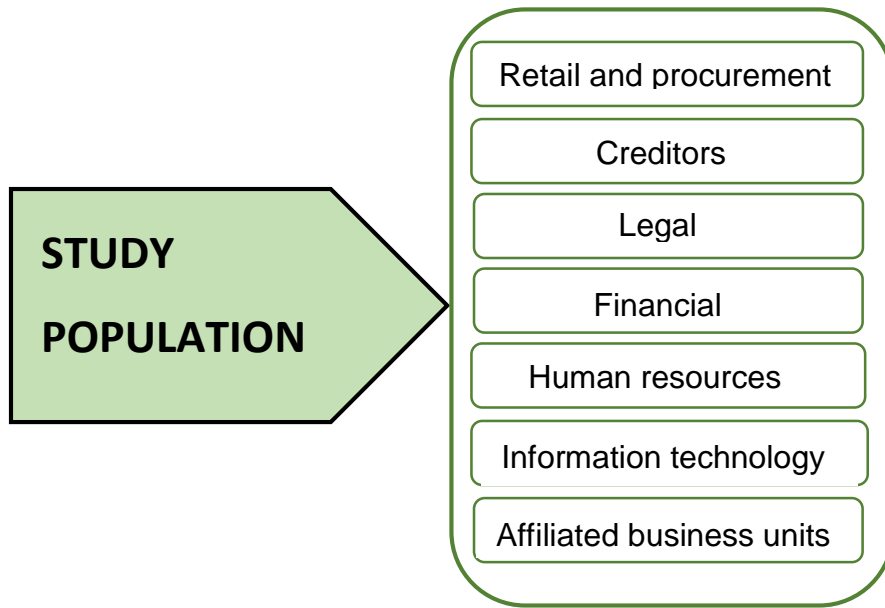
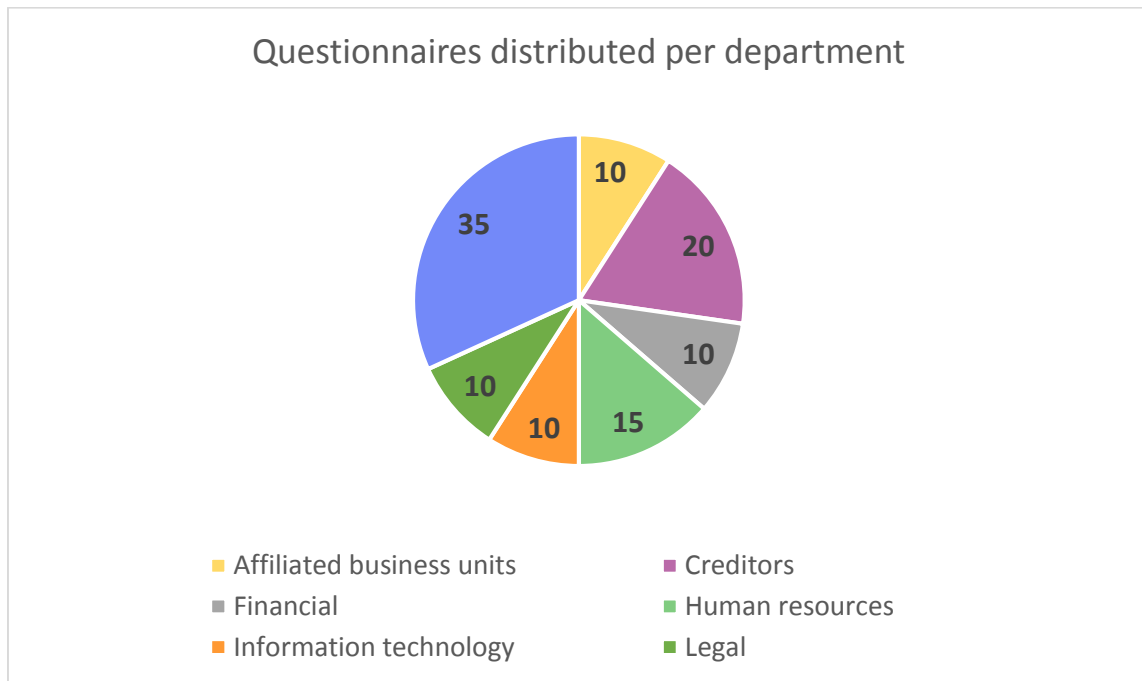


Figure 4.2: Questionnaires distributed per department



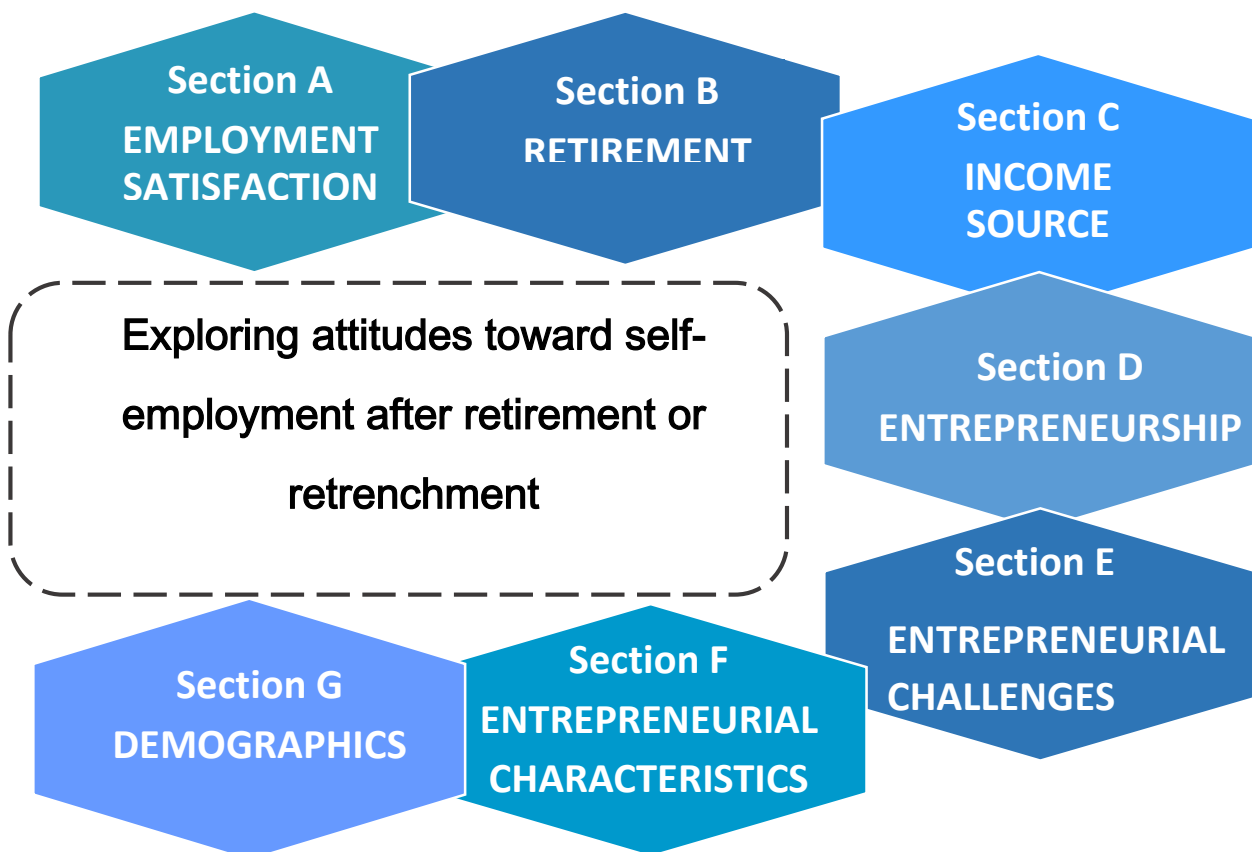
For the sake of a broader spectrum, it was decided to include respondents from a number of different departments within the agri-businesses. Seven departments were identified. Retail and procurement is the largest single department within the population sample.

#### 4.2.2 Measuring instrument for research -- Questionnaire

The measuring instrument for the study is a questionnaire. Challenges like the geographic spread of some departments coupled to the schedules of a number of respondents, made it a practical choice as opposed to personal interviews or focus groups.

The questionnaire was developed through elements compiled from literature study and author contribution. The questionnaire consists of seven sections, A to G as represented below.

Figure 4.3: Layout of questionnaire



Section A to D captured the opinion of respondents through statements based on a five point Likert scale. Section E and F is not measured on a Likert scale as sections A to D, but respondents are requested to rank statements in order of importance. Section G gathered demographic data (section G).

Section A measured employment satisfaction, with section B measuring aspects related to retirement. Section C measured income source variables and section D measuring entrepreneurship perceptions. Section E tested perceptions regarding entrepreneurial challenges, section F testing perceptions toward entrepreneurial characteristics. Lastly, section G captured demographic information.

Section A - Employment satisfaction. This section consisted of 10 statements. Statements are measured on a 5 point Likert scale varying from 1 (respondent strongly disagrees with statement) to 5 (respondent strongly agrees with statement). Choosing option 3 means respondent is unsure about agreement or disagreement and it represents no clear stance.

Section B - Retirement. This section consisted of 15 statements. Statements are measured on a 5 point Likert scale varying from 1 (respondent strongly disagrees with statement) to 5 (respondent strongly agrees with statement). Choosing option 3 means respondent is unsure about agreement or disagreement and it represents no clear stance.

Section C - Income source. This section consisted of 15 statements. Statements are measured on a 5 point Likert scale varying from 1 (respondent strongly disagrees with statement) to 5 (respondent strongly agrees with statement). Choosing option 3 means respondent is unsure about agreement or disagreement and it represents no clear stance.

Section D - Entrepreneurship. This section consisted of 10 statements. Statements are measured on a 5 point Likert scale varying from 1 (respondent strongly disagrees with statement) to 5 (respondent strongly agrees with statement). Choosing option 3 means respondent is unsure about agreement or disagreement and it represents no clear stance.

Section E - Entrepreneurial challenges. This section consisted of 10 statements. Data is collected by means of prioritizing the ten given statements from 1 to 10.

Section F - Entrepreneurial characteristics. This section consisted of 10 statements. Data is collected by means of prioritizing the ten given statements from 1 to 10.

Section G - Demographics. This section captured demographic information of respondents. Gender, race group, age group, highest academic qualification, post grade (position), period employed with current employer, period employed with previous Agri-business (if applicable) and home language & other.

#### **4.2.3 Confidentiality**

All questionnaires were handed to the department heads of the departments mentioned. A sealed container with a slot as only opening, was provided for the completed questionnaires of each department. The respondents were free to deposit their questionnaire into the container or box at their leisure without any way of telling from whom which responses came.

#### **4.2.4 Statistical analysis of data**

The statistical analysis of data was conducted by the Statistical Consultation Services at North West University campus, Potchefstroom.

Cronbach Alpha coefficients were used and the mean values were the primary basis for conclusions and comparisons, with standard deviation figures used to determine how tightly all the various examples are clustered around the mean in a set of data.

### **4.3 RESPONSES TO THE SURVEY**

A total of 120 questionnaires were distributed, with the number returned equalling 64, equating to a 53% response rate.

Table 4.1 explains the number of questionnaires distributed in the different departments, and the number of returned questionnaires.

Table 4.1: Number of questionnaires distributed versus returned questionnaire per department

Department	Total distributed	Number returned	Percentage of distributed questionnaires in department	Percentage of total distributed questionnaires
Affiliated business units	10	3	30	4.7
Creditors	20	12	60	18.7
Financial	10	3	30	4.7
Human capital	15	8	53	12.5
Information technology	10	10	100	15.6
Legal	10	2	20	3.2
Retail & Procurement	35	26	74.3	40.6
Total	120	64	53	100

The response rate to the survey was 53%, or 64 returned surveys from 120 distributed. The biggest response came from the retail and procurement department at just over 40%. Three departments had a response of over 10% each, being creditors (18.7%), Information technology (15.6%) and human capital (12.5%).

The lowest response, which was below 5% each, came from three departments being legal (3.3%), affiliated business units (4.7%) and financial (4.7%).

The response rate might be related to the fact that the questionnaires were distributed to be filled-in at the leisure of the respondents. It can be debated that several reasons might exist for the response rate not being higher, but it would be speculation without scientific proof.

