

TRAINING INTERVENTIONS NEEDED FOR DEVELOPING BLACK MICRO-ENTREPRENEURIAL SKILLS IN THE INFORMAL SECTOR: A QUALITATIVE PERSPECTIVE

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ABSTRACT

This article outlines the results of a qualitative study, which investigates the nature of training interventions needed for developing black micro entrepreneurial skills in the informal sector. As this is a qualitative study, an empirical survey was conducted by means of a series of in-depth interviews with ten black micro entrepreneurs. A control group was used to verify the results of the initial sample selected. Four main types of entrepreneurial skills were identified, namely personal, technical, business operations and management skills. A model is developed indicating which training interventions and methods could be used to upgrade black micro entrepreneurial skills. General guidelines are also provided as to how training could be used to facilitate the acquisition of these micro-entrepreneurial skills.

Key words

Developing black micro-entrepreneurial skills, informal sector, training interventions

Although Van Tonder (2004:7) asserts that South African entrepreneurs could create one million new job opportunities and therefore reduce the unemployment rate from 31,2% to 25%, it appears that the entrepreneurial activity ratio in South Africa (4,3%) has declined as compared to other developing countries (an average of 21,5%). The two most important factors contributing to this scenario are: lack of financing facilities and a shortage of skills due to poor education and training. Orford, Wood, Fisher, Herrington and Segal (2003:56) concur that education, training and experience are the key elements in successful venture creation. State of Small Business Development Annual Review (2002:47) also viewed limited appropriate skills as the major deterrent to survivalist and micro enterprises, besides inadequate finance. According to Erasmus and Van Dyk (2003:1), a large percentage of South Africa's population is unskilled and the numbers are too great for the formal education system to bear. This emphasizes the importance of acquisition of skills and therefore the need for training to acquire these skills.

For the purpose of this study, micro entrepreneurs can be regarded as being informal, have less than five employees and very little assets (White Paper on National Strategy for the Development and Promotion of Small Businesses in South Africa, 1995:9).

Maundu (1997) postulates that, the major factor in sustaining employment in the informal sector, is training in entrepreneurial skills. The Peterman Circle (2000:1) claims "the training of young entrepreneurs is a key to South Africa's economic future who can create their own wealth and business and jobs for others." The important role of training is further highlighted by Eagar (1996:61) and Nasser (1984:105) who contend that there is a growing need to develop people and their skills. The challenge of achieving higher productivity and skills levels places increasing

demands on the capacity to educate and train large numbers of people in South Africa.

Although the research literature on the topic of training appears to be quite extensive, Garavan and O'Conneide (1995:1) is of the opinion that research on entrepreneurship education and training is sparse with the development of the literature in the area only in the past two decades. Teke (1997:24) further emphasises the important role of training in empowering the workforce to be creative and innovative in meaningful business activities. Manning (1996:10) also stresses that of all tasks, training and development of people is the most crucial - there is no other way to productivity, profitability or survival in the new business arena. Bartle (2003:1) further argues that "micro enterprise training mainly focuses on developing skills necessary for generating growth and wealth and that beyond the set of skills which can be taught by others and learned by the entrepreneur, there are some important things one need to have (values) - they cannot be taught but need the willingness to practice them". This statement leads to the research question to be addressed in this study:

Which micro-entrepreneurial skills are important for black micro entrepreneurs, and which training interventions could facilitate the acquisition of these skills?

In this article, a theoretical exposition of entrepreneurial training and skills will first be given. Thereafter, the research methodology of the qualitative study will be outlined, as well as the research results. Lastly, the main conclusions and recommendations will be highlighted.

OBJECTIVES

The main objective of this article is to investigate the need for training interventions in developing black micro

entrepreneurial skills in the informal sector. To help achieve this main objective, the following secondary goals are identified:

- To highlight the role and nature of entrepreneurial training.
- To examine the skills levels of black micro entrepreneurs in the informal sector.
- To investigate the type of training interventions needed in developing black micro entrepreneurial skills.
- To develop a model of training interventions and methods needed for upgrading black micro entrepreneurial skills.
- To provide general guidelines on how training interventions can facilitate the acquisition of black micro entrepreneurial skills.