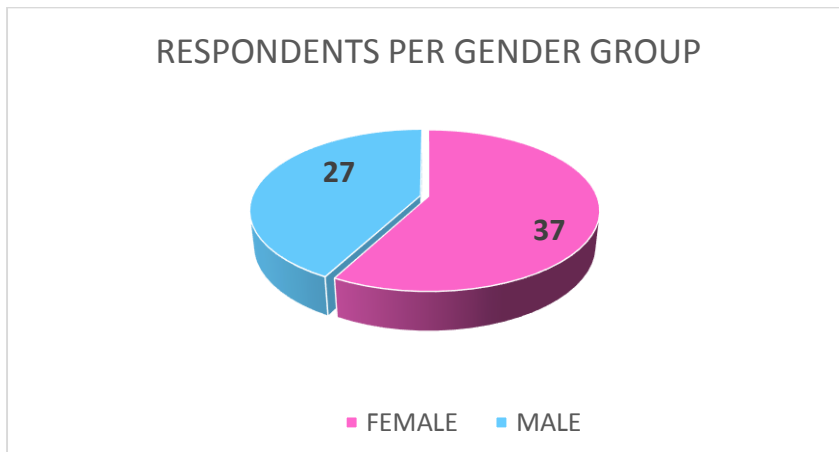
#### 4.4 DEMOGRAPHIC INFORMATION OF RESPONDENTS

The demographic information requested from respondents were included in the questionnaire in Section “G”. Section G was compiled from 8 primary headings which contain the various options presented to respondents which describes their personal and work-related data. The demographic information will be discussed by means of tables and charts in order to demonstrate the make-up of the sample visually.

The results will be discussed in the sequence that the questions appear on the questionnaire.

#### 4.4.1 Gender

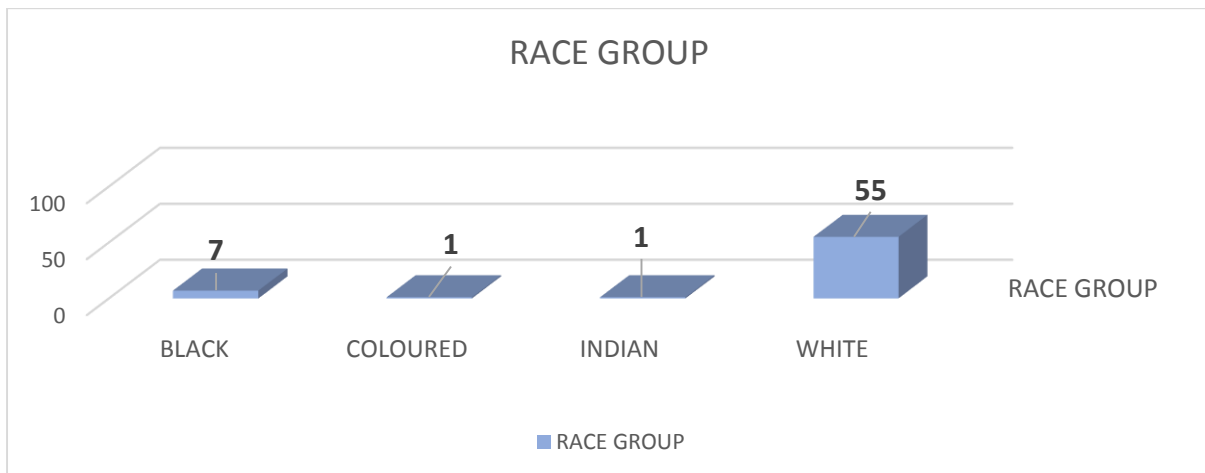
Figure 4.4: Respondents per gender group



From the 64 questionnaires collected, 37 respondents were female, translating into 57.8 %. The questionnaires were distributed at random, but it is noteworthy that the agri-businesses involved do employ a relatively large number of female employees.

#### 4.4.2 Race group

Figure 4.5: Number of respondents per race group



As mentioned in a previous chapter, the respondents were mostly White, totaling 55 from 64 or 86%. Again it must be noted that the questionnaires were distributed at random, ensuring a dynamic process.

Section “G” allowed for a choice between four race groups, being Black, Coloured, Indian or White.

#### 4.4.3 Age group

The study concentrated on two age groups being respondents whom should either be starting to plan for retirement or those whom may find it challenging to readily get another job should they be retrenched. The age group 40 – 49 is part of the age group options because individuals in this age group may arguably find it more difficult to find a job after retrenchment.

The age group 50 – 55+ formed part of the age group options because of individuals might be considering early retirement after 50 years of age, up to actual retirement age beyond the age of 55 years.

There were no qualifying questions included in the questionnaire to address the topic of retrenchment. The questions pertaining to the retrenchment side of the study were not directed at respondents whom arguably might be retrenched. Questions about retrenchment were included to test perceptions on the subject, not seeking to identify possible individuals whom may be retrenched.

Therefore the following age groups were identified:

Table 4.2: Age groups of respondents

Age group	Number	Percentage
40 – 44	28	43.7%
45 – 49	10	16.3%
50 – 54	13	20%
55 +	13	20%
Total	64	100%

The title of the research effectively suggests that the end of formal employment can happen not only at retirement age, but in the form of retrenchment. Entrepreneurship is divided into prime age and third age entrepreneurs, which will be discussed in chapter 3.

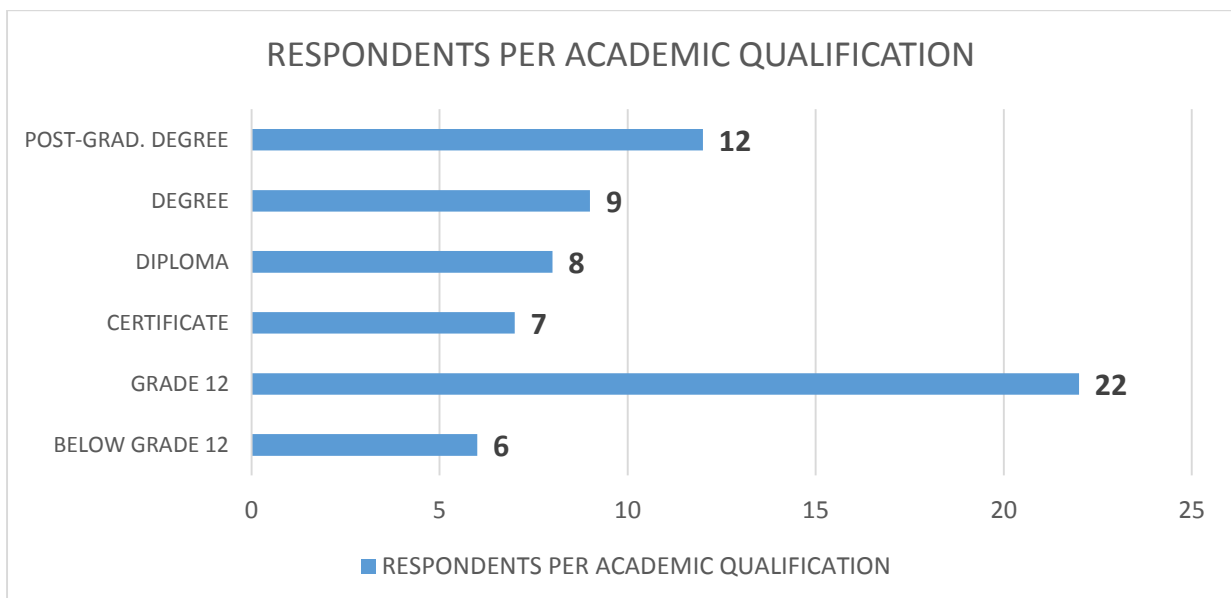
The ages of the respondents whom will sort under prime age entrepreneurs were 38 from the sample and those potentially sorting under third age entrepreneurs 26. The response rate per age group thus suggests a 60% (possible retrenches) / 40% (retirees) split.

#### 4.4.4 Highest academic qualification

Choices included the following;

Below grade 12, Grade 12, Certificate, Diploma, Degree and Post-graduate degree

Figure 4.6: Respondents per academic qualification

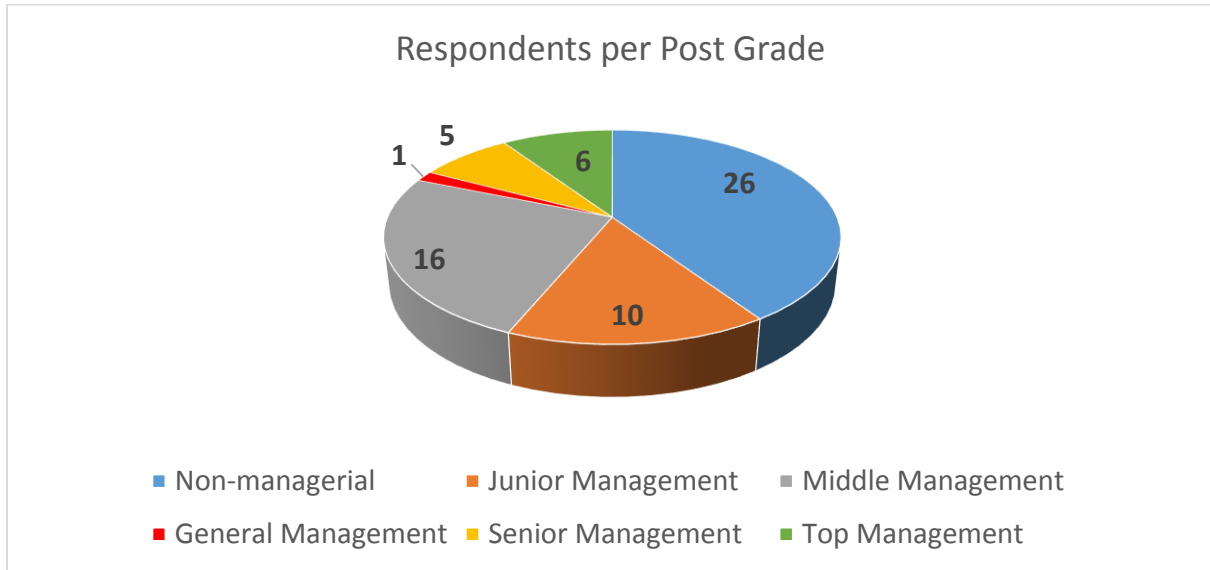


The majority of respondents have a tertiary qualification grade 12 and above, with only 6 having less than a high school qualification. Respondents with a Grade 12 qualification totalled 40.6%. The number of respondents with a certificate equalled to 11% and with diploma 12.5%. Degree and post-graduate degree holders totalled one third of respondents.

#### 4.4.5 Post grade (post level)

The post levels of respondents were divided into non-managerial, junior management, middle management, general management, senior management and top management.

Figure 4.7: Number of respondents per post grade

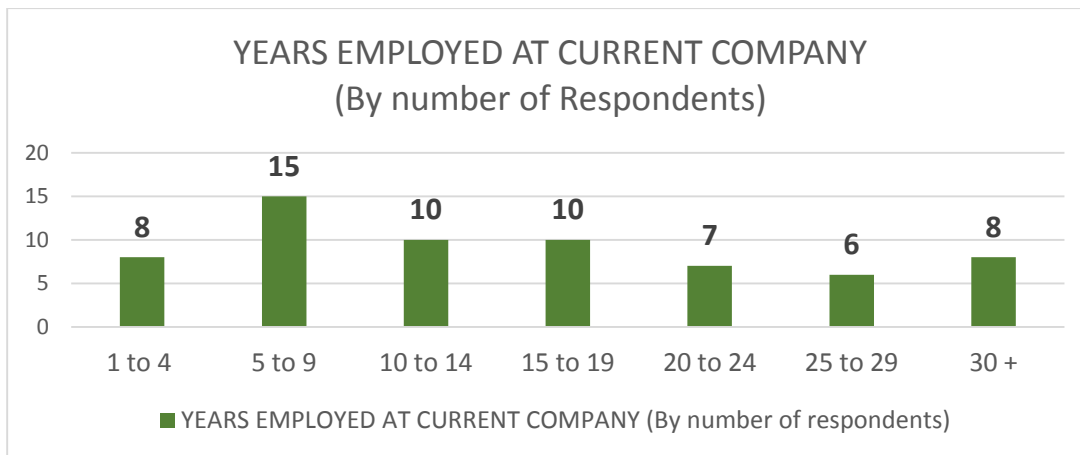


Respondents with post levels above middle management level equated for 18.75% of the total. The biggest group was non-managerial employees at just over 40.6%. The percentage responses from middle management and junior management employees also equalled 40.6%.

#### 4.4.6 Years employed at current company

The question was included to gauge if there was a difference between employees being employed longer and those employed for a shorter period of time, at the two employers that was used for the research.

Figure 4.8: Years employed at current agri-business

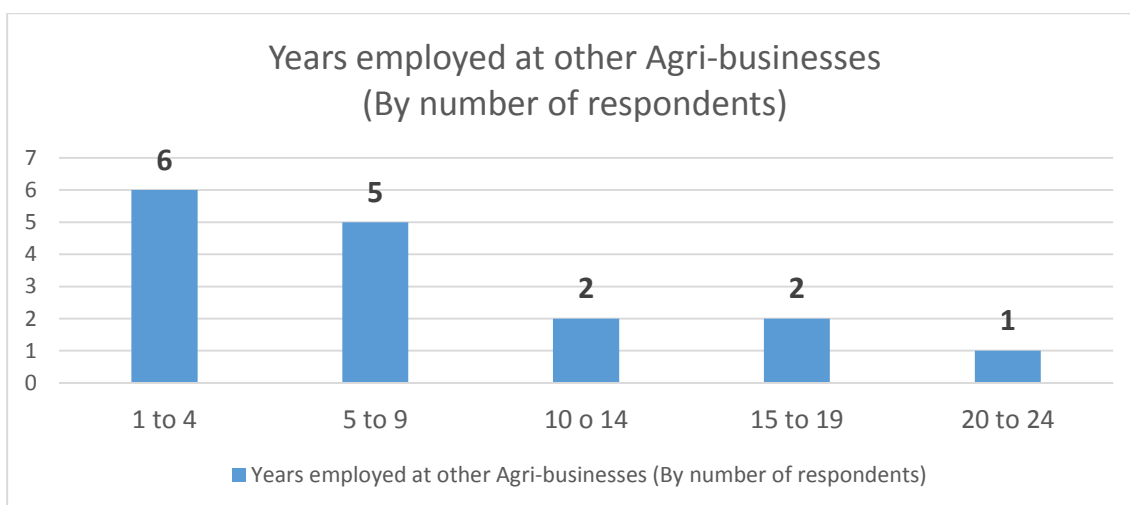


Two groups that may arguably give insight into either job security and/or job satisfaction, are the groups employed from 5 to 19 years and 20 to 30+ years. Off the total, 39 % have been employed between 5 and 19 years. The percentage for respondents employed between 20 and 30+ years is just below 33%.

#### 4.4.7 Years employed at previous agri-business (if applicable)

This question was added as an “if applicable” question in order to determine if there are respondents that have wider Agri-business industry exposure and also to possibly make an assumption about the responses should there be a significant number of respondents that did answer this question,

Figure 4.9: Years employed at other Agri-businesses

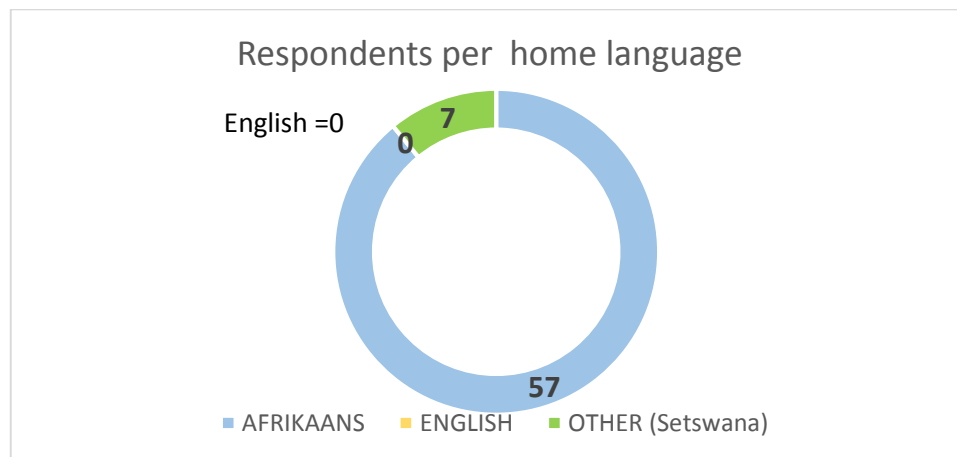


Coupled to the current years of employment, a secondary question was added to determine whether employees were employed at other agri-businesses before. Off the 64 respondents, 16 worked at other agri-business employers. The result shows that respondents employed between 5 and 24 years equates to 15.6%. The total number of respondents that were previously employed by other agri-businesses is 25%.

#### 4.4.8 Home language

Only three primary choices were given; Afrikaans, English and Other.

Figure 4.10: Respondents per home language



The primary language cited by respondents as home language was Afrikaans (89%) and 11% of the sample. English was not chosen as home language by any respondent.

#### 4.5 RELIABILITY OF THE QUESTIONNAIRE

Cronbach alpha coefficients were measured to determine the reliability of the questionnaire.

The coefficient found for the questionnaire *in total* was 0.732. According to Field (2005), an acceptable Cronbach alpha score is 0.8 and above. Nunnally (1978), suggests a score of 0.7 or above is adequate in terms of reliability of data. George and Mallery (2003) provide the following rules of thumb for Cronbach alpha values;

> .9 – Excellent, > .8 – Good, > .7 – Acceptable, > .6 – Questionable, > .5 – Poor, and < .5 – Unacceptable. In contrast to the afore-mentioned views, Schmitt (1996), concluded that there might possibly be no absolute right or wrong alpha score and that a (conventional) low alpha score might still be useful. Thus the Cronbach alpha result suggests that the measuring instrument was reliable as a whole.

The data obtained from sections A and B will be regarded as unreliable, as per accepted status quo.

Sections A and B achieved a Cronbach alpha figure which is considered below par as far as reliability is concerned.

#### 4.5.1 Reliability of sections A to D as a whole

As will be observed below, two of the four sections did not achieve a Cronbach alpha coefficient that will imply reliability, but the two sections were included as the coefficient of 0.732 over the whole questionnaire does indicate reliability and viability.

Table 4.3: Reliability statistics section A to D combined

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
<b>.732</b>	.745	50

It is noted that Sections A to D, achieved a relatively strong Cronbach alpha coefficient of 0.733, from which it is deduced that these sections as a whole shows unidimensionality and internal consistency. Differently put, the set of items amongst the four sections are closely related as a group.

#### 4.5.2 Section A: Employment satisfaction

The first section of the questionnaire dealt with how secure the respondents feel within the working environment and landscape from a current and future point of view.

The reliability of the data were below accepted Cronbach alpha scores as shown in the table below.

Table 4.4: Reliability Statistics of section A

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
<b>.420</b>	.416	10

The statistics analysis column dealing with Cronbach alpha should a statement be excluded showed that the exclusion of A5 or A9 would have had a significant enough impact to deem the data reliable, albeit with a poor score as represented in the next table.

Table 4.5: Section A: Cronbach alpha score if individual item deleted

<b>Cronbach's Alpha if Item Deleted</b>			
<b>A1</b>	.330	<b>A6</b>	.401
<b>A2</b>	.262	<b>A7</b>	.377
<b>A3</b>	.356	<b>A8</b>	.302
<b>A4</b>	.373	<b>A9</b>	.509
<b>A5</b>	.598	<b>A10</b>	.277

#### **4.5.3 Section B: Retirement, retrenchment and self-employment**

This section tested the feelings and perceptions towards owning a business and whether or not the respondent considers retrenchment and its effects.

The reliability of the data were below accepted Cronbach alpha scores as shown in the following table.

Table 4.6: Reliability Statistics Section B

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
<b>.335</b>	.363	15

Table 4.7 illustrates the fact that a reliable Cronbach alpha figure is not attainable even with the exclusion of one or more statements.

Table 4.7: Section B: Cronbach alpha score if individual item deleted

<b>Cronbach's Alpha if Item Deleted</b>			
<b>B1</b>	.268	<b>B6</b>	.309
<b>B2</b>	.327	<b>B7</b>	.297
<b>B3</b>	.285	<b>B8</b>	.360
<b>B4</b>	.236	<b>B9</b>	.286
<b>B5</b>	.301	<b>B10</b>	.346

#### 4.5.4 Section C: Income source

Section C achieved the highest Cronbach alpha figure, falling just short of the desired minimum figure of 0.7, which would indicate a fairly strong reliability of the data.

Table 4.8: Reliability Statistics Section C

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
<b>.679</b>	.686	15

#### 4.5.5 Section D: Entrepreneurship

Section D achieved a slightly lower Cronbach alpha figure of 0.614, but still within the range of usable data, although not suggesting a strong relationship between variables.

Table 4.9: Reliability Statistics Section D

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.614	.630	10

Table 4.9 highlights the fact that the data is reliable, but there was not a strong inter-relationship between the variables, or statements when presented as a whole.

#### 4.6 EXPLORING ATTITUDES TOWARD SELF-EMPLOYMENT AFTER RETIREMENT OR RETRENCHMENT

Per introduction the definitions of “mean value” and “standard deviation” will be discussed briefly as it will be used for analysis and conclusion purposes throughout chapter 4 and chapter 5 to explain the results and relationships between results.

The mean (also known as average), is obtained by dividing the sum of observed values by the number of observations, n. Although data points fall above, below, or on the mean, it can be considered a good estimate for predicting subsequent data points. (MacMillan, Preston, Wolfe & Yu (2007). It is reflected by the  $\bar{x}$  symbol.

The standard deviation, donated by the (s) symbol, reflects how close the entire set of data is to the average value. Standard deviation equals the square root of variance. Standard Deviation provides an indication of how far the individual responses to a question vary or "deviate" from the mean, thus indicating the concentration around the mean (Greenbook.org., 2013).

#### 4.6.1 Section A: Employment satisfaction

The first section of the questionnaire deals with how secure the respondents feel within the working environment and landscape from a current and future point of view.

The statements will not necessarily obtain a wrong or right answer, but the responses will be tested against facts about the employer and industry opposed to how the respondent perceive the dynamic environment around him / her.

The data from section A is included, although the Cronbach alpha score is below the accepted norm of 0.7 for reliable data.

Table 4.10: Section A : Employment satisfaction

	<b>STATEMENT</b>	$\bar{x}$	<b>S</b>
A1	I feel positive about the future of agri-businesses in South Africa	3.54	.779
A2	I am confident that my current position in the company is secure	3.35	.926
A3	My employer has been a safe environment as far as job security is concerned	3.65	.789
A4	I am worried about job opportunities in my company	2.96	1.220
A5	I am worried about job opportunities in the industry of my company	3.08	1.045
A6	Agri-businesses are more stable than other corporate businesses	3.12	.922
A7	I like being employed by an employer and will not easily start my own business	3.27	1.157
A8	The industry I am employed in is more unstable than before	2.48	1.038
A9	The industry I am employed in may change faster than before	3.98	.754
A10	The current and past mergers / acquisitions / take-overs in the Agri-business industry concerns me as far as job security is concerned	2.13	1.010
	<b>Average</b>	<b>3.16</b>	<b>0.964</b>

Section A as a whole has an average mean value of 3.16 and a standard deviation value of 0.964.

Slight to moderate agreement was achieved with most statements, which include A1 ( $\bar{x} = 3.54$ ), A2 ( $\bar{x} = 3.35$ ), A3 ( $\bar{x} = 3.65$ ), A5 ( $\bar{x} = 3.08$ ), A6 ( $\bar{x} = 3.12$ ), A7 ( $\bar{x} = 3.27$ ) and A9 ( $\bar{x} = 3.98$ ). Statement A9, with the highest mean value for section A, showed that respondents do realize the increasing pace in change in their industry.

Only three statements, being A4 ( $\bar{x} = 2.96$ ), A8 ( $\bar{x} = 2.48$ ) and A10 ( $\bar{x} = 2.13$ ) returned scores below 3. The three statements relate to job opportunities / security and industry changes, where the slight to moderate disagreement arguably indicated faith in the workplace and the industry the employers operate in. The statement the respondents least agreed with in section A, was A10 with a mean value of 2.13.

#### **4.6.2 Section B: Retirement, retrenchment and self-employment**

This section tested the feelings and perceptions towards owning a business and whether or not the respondent considers retrenchment and its effects.

The data from section B is included, although the Cronbach alpha score is below the accepted norm of 0.7 for reliable data.

Section B is presented as table 4.11 on the following page.

Table 4.11: Section B: Retirement, retrenchment and self-employment

	<b>STATEMENT</b>	$\bar{x}$	<b>S</b>
B1	I am not interested in owning my own business	3.23	1.436
B2	I am interested in owning my own business, but lack knowledge and skills	2.71	1.091
B3	I believe more small businesses are needed to grow South Africa's economy	3.98	.852
B4	An own business brings satisfaction and financial security	2.98	.960
B5	An own business is too stressful and the pressure is more than the joy it will get from it	3.02	1.111
B6	I currently have a business as a hobby, not as primary income source	2.00	1.328
B7	I currently have a business as a hobby that provides more income than my full-time job	1.44	.639
B8	If I start a business it will be in the Agri sector	2.21	1.177
B9	I will most probably start a business in a sector I am not familiar with	2.50	1.111
B10	People will have to retire later if average human lifespan increases	4.02	1.000
B11	I have thought about retrenchment & what impact it can have on my life	3.73	1.031
B12	I have thought about what I will do for an income if I got retrenched	3.87	1.103
B13	If I got retrenched, I will most probably apply at another employer	3.56	1.178
B14	If I got retrenched, I might be too old to easily be employed at another company	3.10	1.404
B15	The industry I am employed in is stable as far as retrenchments go	2.90	.934
	<b>Average</b>	<b>3.02</b>	<b>1.09</b>

The questions might be considered from a point of view whereby the respondent only share his / her viewpoint or where some of the statements are true whereby some first-hand information might be obtained.

This section brings the elements of entrepreneurship and necessity together. Retrenchment in general is unplanned which might make an income source through informal means even more of a necessity as is the case with retirement which leaves

more room for planning and identifying possible opportunities. The difference between necessity and opportunity entrepreneurship is discussed in chapter 3.

Section B contains elements of business ownership together with retrenchment variables. A single question directed at retirement, specifically retirement age, was also included in section B.

Section B, as a whole, had an average mean value of 3.02 and average standard deviation value of 1.09.

Section B was divided into statements regarding *self-employment* (B1 to B9), *retirement* (B10) and *retrenchment* (B11 to B15). Subsequently the results will be presented according to the three sub-sections and as a whole in terms of mean values. Firstly, of the nine statements, B1 to B9, only three achieved a mean value of 3 and above, being B1 ( $\bar{x} = 3.23$ ), B3 ( $\bar{x} = 3.98$ ) and B5 ( $\bar{x} = 3.02$ ) Two of the three statements was presented as negative questions.

The statement pertaining to retirement, albeit just one, returned the highest mean value for section B as a whole at 4.02. Agreement was achieved through respondents acknowledging the possible need for retirement a later age if average human lifespan increased.

The last sub-section, dealing with retrenchment, showed mean values of above 3 for four of the five statements. Statement B12 had the highest mean value of 3.87, indicating the agreement of respondents that they have given thought to the question of generating income after being retrenched. Statements B11 ( $\bar{x} = 3.73$ ), B13 ( $\bar{x} = 3.56$ ) and B14 ( $\bar{x} = 3.10$ ) followed B12 as having the highest mean values.

#### **4.6.3 Section C : Income source**

Section C focuses on the financial aspect after retirement coupled with the possibility of entrepreneurship after retirement to address insufficient income.

Table 4.12: Section C: Income source

	<b>STATEMENT</b>	$\bar{x}$	<b>S</b>
C1	I am confident that I will be able to retire without worrying about monthly income being insufficient	2.35	1.153
C2	After retirement I may need to supplement my income by some sort of business	2.06	.998
C3	After retirement I plan to have a full-time business as primary source of income	2.71	1.177
C4	A good retirement age is between 60 & 65	3.65	1.219
C5	I believe that it is necessary to retire at an age above 65	2.79	1.333
C6	I am positive that I will be able to start my own business after retirement	2.94	1.110
C7	I would like to start a business before retirement and use it as a source of income after retirement	3.54	1.111
C8	I do not believe that a new business after retirement can succeed	3.77	.983
C9	I am positive that I can run my own business after retirement	3.54	1.128
C10	I have thought about starting my own business on a part-time basis	3.23	1.231
C11	I have thought about starting my own business on a full-time basis	2.52	1.146
C12	I think there are opportunities to start an own business	3.40	.934
C13	It is safer to be employed than having an own business	3.88	.963
C14	There are opportunities whereby I can supply a product or service to my current industry, if I should have my own business	3.38	.993
C15	I plan to start / buy a business in the next 5 years	2.42	1.054
	<b>Average</b>	<b>3.08</b>	<b>1.102</b>

There are various questions as discussed earlier in the chapter that stands opposed to each other, but which gives insight into the same elements. Section C was divided into three sub-sections which tested opinions regarding *post-retirement income*, *retirement age* and *elements involving self-employment*.

*Retirement income-related statements covered statements C1 to C3. Retirement age-related statements included C4 and C5, with elements related to entrepreneurship definition and ability being covered by statements C6 to C15.*

The total average mean value for section C was 3.08, with an average standard deviation value of 1.102.

As far as statements regarding income after retirement are concerned, C1 had a mean value of  $\bar{x} = 2.35$ , which implies uncertainty about sufficient post-retirement income. Statement C2 had the lowest mean value of 2.06, and also the lowest for the entire section. Respondents disagreed with a business being an alternative to supplement income. Statement C3 also had a mean value of fewer than 3, at 2.71, which means disagreement with all three statements regarding post-retirement income.

Two statements related to retirement age, C4 ( $\bar{x} = 3.65$ ) and C5 ( $\bar{x} = 2.79$ ) showed agreement to slight disagreement in the case of C5.

Statements C7 ( $\bar{x} = 3.54$ ), C8 ( $\bar{x} = 3.77$ ), C9 ( $\bar{x} = 3.54$ ), C10 ( $\bar{x} = 3.23$ ), C12 ( $\bar{x} = 3.40$ ), C13 ( $\bar{x} = 3.88$ ) and C14 ( $\bar{x} = 3.38$ ) all showed moderate agreement to agreement with the presented questions. Statements C6 ( $\bar{x} = 2.94$ ), C11 ( $\bar{x} = 2.52$ ) and C15 ( $\bar{x} = 2.42$ ) showed slight to moderate disagreement with the presented statements. The statements pertained to elements related to self-employment.

#### **4.6.4 Section D : Entrepreneurship**

The last section of the Likert scale questions deals primarily with what the perceptions are in terms of entrepreneurship, its challenges & rewards. Respondents were tested purely on their reference framework of what entrepreneurship is. The question of whether or not a business was owned or run previously was not included in any section, only if a current, secondary business, is being run. Thus we cannot determine what effect previous business ownership might have on the answers, only the impact of presently owned businesses of which the weight will be determined by the mean and standard deviation values.

Section D will attempt to gain insight into underlying psychological factors that impact entrepreneurial intentions of individuals or groups.

Table 4.13: Section D: Entrepreneurship

	<b>STATEMENT</b>	$\bar{x}$	<b>S</b>
D1	I see entrepreneurship as running my own business	3.38	1.087
D2	I see entrepreneurship as <i>starting</i> my own business <i>not buying</i> one	3.23	1.182
D3	I see entrepreneurship as doing business in a different way	3.73	.866
D4	I see entrepreneurship as inventing new products	3.69	1.001
D5	I think that being a business owner differs from being an entrepreneur	2.50	1.163
D6	I have the necessary experience and skills to run my own business	3.37	1.103
D7	Entrepreneurship is mostly uncertain & stressful	3.04	1.028
D8	There are big rewards to be had from successful entrepreneurship	4.08	.763
D9	I know what support Government & Banks can provide me	2.90	.869
D10	My spouse will support the idea of entrepreneurship	3.40	1.053
	<b>Average</b>	<b>3.33</b>	<b>1.12</b>

The average mean figure for section D equals 3.33, with an average standard deviation of 1.10.

Section D was compiled to primarily test attitudes and opinions regarding entrepreneurship definitions and related elements.

Eight from a possible ten statements showed mean values of three and above, which indicates slight to moderate agreement. The statements include D1 ( $\bar{x} = 3.38$ ), D2 ( $\bar{x} = 3.23$ ), D3 ( $\bar{x} = 3.73$ ), D4 ( $\bar{x} = 3.69$ ), D6 ( $\bar{x} = 3.37$ ), D7 ( $\bar{x} = 3.04$ ), D8 ( $\bar{x} = 4.08$ ) and D10 ( $\bar{x} = 3.40$ ).

Statement D8 showed the strongest agreement between questions in section D, thus confirming that respondents recognize big rewards can be had from successful entrepreneurship.

Statements D5 ( $\bar{x} = 2.50$ ) and D9 ( $\bar{x} = 2.90$ ) both showed mean values of below 3. The mean value of D5 means respondents perceive the terms business owner and entrepreneur as being synonymous. The fact that D9 shows slight disagreement means respondents are uncertain about support for entrepreneurs by Government and Banks.

Table 4.14: Comparison of mean and standard deviation values section A to D

Section	Topic	$\bar{x}$	s
A	EMPLOYMENT SATISFACTION	3.16	0.964
B	RETIREMENT, RETRENCHMENT AND SELF-EMPLOYMENT	3.02	1.09
C	INCOME SOURCE	3.08	1.102
D	ENTREPRENEURSHIP	3.33	1.12
<b>Total</b>	Average	3.15	1.07

Standard deviation explains the range that responses varied around the mean figure. Observing figure 4.15, it is found that the standard deviation values ranged between 0.964 and 1.102. This basically explains that responses may have varied on average by 1 point either higher or lower than the mean values that is between 3.02 and 3.33. The standard deviation figures for the research does little, as a whole, to bring us to a definite conclusion of respondents' opinions on entrepreneurship as alternative to formal employment. The reason is that although the mean values for the questionnaire holistically indicated a neutral stance on the variables identified, when broken down into individual statements there might be a certain percentage of respondents that show stronger opinions as the standard deviation of 1 indicates.

In the last two sections, E and F, of the questionnaire, the respondent was asked to prioritize 10 statements each, with "1" as being the least important factor and "10" being the most important factor.

Respondents were restricted to only using each number once, which made desired effect was to make respondents think deeper about their feelings and perceptions.

#### **4.6.5 Section E: Challenges entrepreneurs face**

This section deals with the main challenges that aspirant entrepreneurs face, as compiled from literature studies.

Respondents were exposed to statements that regarding what they perceive as main challenges that entrepreneurs face..

The questions were derived directly from the literature study. The following is a summary compiled from 64 questionnaire responses, summarized into the average score per statement and the position it achieved out of ten.

Table 4.15: Section E: Challenges entrepreneurs face

	Please rate the following 10 statements, from <b>1 as being the most important factor</b> to <b>10 being the least important factor</b> , in your opinion:	1 to 10	
	<b>THE FOLLOWING ARE IMPORTANT WHEN I CONSIDER AN OWN BUSINESS</b>	Average	Position
E1	Fear of failure	6.47	4
E2	Social pressure	7.36	1
E3	Economic stability	4.09	9
E4	Finance	3.56	10
E5	Initial lower income/ living standard	6.83	2
E6	Government laws & legislation	4.47	7
E7	Facilities (where business will be run)	4.91	6
E8	Skills & training	4.20	8
E9	Trading stable employment & income for uncertainty	6.25	5
E10	Crime	6.83	3

According to the summarized table above, the following positions were indicated per statement from the data collected;

- Social pressure - An average of 7.36 put it at the top of the list of challenges entrepreneurs face.
- Initial lower income / living standard - these factors together with crime achieved an average score of 6.83, which essentially puts both in second place. For the sake of numbering from 1 to 10, *crime* will be placed third.
- Crime - The tie for second place arguably shows its importance as a challenge to entrepreneurs.
- Fear of failure - Fourth on the list of challenges entrepreneurs face, with an average score of 6.47.

- Trading stable employment & income for uncertainty - This factor might arguably be tied to *Initial lower income / living standard*, and is the fifth-highest on the list according to respondents, with an average score of 6.25.
- Facilities (where business will be run) - The physical place of business was identified as being the sixth most important challenge on the list and achieved an average score of 4.91.
- Government laws & legislation - Seventh position out of a possible 10, with an average score of 4.47.
- Skills & training - *Seemed to be low on the list of challenges entrepreneurs face with a score of 4.20.*
- Economic stability - *Second-to-last on the list of entrepreneurial challenges, achieving an average score of 4.09.*
- Finance - Occupying the last position, and according to respondents the least important challenge to entrepreneurs was *finance*, with a score below 4, at 3.56

#### **4.6.6 Section F: Characteristics of entrepreneurs**

The last section, deals with the traits an entrepreneur should have, as perceived by the respondent.

Respondents were exposed to statements that regarding what they perceive as key characteristics that entrepreneurs should possess.

The questions were derived directly from the literature study. The following is a summary compiled from 64 questionnaire responses, summarized into the average score per statement and the position it achieved out of ten.

Table 4.16: Section F: Characteristics of entrepreneurs

	Please rate the following 10 statements, from <b>1 as being the most important factor</b> to <b>10 being the least important factor</b> , in your opinion:	1 to 10	
	<b>AN ENTREPRENEUR SHOULD HAVE THE FOLLOWING TRAITS:</b>	Average	Position
F1	Innovative and creative	5.33	6
F2	Courage to take risks	5.67	5
F3	Go-getter / self-starter	6.73	2
F4	Discipline	3.81	10
F5	Positive even in adverse situations	5.78	4
F6	Ability to cope with failure	7.03	1
F7	High level of perseverance	4.58	9
F8	Committed to goals	4.91	8
F9	Problem-solving skills	6.25	3
F10	Self-confidence	5.00	7

According to the summary, the following 5 factors were the most important traits that respondents felt an entrepreneur should have;

- Ability to cope with failure - Coupled to one of the biggest obstacles that hinders entrepreneurship, fear of failure, respondents felt that this is the single biggest personality trait that an entrepreneur should possess.
- Go-getter / self-starter - In second place, with an average of 6.73, the respondents believe that an entrepreneur needs to make things happen and not wait for something to happen.
- Problem-solving skills - The response from the sample was strong at an average of 6.25 that problem-solving was high up on the list of possible skills that an entrepreneur should possess.
- *Positive even in adverse situations* - 5.78 might possible show that respondents view it above average, but not necessarily under the more important characteristics needed.
- Courage to take risks - A score of 5.67 would suggest the respondents do not have an appetite for risk.

- Innovative and creative - The first item of the bottom five factors on the list with an average score of 5.33.
- Self-confidence - Seventh on the list with an average score of 5.00.
- Committed to goals - Only an average score of 4.91 was achieved.
- High level of perseverance - It could be ventured that this item might be connected to *committed to goals*, following it closely with an average score of 4.58.
- Discipline - Last on the list and the only item with an average score of below 4 at 3.81.

#### 4.7 REVERSED QUESTIONS INTER-RELATED THROUGH SECTIONS A TO D

Chapter 4 we briefly mentioned the questions that are related to each other in a reverse manner. Although some of the questions are in different sections, it is related to each other by means of common topic.

There are a number of questions that have been asked in reverse order for the reason of establishing whether respondents thought about the questions and not just inclined to fill the questionnaire in randomly. Thus determining the degree of honesty that certain statements were answered by respondents. The responses and subsequent mean values were observed in order to establish the correlation between different statements. The questions were not necessarily in the same section, but the results of the respondents' answers to the questionnaire as a whole reflected the desired outcome. The various related, albeit reversed, questions can probably be sorted into re-arranged groups for deduction purposes, but will for the purpose of this study, be discussed singularly.

A brief overview of the questions that were reversed and/or inversely related is presented, per comparison group.

	<b>A2 A4</b>	$\bar{x}$
A2	I am confident that my current position in the company is secure	3.35
A4	I am worried about job opportunities in my company	2.96

The data from section A is included, although the Cronbach alpha score is below the accepted norm of 0.7 for reliable data. The above statements it is noted that although respondents feel confident as far as job security is concerned, the mean value for the opposite statement is close behind. It is clear from the above that respondents are more convinced about job security than they are worried about lack of job opportunities in their company.

	<b>A3 A8 B15</b>	$\bar{x}$
A3	My employer has been a safe environment as far as job security is concerned	3.65
A8	The industry I am employed in is more unstable than before	2.48
B15	The industry I am employed in is stable as far as retrenchments go	2.90

The data from sections A and B are included, although the Cronbach alpha score is below the accepted norm of 0.7 for reliable data. Responses to statement A3 and B15 shows that respondents feel optimistic about their employer and the industry within which it operates. Statement A8 confirms the feeling that the agri-business industry is not more unstable than before, a mean value of 2.48 might indicate respondents feel strongly about stability in the said industry. It would seem, though, that respondents were less sure about retrenchments in their employer's industry. The mean value for question A8 however underlines the fact that respondents do not perceive the industry they are employed in as being less stable than in the past.

	<b>A6 A10</b>	$\bar{x}$
A6	Agri-businesses are more stable than other corporate businesses	3.12
A10	The current and past mergers / acquisitions / take-overs in the Agri-business industry concerns me as far as job security is concerned	2.13

The data from section A is included, although the Cronbach alpha score is below the accepted norm of 0.7 for reliable data. Respondents felt uncertain whether agri-businesses are more stable than other corporate businesses, but statement A10 shows possible conviction that changes in the agri-business industry does not overly concern respondents. There might not exist a clear, linear, albeit opposed, relationship between A6 and A10, but when comparing the specific statements, a negative correlation exists. What is of value as far as respondents are concerned, is that current mergers, acquisitions and take-overs in the industry they are employed in do not concern them against the background of job security.

	<b>B1 B2</b>	$\bar{x}$
B1	I am not interested in owning my own business	3.23
B2	I am interested in owning my own business, but lack knowledge and skills	2.71

The data from section B is included, although the Cronbach alpha score is below the accepted norm of 0.7 for reliable data. The two statements' mean values when compared with each other might lead to the conclusion that respondents are not interested in owning a business. Statement B1's mean of over 3 coupled to an above average (for the study) standard deviation seems to imply that there is consent with findings of Greenhaus, Callanan and Godshalk (2010) that the interest in entrepreneurship as a career is growing.

	<b>B2 D6</b>	$\bar{x}$
B2	I am interested in owning my own business, but lack knowledge and skills	2.71
D6	I have the necessary experience and skills to run my own business	3.37

The data from section B is included, although the Cronbach alpha score is below the accepted norm of 0.7 for reliable data. Comparing statement B2 with D6, it is found that although respondents may not be interested in owning a business, it is felt that experience and skills are not lacking to run a business. A negative correlation would

have been expected between statement B2 and D6, but it does not seem to be the case.

	<b>B4 B5 D7 C13</b>	$\bar{x}$
B4	An own business brings satisfaction and financial security	2.98
B5	An own business is too stressful and the pressure is more than the joy I will get from it	3.02
C13	It is safer to be employed than having an own business	3.88
D7	Entrepreneurship is mostly uncertain & stressful	3.04

The data from section B is included, although the Cronbach alpha score is below the accepted norm of 0.7 for reliable data. The mean value of statement C13 shows agreement that an own business is more risky than being employed. Answers to statements B4, B5 and D7 lead us to believe that respondents are uncertain about the positive attributes of entrepreneurship.

The overwhelming factor here was C13 that indicates without a doubt that the selected sample will much rather be employed as it is perceived as the safer option. The high mean is consistent with the fact that most South Africans prefer being employed by someone else (Van Aardt, Van Aardt & Bezuidenhout. 2000.)

From B4 it becomes evident that respondents are not convinced as far as own business satisfaction and financial security are concerned. This supports the strong response of C13. Looking at D7 in conjunction with B4, it does support the view of Parr (2007) that potential entrepreneurs either find it difficult to recognize viable opportunities or simply choose not to take the step towards entrepreneurship.

To conclude, studies by Pihie (2009), Lüthje and Franke (2003), Gray, Farrington and Sharp (2010) and Gird and Bagraim (2008) all agree that the strongest influence on entrepreneurial intentions is attitude towards behaviour. In statements B4 and D7 a positive attitude towards an own business is not necessarily evident.

	<b>B5 D8</b>	$\bar{x}$
B5	An own business is too stressful and the pressure is more than the joy I will get from it	3.02
D8	There are big rewards to be had from successful entrepreneurship	4.08

The data from section B is included, although the Cronbach alpha score is below the accepted norm of 0.7 for reliable data. Comparing statement B5 to D8, it is noteworthy that respondents take the middle road as far as entrepreneurship is related to stress and pressure, but also agree that entrepreneurship may yield big rewards if successful. The results between the above 2 variables seems to be opposite to those found in the previous set of statements, being B4, B5, C13 and D.

For the sake of comparison, statements B4 and D8 will be compared with each other.

	<b>B4 D8</b>	$\bar{x}$
B4	An own business brings satisfaction and financial security	2.98
D8	There are big rewards to be had from successful entrepreneurship	4.08

The data from section B is included, although the Cronbach alpha score is below the accepted norm of 0.7 for reliable data. In the section B question, respondents did not believe an own business brings satisfaction and financial security. Contrary to this result, D8 has a strong mean figure of 4.08 and a low standard deviation which shows respondents' conviction.

	<b>B10 C4 C5</b>	$\bar{x}$
B10	People will have to retire later if average human lifespan increases	4.02
C4	A good retirement age is between 60 & 65	3.65
C5	I believe that it is necessary to retire at an age above 65	2.79

The data from section B is included, although the Cronbach alpha score is below the accepted norm of 0.7 for reliable data. Firstly, the mean value of statement C5

indicates that respondents tend to disagree with the statement that retirement post 65 years is necessary. Secondly, the positive response statement C4 may show contentment with current retirement age variables. Lastly, respondents feel strongly about the correlation between increased lifespan and later retirement.

The table below gives an indication of the number of elderly persons above 60 years, per province. The North West province is highlighted as it has bearing on the demographics of this research. The table shows a steady increase in the elderly, with might possibly be contributed to by various factors which will not be discussed in this study.

Table 4.17: Number of elderly persons aged 60 years and older by province, censuses of 1996, 2001 and 2011

<b>Province</b>	<b>1996</b>	<b>2001</b>	<b>2011</b>
Western Cape	301 942	352 984	520 784
Eastern Cape	519 158	578 553	638 224
Northern Cape	73 824	80 182	98 391
Free State	178 432	197 785	228 789
KwaZulu-Natal	567 162	664 998	779 377
<b>North West</b>	<b>187 944</b>	<b>225 269</b>	<b>292 393</b>
Gauteng	482 491	577 506	842 281
Mpumalanga	182 742	212 101	284 156
Limpopo	331 506	391 128	467 363
<b>South Africa</b>	<b>2 825 201</b>	<b>3 280 505</b>	<b>4 151 759</b>

Source: Stats SA - Profile of older persons in South Africa

	<b>C1 C2</b>	<b><math>\bar{x}</math></b>
C1	I am confident that I will be able to retire without worrying about monthly income being insufficient	2.35
C2	After retirement I may need to supplement my income by some sort of business	2.06

The two statements are essentially opposite, but low mean figures for both might suggest that although respondents do not agree that post-retirement income will be

sufficient, they also do not necessarily feel a business is the answer to supplementing income.

	<b>C6 C8 C9</b>	$\bar{x}$
C6	I am positive that I will be able to start my own business after retirement	2.94
C8	I do not believe that a new business after retirement can succeed	3.77
C9	I am positive that I can run my own business after retirement	3.54

Statement C9 supports a previous statement (D6) where respondents felt they have necessary skills and experience to run a business, although uncertain about being able to start a business after retirement (C6). The high mean value of statement C8 possibly indicates that respondents are not positive as far as a post-retirement business goes.

When viewed against the background of new business failures in South Africa being 5 out of 7 within the first year, according to Trade and Industry Minister, Rob Davies (2013) it might make respondents less optimistic to consider entrepreneurship.

	<b>D1 D5</b>	$\bar{x}$
D1	I see entrepreneurship as running my own business	3.38
D5	I think that being a business owner differs from being an entrepreneur	2.50

Responses to the two presented statements seem to agree with the general viewpoint of scholars that self-employment and entrepreneurship is essentially the same in a broad sense. Schreuder and Coetzee (2011) also conclude that an entrepreneurial career involves managing one's own business.

#### **4.8 SUMMARY**

In chapter 4 the physical results of the research were presented in a broad sense as well as the meaning and objectives of the different sections.

A questionnaire was used to conduct an empirical study which investigated different variables pertaining to self-employment or entrepreneurship. The questionnaire consisted of seven sections being Section A measuring employment satisfaction, section B measuring aspects related to retirement. Section C measured income source variables and section D measuring entrepreneurship perceptions. Section E tested perceptions regarding entrepreneurial challenges, section F testing perceptions toward entrepreneurial characteristics. Lastly, section G captured demographic information.

The study population was made up of full-time employees of NWK Limited and Suidwes Landbou Ltd., spread amongst different departments which included retail and procurement, creditors, legal, financial, human resources, information technology and affiliated business units. The questionnaire was distributed by hand in hard copy form only because of possible restrictive computer and / or internet access by respondents, making electronic options less viable and accessible.

Demographic information captured and analysed in terms of the following;

*Gender.* Female = 37 (57.8%), male = 27 (42.2%).

*Race group.* White = 55 (86%), Black = 7 (11%), Indian = 1 (1.5%) and Coloured = 1 (1.5%)

*Age group.* 40 – 44 = 28 (43.7%), 45 – 49 = 10 (16.3%), 50 – 54 = 13 (20%) and 55 + = 13 (20%).

*Highest academic qualification.* below grade 12 = 6 (9.4%), grade 12 = 22 (34.4%), certificate = 7 (10.93%), diploma = 8 (12.5%), degree = 9 (14%) and post-graduate degree = 12 (18.75%).

*Post grade.* Non-managerial = 26 (40.6%), junior management = 10 (15.6%), middle management = 16 (25%), general manager = 1 (1.6%), senior management = 5 (7.8%) and top management = 6 (9.4%).

*Years employed at current agri-company.* 1-4 years = 8 (12.5%), 5 -9 years = 15 (23.4%), 10-14 years = 10 (15.6%), 15-19 years = 10 (15.6%), 20-24 years = 7 (10.9%), 25-29 years = 6 (9.4%) and 30+ years = 8 (12.5%).

*Years employed at previous agri-company.* 1-4 years = 6 (9.4%), 5-9 years = 5 (7.8%), 10-14 years = 2 (3.1%), 15-19 years = 2 (3.1%) and 20-24 years = 1 (1.6%).

*Home language.* Afrikaans = 57 (89%) and Setswana = 7 (11%).

The internal consistency and reliability of responses were tested with Cronbach alpha coefficients. Two sections, A and B, achieved a coefficient lower than 0.5. Section A showed improvement to above 0.5 when one of two statements were deleted. Sections C and D achieved a coefficient above 0.6, but below 0.7. Sections A to D as a whole achieved a coefficient of above 0.7.

Mean and standard deviation s of all individual statements were presented which were followed by a discussion of the results.

Section A yielded an average mean value of 3.16 .and average standard deviation value of 0.964.

Section B had a calculated an average mean value of 3.02 and average standard deviation figure of 1.09.

Section C averages equalled 3.08 for the mean value and 1.102 for the standard deviation.

Section D, the last section which measured responses on a five point likert scale, showed an average mean value of 3.33 and average standard deviation of 1.12. Section D had the biggest mean value of the group as well as the largest standard deviation figure.

The averages for the four sections combined were 3.15 for the mean value and 1.07 for the standard deviation.

In chapter 5 conclusions will be drawn from the findings in chapter 4 which will be followed recommendations and ending with suggestions on possible future studies.

# **CHAPTER 5**

## **CONCLUSIONS AND RECOMMENDATIONS**

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### **5.1 INTRODUCTION**

In this chapter the findings of chapter 4 will be discussed in more detail and conclusions drawn from the data, using primarily the mean values as basis, per section of the questionnaire. The reliability of the questionnaire will also form part of the discussion to determine the acceptability of the data.

It will be determined in which degree the primary and secondary objectives were met, recommendations will be made with reference to the primary objective and the chapter will be concluded with suggestions on future studies.

### **5.2 CONCLUSIONS**

Data presented in chapter 4 will be used as basis from which conclusions will be drawn. Conclusions drawn from demographic information of respondents will be discussed. Reliability of the questionnaire by means of assessment of Cronbach alpha coefficients will be discussed.

The variables of the different sections A to D will be assessed and conclusions discussed, based on mean values. Assessment and conclusions pertaining to section E and F will be based on the ratings given to statements by respondents.

#### **5.2.1 Demographic information**

Demographic information regarding gender, race group, age group, highest academic qualification, years employed at current company, years employed at previous agri-company and home language were obtained from respondents. The following conclusions were drawn from the said information;

- Female respondents were in the majority with 37 out of a total of 64 questionnaires collected, which relates to 57.8%. Male responses equated to 27 responses or 42.2%.

- Race group composition of respondents showed Whites as the largest group of respondents at 55 (86%) collected questionnaires. Black respondents represented 11% (7 responses) in second place with Indian and Coloured respondents being one response each or 3% between the two groups. When the B-BBEE status of agri-businesses is taken into account, the high responses from Whites might arguably point to a greater percentage White employees. In the case of B-BBEE it might also point to a large percentage of Whites in management.
- Age groups data were as follows; 40 – 44 equalled 28 or 43.7%, being the largest group of respondents as far as a single age group were concerned. The group 45 – 49 showed 10 respondents equalling 16.3%. The two groups representing the older two age groups totalled 40% of respondents representing the four age groups. The figures were 50 – 54 ; 13 (20%) and 55 + ;13 (20%).

The conclusion drawn is that the agri-businesses involved have a relatively young workforce, with 20% of employees, at 55+, becoming ready for retirement.

- Highest academic qualification was the fourth question in the demographics section and each choice and its data is discussed. Below grade 12 equalled 12 (9.4%) respondents, Respondents with grade 12 equalled 22 (34.4%) and represented the largest group of respondents. Second was respondents with post-graduate degrees totalling 12 or 18.75%.The third largest percentage of respondents were graduates and equalled 9 respondents or 14% of the total. Certificate holders totalled 7 (10.93%), Respondents with in possession of a diploma equalled 8 (12.5%) and those with a certificate totalled 7 meaning 10.93%. Lastly, the lowest number of respondents did not have a grade 12 certificate and these individuals equated to 9.4% of all groups with only 6 respondents choosing the option.

The conclusion drawn is one of a balanced spread between respondents with different levels of education.

Another conclusion is the fact that employees are relatively well educated, with only 9.4% indicating that they possess less than a grade 12 qualification.

- Post grade was the following option in gathering demographic data from respondents. Post grade indicated the relevant post level respondents are on

in their current job. Non-managerial employees totalled 26 meaning it represents the largest percentage at 40.6%. The second largest group were respondents in middle management positions which returned 16 questionnaires or 25% in total. Employees in junior management positions were 10 (15.6%). The three highest post grades included in the demographics section represented a total of 18.8 % of respondents, being general management; 1 (1.6%), senior management; 5 (7.8%) and top management equalling 6 or 9.4%.

As with the qualifications question, it is noted that there is a spread of post grades (post levels) which might have a holistic impact on the data gathered. By this a wider point of view might be suggested,

It is interesting that non-managerial employees supported the research the best, but the conclusion can be drawn that this percentage of the workforce is also the largest.

- Years employed at current agri-company were the first of a two-fold question on length of employment in an agri-business. The choices and its data were as follows;

The largest group consisted of respondents employed for between 5 and 9 years at the current company being 23.4%. Significant also is the fact that 15.6% of respondents were currently employed for between 10 and 14 years, with the longest employment option of 30 years and above showing a figure of 12.5%. The groups 1-4 years, 15-19 years, 20-24 years and 25-29 years had a combined percentage of 48.5% of the total.

Just under 40% of the employees of the agri-businesses involved have been employed for between 5 and 14 years. It might be debatable that employees enjoy job satisfaction / security in agri-businesses.

- Years employed at previous agri-company was the second part of length of employment and was included to form a picture whether respondents show a trend of working for agri-businesses. The data gathered were as follows; 1-4 years 9.4%, 5-9 years 7.8%, 10-14 years 3.1%, 15-19 years 3.1% and 20-24 years = 1.6%. The first two options of 1-4 years and 5-9 years are significantly higher than the other options. The significance of the data is that 17.2% of respondents currently employed by an agri-business, were previously employed by another agri-business for between 1 and 9 years. Data collected

suggested that 16 respondent, from the 64, have worked for another agri-business, translating to 25% of the respondents. This might also indicate that agri-businesses are attractive employers and individuals will consider seeking employment at an agri-business, after been previously or currently employed by such a company.

- Home language. Afrikaans = 57 (89%) and Setswana = 7 (11%). No return on English as home language was received. From chapter 3 it was learned that Setswana, followed by Afrikaans were statistically the two most spoken languages in the North-West Province.

Agri-businesses arguably have a large percentage of Afrikaans employees, in light of their rural and farming roots.. The two agri-businesses in question were no exception.

### **5.2.2 Reliability of the questionnaire**

The reliability of the questionnaire was tested by measuring Cronbach alpha coefficients for sections A to D.

In chapter 4, under 4.5, it was stated that according to different researchers, an acceptable Cronbach alpha value is 0.7 and above.

Two sections, namely section A and B, returned low Cronbach alpha coefficients of 0.420 (Employment satisfaction) and 0.335 (Retirement, retrenchment and self-employment), which essentially deem the data unreliable. Consequently a table for each section was presented whereby Cronbach alpha coefficients were shown, per statement, and the coefficient achieved should each statement be deleted (tables 4.5 and 4.7)

It was found that section A reached a better, albeit still poor, Cronbach alpha coefficient of 0.598 with statement A5 deleted from the data set. Section B showed no improvement of the Cronbach alpha coefficient through the deletion of one or more statements.

It was however decided to present the results on the collected data for sections A and B.

Section C (Income source) achieved a Cronbach alpha figure of 0.679, within the range of 0.6 to 0.7. The Cronbach alpha coefficient for Section D

(ENTREPRENEURSHIP) equalled 0.614, which is low but within the range of between 0.6 (questionable) and 0.7 (acceptable) as stated in chapter 4, under 4.5 (George *et al*, 2003). The last two sections were not based on a likert scale instrument, but consisted of ten statements each which had to be prioritised, presented as section E (Challenges entrepreneurs face) and section F (Characteristics of entrepreneurs). The data were averaged per statement and presented in table form and per discussion.

### **5.3 Employment satisfaction**

Section A of the measuring instrument was included primarily to determine the level of satisfaction employees felt in their current job environment and their opinions about the future of the industry of their employer. This was sketched against a background of changes that have been occurring in the recent past in terms of mergers, acquisitions and take-overs as mentioned in chapter 1. The responses may arguably assist in forming a picture if the decision to enter into self-employment will be a more or less difficult one to take, according to the level of job satisfaction.

As mentioned in chapter 4, the Cronbach alpha figure for section A was below the acceptable minimum level of 0.7. The results from the data will be presented for the sake of drawing of conclusions.

Statement A9 had the highest mean value of 3.98, with a standard deviation of 0.754. The statement deals with speed of change in the agri-business industry. Data shows that respondents agree the industry might be changing at a greater pace than in the past. Interestingly, in light of the mean value of A9, statements A1 ( $\bar{x} = 3.54$ ), A2 ( $\bar{x} = 3.35$ ) and A3 ( $\bar{x} = 3.65$ ) suggest that respondents arguably feel secure in their working environment and the industry their employers operate in. The deduction made is that respondents realize their industry might be experiencing changes at a faster pace, but it is not necessarily a concern.

According to the mean value data of statement A6,  $\bar{x} = 3.12$ , respondents are unsure whether or not agri-businesses are more stable than other corporate businesses. In statement A8 however, respondents disagree that the agri-business industry is more

unstable than before, which supports the relatively positive outlook on job security and the future of the agri-business industry.

Finally, when the mean value data are compared, keeping in mind some statements were asked in a negative manner, it is clear that respondents are feeling secure and positive as far as job satisfaction and the related elements are concerned.

As mentioned and illustrated in chapter 4, the Cronbach alpha coefficient shows a more acceptable, although poor, figure when one of two statements are deleted from the section. Statements A5 and A9 are the statements involved. Interestingly, statement A9 had the highest mean value and the lowest standard deviation figure for section A, which suggests all respondents felt strongly about their response and supports reliability of data. Opposed to statement A9 data, A10 had the lowest mean value, suggesting respondents were not concerned with changes within the agri-business industry as far as acquisitions, mergers and take-overs were concerned. The conclusion might be drawn that 8 out of the 10 statements show internal consistency with statements A5 and A9 are included, but internal consistency can increase to 9 out of 10 statements should one of the mentioned statements be excluded.

#### **5.4 Retirement, retrenchment and self-employment**

Self-employment or entrepreneurship variables as well as opinions on retirement and retrenchment are contained in this section.

In Section B, questions pertaining to ability to be a business owner / entrepreneur, the amount of thought respondents have spent in terms of retirement income and retrenchment and its effects, were the main elements.

##### *Retirement*

The statement with the highest mean value was B10 at 4.10. Respondents agree with the necessity to retire later if average human lifespan increase, thus concluding a positive correlation between the two variables.

### *Retrenchment*

Statements B11 to B15 are directed at testing variables related to retrenchment. Between statement B11 and B 15, statement B12 showed the highest mean value of 3.87. The mean value leads to the conclusion that respondents have thought about the monetary effect of retrenchment and possible options should it become a reality. The impact of retrenchment is also in the minds of respondents, according to B11 which had a mean value equalling 3.73.

Statements B13 and B14 were directed at formal employment, in contrast to self-employment. B13 showed that respondents were inclined to seek employment after retrenchment, as the mean value of 3.56 suggests. The data for B14 show respondents' uncertainty whether age will have an effect on finding new employment, keeping in mind the minimum age for participating respondents was 40 years. The statement with the lowest mean value in section B was B15. This statement does not support the positive outlook on stability and job security found in section A.

### *Self-employment*

Statements B1 to B9 were directed towards self-employment. From the nine statements pertaining to self-employment, only three had a mean value of 3 and above, being B1, B3 and B5.

Statement B3 referred to entrepreneurship contributing to the economy and showed the second-highest overall mean value of 3.98 in section B, and the highest mean for statement B1 to B9. This question was derived from the viewpoint of Zakaria.,Fadzilah and Madun (2011) that entrepreneurship has the ability to increase economic pace. Respondents thus support the view of the authors mentioned above.

Statements B1, B4 and B5 drew the conclusion that respondents do not necessarily perceive an own business as an attractive option and hence the B1 mean value of 3.23 implies doubt in terms of business ownership. The relatively high standard deviation of 1.436, suggests that there might a relative variance, be it more positive or negative, between individual feelings toward owning a business.

Statements B6 to B9 all showed mean values significantly below 3. The four statements tested reaction towards current, part-time business activity and possible industry choice to conduct an own-business in. Responses were all in the negative, with the lowest mean value being that of B7 at 1.44. The specific mean value shows that respondents did not engage in business activities as a hobby which generates more income than a full-time job. Coupled to B7 is statement B6 which supports the outcome that a business as a hobby, but not primary income source, is also not pursued by respondents.

The average mean value for section B in total was 3.02. This result implies that respondents, over the whole, showed uncertainty, with neither agreeing nor disagreeing in their responses. Repeating the results as split in chapter 4, the three sub-sections *retirement*, *retrenchment* and *self-employment* showed the following average mean values; Retirement  $\bar{x} = 4.02$ , retrenchment  $\bar{x} = 3.43$  and self-employment  $\bar{x} = 2.67$ .

As mentioned in chapter 4, the Cronbach alpha coefficient was below the accepted norms. Even the analysis of Cronbach alpha values, with one or more statements deleted, did not show an improvement in achieving data reliability. The conclusion drawn may arguably be one of mismatched statements which did not show synergy as a whole.

## **5.5 Income source**

The research aims to quantify the readiness of pre-retirees to plan for a post-retirement income in the form of a business or entrepreneurship. The more post-retirement entrepreneurs, the less the strain on a social security system that must sustain an ever-growing elderly component of society.

Although the heading of the section is *Income source*, A large percentage of the questions in this section involved how respondents perceive and think about an own business, as well as ability to run a business. The rationale is that self-employment will primarily imply a source of income.

Statements C1 to C3 were primarily focused on income after retirement.

The mean value of C1 ( $\bar{x} = 2.35$ ) suggests that respondents do not feel sure that post-retirement income will be sufficient. Statement C2 ( $\bar{x} = 2.06$ ) returned the lowest mean value for section C as a whole. Coupled to statement C2 is C3 with a mean value of 2.71. It can be concluded from the two statements that respondents did not necessarily perceive a business venture as the solution to possible insufficient income after retirement.

Statements C4 and C5 tested opinions on retirement age. Respondents agreed ( $\bar{x} = 3.65$ ) that a good retirement age is between 60 and 65 years in C4. Statement C5 showed a slight disagreement ( $\bar{x} = 2.79$ ) to a retirement age above 65 being necessary. The conclusion reached is that respondents are comfortable with the current retirement age and arguably do not see the necessity for being employed beyond 65 years of age,

Statements C6 and C15 were primarily focused on attitudes toward self-employment and its related variables. Statement C13 with a mean value equaling 3.88, which is the highest for section C as a whole, shows the relatively positive opinion of respondents that formal employment is preferable to self-employment.

Statements C7 ( $\bar{x} = 3.54$ ), C9 ( $\bar{x} = 3.54$ ), C10 ( $\bar{x} = 3.23$ ) and C14 ( $\bar{x} = 3.38$ ) showed respondents, although currently employed, have thought about self-employment and feeling positive about possible opportunities and the abilities needed to run a business. On the negative side, statements C6 ( $\bar{x} = 2.94$ ), C8 ( $\bar{x} = 3.77$ ), C11 ( $\bar{x} = 2.52$ ) and C15 ( $\bar{x} = 2.42$ ) are identified.

Statements C6 shows slight disagreement with having ability to run a business *after* retirement, supported by C8 that doubt the success of a business started *after* retirement. Statement C11 showed that respondents did not consider starting a full-time business, as opposed to C10 where respondents have thought about starting a part-time business. Statement C15 indicated that respondents did not plan on starting or acquiring a business in the next 5 years. This statement might show contradiction

with the views expressed that a part-time business and possible opportunities might in the minds of respondents.

## 5.6 Entrepreneurship

Section D tested the viewpoints of respondents regarding what they believe to be entrepreneurship. Statements giving slightly different definitions were included in this section. Further, respondents were exposed to statements pertaining to challenges and rewards that accompany entrepreneurship.

A statement that was asked which didn't deal with perceptions or feelings of the respondent was whether or not the sample knew about government and /or bank support for entrepreneurs. The question was deducted from Jonker, Saayman and de Klerk (2009) whom surmised that since 1994 the South African government has been committed to development of entrepreneurship through financial and resources support and strategies and policies for small to medium enterprises. From the research we see that respondents are not aware in general of the support structures for entrepreneurs.

The average mean figure for section D as a whole equalled 3.33, with an average standard deviation of 1.10, indicating agreement with the section's statements as a whole.

It is noteworthy that there is a significant difference between the highest and lowest mean figures, with D8 ( $\bar{x} = 4.08$ ) being the highest, to D5 ( $\bar{x} = 2.50$ ) being the lowest. From statement D8 it is concluded that respondents perceive successful entrepreneurship as rewarding. According to respondents' answers in C5, there is no difference between a business owner and entrepreneur. This is not consistent with Carland, Hoy, Boulton & Carland (1984) and Gitman & McDaniel (2007), whom surmised entrepreneurship and small business ownership are not similar concepts.

Overall, most statements showed slight agreement to agreement, with D5 (as discussed) and D9 being the only questions achieving mean values below 3. Statement D9 highlighted the fact that respondents did not necessarily know which support structures are in place for entrepreneurs. The South African Government do

have strategies in place that supports entrepreneurship through various strategies and support plans.

According to respondents, it is agreed that entrepreneurship is; running an own business (D1  $\bar{x} = 3.38$ ), starting as opposed to buying a business (D2  $\bar{x} = 3.23$ ), doing business in a different way (D3  $\bar{x} = 3.73$ ) and inventing new products (D4  $\bar{x} = 3.69$ ). The three statements mentioned might possibly imply that respondents perceive entrepreneurship as having elements of all the presented statements, seen in light of the mean values all being above 3.

A noteworthy observation is that statements D6 ( $\bar{x} = 3.37$ ) and D7 ( $\bar{x} = 3.04$ ) reiterated findings in section B, that respondents perceive an own business as too stressful, but do feel they have necessary skills to run a business.

Seen in the light that respondents see entrepreneurship as stressful, it is positive to observe in D10 that respondents tended to agree that they would have spousal support.

## **5.7 Challenges entrepreneurs face**

In sections E respondents were expected to give their opinion on challenges entrepreneurs face by means of prioritizing ten statements, from 1 to 10. The data gathered is presented from highest to lowest priority by means of averages calculated for overall responses. The figures represent a score out of 10. *Social pressure* 7.36, *Crime* 6.83, *Initial lower income/ living standard* 6.83, *Fear of failure* 6.47, *Trading stable employment & income for uncertainty* 6.25, *Facilities* (where business will be run) 4.91, *Government laws & legislation* 4.47, *Skills & training* 4.20, *Economic stability* 4.09 and *Finance* 3.56.

From the presented figures, the following conclusions were drawn;

- Respondents perceived social pressure as being a bigger challenge than fear of failure, which is arguably one of the biggest deterrents to self-employment.
- Crime, as mentioned in chapter 3, is a concern amongst South Africans and has a negative impact on businesses. Respondents support the notion that crime is a significant challenge to entrepreneurs.

- Tied with crime with a score of 6.83 /10, is initial lower income / living standard. It may possibly be concluded that lower income and or living standard is tied to fear of failure, which might imply monetary loss as one of its elements.
- Fear of failure only achieved the fourth highest score as a challenge entrepreneurs face.
- Concluding the top five challenges according to respondents is the challenge of trading stable employment & income for uncertainty. The conclusion is drawn that loss of ,or decrease in, income is viewed as significant challenges, as it occupied a tied position 2 and position 5 out of a possible ten challenges.

The following five challenges all achieved a score below 5, which might imply that respondents rated it as less important on average, or a wide variance existed per individual response.

- Facilities were an average priority as the 4.91 figure suggested. It is noteworthy that the two internal factors in the bottom group, facilities and skills & training (4.20), occupied position 1 and 3 out of a possible 5 options.
- The remaining three challenges, defined as external factors, were Government laws and regulations (4.47), economic stability (4.09) and finance (3.56). The Government laws and regulations score, together with finance, seems to support statement D9 which indicated doubt about support from Government and Banks to entrepreneurs. If an assumption could be ventured, it would be that Government laws and regulations, and finance, might have been a bigger concern in light of the uncertainty surrounding it.
- Lastly, economic stability, was the second-to-last challenge as perceived by respondents. From literature study it would seem this is a major challenge to entrepreneurs, also in South Africa.

## **5.8 Characteristics of entrepreneurs**

In section F respondents were expected to give their opinion on challenges entrepreneurs face by means of prioritizing ten statements, from 1 to 10.

The data gathered is presented from highest to lowest priority by means of averages calculated for overall responses. The figures represent a score out of 10.

Ability to cope with failure 7.03, Go-getter / self-starter 6.73, Problem-solving skills 6.25, Positive even in adverse situations 5.78, Courage to take risks 5.67, Innovative and creative 5.33, Self-confidence 5.00, Committed to goals 4.91, High level of perseverance 4.58 and Discipline 3.81.

- Top characteristic for an entrepreneur, as defined by respondents, was the ability to cope with failure.
- Respondents were of the relatively strong opinion that an entrepreneur needed to be a go-getter / self-starter, occupying the second highest place out of a possible 10 characteristics.
- Problem-solving skills returned an overall average score of 6.25, making it an important characteristic as far as respondents were concerned.
- The need to stay positive even in adverse situations supported the notion that although entrepreneurs face different challenges, they need to stay optimistic in order to overcome obstacles.
- It was identified in literature study that entrepreneurs have a relative appetite for risk. Respondents rated it as the five most important characteristic, with a score slightly above average of 5.67.

The bottom five characteristics as identified by respondents contained two statements with a score of 5 and above, two with scores between 4.58 and 4.91 and one with a score below 4. This draws the conclusion that the overall variance for *characteristics of entrepreneurs* are smaller than found for *challenges facing entrepreneurs*.

- The sixth and seventh most important characteristics according to the study were innovativeness & creativity (5.33) and self-confidence (5.00). The conclusion drawn is that self-confidence is not viewed as a primary pre-requisite for becoming an entrepreneur, but being innovative and creative is more important.
- Two characteristics which are arguably connected are commitment to goals (4.91) and high level of perseverance (4.58). From literature study it was learned that entrepreneurs needed to be tenacious in order to reach the vision and goals they set for themselves.

- In the lowest position, perceived by respondents as the least important, is discipline (3.81).

## 5.9 RECOMMENDATIONS

- Pre-retirement entrepreneurial training programs. A program addressing third age entrepreneurship after retirement might be suggested in the agri-businesses involved in this study.
- Corporate entrepreneurship or *intrapreneurship* training programs might be a viable suggestion for agri-businesses to incorporate into annual training schedules and grids. Although the research deals primarily with *entrepreneurship*, it might be good exposure to the discipline of entrepreneurship while an advantage in the form of entrepreneurial orientated staff might exist for the company. Following studies done on entrepreneurial orientation and determinants of corporate entrepreneurial orientation in agri-businesses (Lotz, 2009; Dafel 2012; Lotz & Van Der Merwe 2013).  
A formal program will possibly support and enhance entrepreneurship orientation.
- Awareness of the study and research results could be created amongst human capital management staff, for the purpose of feedback and recommendations. It might be assumed that detailed information from the human capital department would give structure to needed changes, if any, in order to compile future questionnaires on the subject.
- It may be a plausible suggestion to reformulate the questionnaire and test its reliability amongst a smaller target population. The rationale behind this recommendation is the hope that the Cronbach alpha scores of sections A and B might be improved in order to achieve reliable data, as well as better scores for sections C and D.
- The questionnaire contained questions in sections B and C testing whether respondents had an own business either full time or part time, or thought about the prospect. In hindsight these questions might be enhanced by adding questions probing the level of knowledge and experience relating to entrepreneurship.
- Consider the possibility of including questions in the questionnaire relating to factors that may influence attitudes relating to entrepreneurship and self-employment.

## **5.10 ACHIEVEMENT OF OBJECTIVES**

The primary and secondary objectives will be discussed in light of the findings of the research in order to determine to which degree the objectives of this study were reached.

### **5.10.1 Primary and secondary objectives**

#### **5.10.1.1 Primary objective**

The primary objective is to determine the level of susceptibility that agri-business employees between 40 and 63 years of age have towards post-retrenchment or post-retirement self-employment or entrepreneurship.

The overall picture that emerged from the research findings was one of indecisiveness amongst respondents. In figure 4.11 the summarised mean and standard deviation figures indicated the following:

Mean values per section and over the questionnaire as a whole never returned a figure below 3, which indicates uncertainty, but arguably still a positive result as the decimal points can imply slight to moderate agreement.

The standard deviation figures are all around 1.0, with a combined average standard deviation of 1.065. The result is open for interpretation, especially if we argue that the SD figure can also indicate tendency of respondents to agree more than disagree.

It is believed that the results from the study, when the primary objective is measured against it, does indicate that respondents are susceptible to self-employment or

#### **5.10.1.2 Secondary Objectives**

Secondary objectives flowed from the primary research conclusions. The secondary objectives will be discussed below in light of the degree that it were achieved or not.

There are secondary objectives that will be used separately in order to form a whole.

These include the following:

- Literature study to define entrepreneurship and its associated elements. Chapter 3 of the study addressed this objective by means of definition of

entrepreneurship, the challenges entrepreneurs face and the key characteristics entrepreneurs should possess. The importance of entrepreneurship was also determined.

- Perceptions of respondents regarding the definition of entrepreneurship and associated factors

Sections B & D contained statements that addressed the interest in entrepreneurship or business-ownership as well as the perceptions associated with an own business. Questions relating to current, part-time, businesses were also included in Section B. Section D had the highest mean value of all 4 Likert scale sections at 3.33 and a standard deviation figure of 1.102. The mean value of Section B was 3.02 and standard deviation of 1.09.

- To which degree entrepreneurship is seen as vital for future income / survival after retirement or retrenchment.

Section C was mostly concerned with how respondents feel about an own business and to which end it will be necessary as primary or secondary income source.

Section B primarily contained the statements relative to this specific objective, with specific reference to B11 to B15. When the mean values are taken into

- Key challenges associated with entrepreneurship as prioritized by respondents. The sample was exposed to 10 statements which had to be prioritized from 1 (most important) to 10 (least important) in Section E. The objective was achieved by discussing the top 5 choices as indicated by respondents.
- Key entrepreneurial characteristics entrepreneurs possess, were prioritized by respondents. The sample was exposed to 10 statements which had to be prioritized from 1 (most important) to 10 (least important) in Section F. The objective was achieved by discussing the top 5 choices as indicated by respondents.
- Impact of job satisfaction on decision to become self-employed by means of entrepreneurship. Section A addressed this objective and it was determined , with an average mean value of 3.16 and standard deviation figure of 0.964, that respondents were mostly uncertain about self-employment and job satisfaction and security was regarded as satisfactorily.
- Self-employment, retirement and retrenchment aspects.

Section B primarily, and section C secondarily addressed this question which asked direct questions pertaining to abilities, income and retirement age

- To which degree respondents perceive changes in the working environment and industry employed in, as having an impact on them.

Section A was utilized to gather data with which to attempt to achieve the objective.

- To which degree respondents perceive changes in the working environment and industry employed in, as having an impact on them.

Section G was developed and used to gather information pertaining to the sample used for the study.

### **5.11 POSSIBLE FUTURE STUDIES**

- Broaden the study to include other national agri-businesses in order to come to a broader based conclusion.
- The Likert-scale might be reduced to only 4 options, in order to eliminate an overtly neutral response rate. There is, however, no guarantee that the mean figure averages will be significantly different.
- Include a study of employee turnover in Agri-businesses and the main drivers for resignations. This information might identify conclusions of the state of Agri-businesses as employers. Coupled to this, it might be suggested that a study of staff turnover in Agri-businesses across South Africa be done in order to make the background to findings more substantial.
- The study could possibly be conducted by means of focus groups to add an element of clarification on the meaning of specific questions or the way in which a question is asked.
- A larger, national, sample size that includes different organizational cultures might give insight into the perceptions towards entrepreneurship when more variables and diversity are introduced.
- A survey could be conducted amongst the involved agri-business' staff to determine the need for training and education regarding self-employment after retirement or retrenchment.

## 5.12 SUMMARY

From the research we find that employees from the two Agri-businesses are neutral in their opinions about their employers, the industry within the employer operates and their viewpoints on entrepreneurship, either post-retrenchment or post-retirement.

The purpose of the research was to determine to which extent the respondents view entrepreneurship as a viable option against the background of a possible longer retirement phase. Going hand in hand with it was also to determine how serious respondents view retrenchment against the background of Agri-businesses becoming more corporate.

It might be interesting to include some “what if” statements in order to try and draw respondents from possible comfort zones in terms of Agri-businesses past and future. Broad based black economic empowerment might also be an element that can form part of or be a full section. BBBEE might probably be a factor that will have an impact especially against the background of traditional cooperatives. Looking at the demographics of this study, one realizes that changes in terms of the workforce make-up might be forthcoming in future.

Although studies have been done about entrepreneurial orientation in an Agri-business (Dafel, 2012; Lotz, 2009; and Lotz *et al*, 2013), this study was directed primarily at entrepreneurship after the employ of an Agri-business comes to an end. As far as the author’s knowledge goes there has not been research done amongst agri-business employee pertaining specifically to perceptions of entrepreneurship and entrepreneurial activities after retirement or retrenchment. In closing it is mentioned that the study was not conducted amongst a selected group of individuals and the empirical data confirmed the fact that respondents disagreed with statements mentioning part-time businesses.

Thus it might arguably be concluded that the study results represent attitudes toward self-employment or retrenchment from individuals with arguably limited knowledge of the subject. The subject of Entrepreneurship is relatively young, and it can be accepted that the percentage of respondents whom are exposed to or exploring entrepreneurship might be relatively small at this stage.

Coupled to the above is the low position that South Africa occupies on the list of entrepreneurial countries, according to GEM reports. This might suggest that entrepreneurship might not be a popular option as far as an investigation and practical application goes, supporting the average mean value of 3.15 for the questionnaire as a whole ( sections A to D), and the sections' loose standing mean values.

It is hoped that this study will stimulate thought as far as entrepreneurship approach and development is concerned amongst agri-business employees, and hopefully be utilized in the pursuit to grow and expand the discipline of Entrepreneurship.

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# ANNEXURE A

## QUESTIONNAIRE

Dear respondent,

Thank you for taking part in this survey about entrepreneurship / small business ownership as alternative after retirement or retrenchment.

The aim is test the perceptions and feelings of respondents on the subject of starting or running a small business, through a variety of questions.

We have seen Agri-businesses become corporate businesses and there has been more talks about possible mergers, actual mergers, acquisitions and take-overs between traditional “koöperasie” groups than there were before in the past.

This questionnaire attempts to test how employees perceive their current working environment, and the degree of thought there are about future income planning after retirement or retrenchment.

*The questionnaire is divided into the following sections:*

- 4 sets of questions (A to D) where you are required to choose from 1 ( Strongly disagree) to 5 ( Strongly agree)
- 2 sets of questions (E to F) where you will be required to prioritize the importance of the factors from 1 (most important) to 10 (least important). **Please note: you must use all 10 numbers at each set**, which means each number can only be used once.
- Biographic section, where you are required to give some information about yourself and your job

• **Please complete every statement/question to ensure the validity and reliability of the study.**

GRADE	TERM USED
5	Strongly agree
4	Agree
3	Uncertain
2	Disagree
1	Strongly disagree

### GENERAL INSTRUCTIONS



- All questions/statements can be answered by marking the relevant block with an X
- Use the following key to indicate your preference for sets A to D

### EXAMPLE

	<b>Statement</b>	<b>Strongly disagree</b>	<b>Disagree</b>	<b>Uncertain</b>	<b>Agree</b>	<b>Strongly agree</b>
<b>C4</b>	A good retirement age is between 60 & 65	1	2	3	4	5

	<b>Statement</b>	<b>Strongly disagree</b>	<b>Disagree</b>	<b>Uncertain</b>	<b>Agree</b>	<b>Strongly agree</b>
		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>SECTION A : Employment satisfaction</b>						
A1	I feel positive about the future of agri-businesses in South Africa	1	2	3	4	5
A2	I am confident that my current position in the company is secure	1	2	3	4	5
A3	My employer has been a safe environment as far as job security is concerned	1	2	3	4	5
A4	I am worried about job opportunities in my company	1	2	3	4	5
A5	I am worried about job opportunities in the industry of my company	1	2	3	4	5
A6	Agri-businesses are more stable than other corporate businesses	1	2	3	4	5
A7	I like being employed by an employer and will not easily start my own business	1	2	3	4	5
A8	The industry I am employed in is more unstable than before	1	2	3	4	5
A9	The industry I am employed in may change faster than before	1	2	3	4	5
A10	The current and past mergers / acquisitions / take-overs in the Agri-business industry concerns me as far as job security is concerned	1	2	3	4	5
<b>SECTION B : Retirement, retrenchment and self-employment</b>						
B1	I am not interested in owning my own business	1	2	3	4	5
B2	I am interested in owning my own business, but lack knowledge and skills	1	2	3	4	5
B3	I believe more small businesses are needed to grow South Africa's economy	1	2	3	4	5
B4	An own business brings satisfaction and financial security	1	2	3	4	5
B5	An own business is too stressful and the pressure is more than the joy it will get from it	1	2	3	4	5
B6	I currently have a business as a hobby, not as primary income source	1	2	3	4	5
B7	I currently have a business as a hobby that provides more income than my full-time job	1	2	3	4	5
B8	If I start a business it will be in the Agri sector	1	2	3	4	5
B9	I will most probably start a business in a sector I am not familiar with	1	2	3	4	5
B10	People will have to retire later if average human lifespan increases	1	2	3	4	5
B11	I have thought about retrenchment & what impact it can have on my life	1	2	3	4	5
B12	I have thought about what I will do for an income if I got retrenched	1	2	3	4	5
B13	If I got retrenched, I will most probably apply at another employer	1	2	3	4	5
B14	If I got retrenched, I might be too old to easily be employed at another company	1	2	3	4	5
B15	The industry I am employed in is stable as far as retrenchments go	1	2	3	4	5

	<b>Statement</b>	<b>Strongly disagree</b>	<b>Disagree</b>	<b>Uncertain</b>	<b>Agree</b>	<b>Strongly agree</b>
		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>SECTION C : Income source</b>						
C1	I am confident that I will be able to retire without worrying about monthly income being insufficient	1	2	3	4	5
C2	After retirement I may need to supplement my income by some sort of business	1	2	3	4	5
C3	After retirement I plan to have a full-time business as primary source of income	1	2	3	4	5
C4	A good retirement age is between 60 & 65	1	2	3	4	5
C5	I believe that it is necessary to retire at an age above 65	1	2	3	4	5
C6	I am positive that I will be able to start my own business after retirement	1	2	3	4	5
C7	I would like to start a business before retirement and use it as a source of income after retirement	1	2	3	4	5
C8	I do not believe that a new business after retirement can succeed	1	2	3	4	5
C9	I am positive that I can run my own business after retirement	1	2	3	4	5
C10	I have thought about starting my own business on a part-time basis	1	2	3	4	5
C11	I have thought about starting my own business on a full-time basis	1	2	3	4	5
C12	I think there are opportunities to start an own business	1	2	3	4	5
C13	It is safer to be employed than having an own business	1	2	3	4	5
C14	There are opportunities whereby I can supply a product or service to my current industry, if I should have my own business	1	2	3	4	5
C15	I plan to start / buy a business in the next 5 years	1	2	3	4	5
<b>SECTION D : Entrepreneurship</b>						
D1	I see entrepreneurship as running my own business	1	2	3	4	5
D2	I see entrepreneurship as <i>starting</i> my own business <i>not buying one</i>	1	2	3	4	5
D3	I see entrepreneurship as doing business in a different way	1	2	3	4	5
D4	I see entrepreneurship as inventing new products	1	2	3	4	5
D5	I think that being a business owner differs from being an entrepreneur	1	2	3	4	5
D6	I have the necessary experience and skills to run my own business	1	2	3	4	5
D7	Entrepreneurship is mostly uncertain & stressfull	1	2	3	4	5
D8	There are big rewards to be had from successful entrepreneurship	1	2	3	4	5
D9	I know what support Government & Banks can provide me	1	2	3	4	5
D10	My spouse will support the idea of entrepreneurship	1	2	3	4	5

<b>SECTION E : Challenges entrepreneurs face</b>			
	Please rate the following 10 statements, from <b>1 as being the most important factor</b> to <b>10 being the least important factor</b> , in your opinion:	1 to 10	<b>Use each number only once</b>
	<b>THE FOLLOWING ARE IMPORTANT WHEN I CONSIDER AN OWN BUSINESS</b>		
E1	Fear of failure		
E2	Social pressure		
E3	Economic stability		
E4	Finance		
E5	Initial lower income/ living standard		
E6	Government laws & legislation		
E7	Facilities (where business will be run)		
E8	Skills & training		
E9	Trading stable employment & income for uncertainty		
E10	Crime		
<b>SECTION F : Characteristics of entrepreneurs</b>			
	Please rate the following 10 statements, from <b>1 as being the most important factor</b> to <b>10 being the least important factor</b> , in your opinion:	1 to 10	<b>Use each number only once</b>
	<b>AN ENTREPRENEUR SHOULD HAVE THE FOLLOWING TRAITS:</b>		
F1	Innovative and creative		
F2	Courage to take risks		
F3	Go-getter / self-starter		
F4	Discipline		
F5	Positive even in adverse situations		
F6	Ability to cope with failure		
F7	High level of perseverance		
F8	Committed to goals		
F9	Problem-solving skills		
F10	Self-confidence		

**Please complete demographic section on following page**

<b>SECTION G : Demographics</b>				
GENDER	Male		Female	
RACE GROUP	Black	Coloured	Indian	White
AGE GROUP	40 to 45	46 to 50	51 to 55	55 +
HIGHEST ACADEMIC QUALIFICATION				
	Below grade 12			
	Grade 12			
	Certificate			
	Diploma			
	Degree			
	Post-graduate Degree			
POST GRADE	Non-Managerial			
	Junior Management			
	Middle Management			
	General Management			
	Senior Management			
	Top Management			
YEARS EMPLOYED AT CURRENT COMPANY	1 to 4	5 to 9	10 to 14	15 to 19
	20 to 24	25 to 29	30 +	
YEARS EMPLOYED AT PREVIOUS AGRI- COMPANY (if applicable)	1 to 4	5 to 9	10 to 14	15 to 19
	20 to 24	25 to 29	30 +	
HOME LANGUAGE	AFRIKAANS	ENGLISH	OTHER	

**THANK YOU VERY MUCH FOR YOUR PARTICIPATION**