A THEORETICAL OVERVIEW OF TRAINING AND ENTREPRENEURIAL SKILLS

Definition of training

According to De Cenzo and Robbins (1996:237), training is basically a learning experience, which seeks a relatively permanent change in an individual's skills, knowledge, attitudes or social behaviour. Hellriegel, Jackson, Slocum, Staude, Klopper, Louw & Oosthuizen (2001:251) refer to improving an employee's skills to the point where he or she can do the current job more effectively. Training interventions and methods are thus aimed at changing the current level of skills and knowledge regarding a job.

Perspectives on entrepreneurial education and training

Rodrigues (2006:61) states that South Africa has not yet had enough black people going through the education system and getting the necessary experience. For entrepreneurship training and education to be effective, it must not only be through factual knowledge and limited skills acquired in the classroom, but also through other more practical interventions (The Foundation of Economic and Business Development, 2006:1). Fayolle (1998:1) asserts that entrepreneurship training programmes mostly focus on two areas: training for business start-ups, which centres mainly on the domain of knowledge, experience and aptitudes of entrepreneurs, and training those who will start-up businesses by creating entrepreneurs. Garavan and O'Conneide (1995:4) state that the following are some commonly cited objectives of entrepreneurship education and training: to acquire knowledge relevant to entrepreneurship; to acquire skills in the use of techniques, analysis of solutions and synthesis of action plans; to identify and stimulate entrepreneurial drive, talent and skills; to develop empathy and support for all unique aspects of entrepreneurship; to devise attitudes towards change and to encourage new start-ups and other entrepreneurial ventures.

Curran and Stanworth (1989:2) highlight some deficiencies related to entrepreneurial education and training. Although many established programmes can identify participants who are highly successful and generated genuinely an entrepreneurial business, a hard-headed assessment might question the resource effectiveness of producing a few successes for the large throughput of participants usually involved. Most of these training programmes last only for a few days, and not for longer periods. The mental preparation of the entrepreneur is often ignored in these training programmes. Garavan and O'Conneide (1995:1) postulates that the paradigm behind most entrepreneurship education and training programmes is of a technical nature, by giving a quick-fix programme in those areas and disciplines which the participants are not familiar with. However, what is needed is to develop a new learning style which encourages participants to cope in new ways with the real world. Aspects to focus on are: learning by doing; encouraging participants to solve problems from a multi-disciplinary viewpoint; developing

more independence from external sources and to think for themselves; providing greater opportunity for building networks and to develop emotional responses when dealing with conflict situations and uncertainty. A shift from a traditional teaching approach to an entrepreneurial-directed alternative is required where the instructor becomes a learning process facilitator. Such an approach entails extensive use of learning exercises such as role playing, management simulations, structured exercises or focussed learning feedback situations in which the participant must take an active role.

The major challenge of entrepreneurship education and training is therefore the appropriateness of curricula and training programmes for learning in the outside world. Bolton and Thompson (2001:280) concur that most entrepreneurs prefer learning by doing and do not respond to well to formal training programmes. Henry (2003:1) mentions that effective entrepreneurship training and education programmes are those, which allows for early awareness-raising, securing proper funding and ensuring wide access.

Training interventions

Van Dyk, Nel, Loedolff and Haasbroek (2001:15) argue that the government is ultimately responsible for developing policies and laws aimed at the promotion of economic growth and social development of all its citizens. Its role in education and training is reflected in these policies and laws, aimed at developing skills. As traditional private training markets could not keep up with the broader skills needed for economic development and growth, government emerged as a major role player in the education and training sector, deployed in three broad areas: providing supportive services, providing education and training itself and providing finances. The focal point of this article is on this second broad area, namely providing education and training. The government as the major stakeholder in education and training has implemented the training interventions mentioned below.

Outcomes-based education and training

Nel, van Dyk, Haasbroek, Schultz, Sono and Werner (2004:427) postulate that in terms of the National Qualifications Framework and the Skills Development Act, the current national approach with regards to education and training is outcomes-focused. The focal point is on the mastering of knowledge and skills which are required to achieve a certain outcome and not on the inputs of traditional curriculum-driven education and training. It therefore emphasises the end result of the learning process (learners must demonstrate competency with a prescribed outcome) and the learning process and transfer of information itself (Meyer, 2000:1). A learner-based and result-orientated approach to learning is followed, based on the following principles: entrepreneurs should be able to learn to their full potential; the success entrepreneurs achieves motivates them for greater success; a learner-friendly environment should be provided to entrepreneurs, thus creating a culture of life-long learning; learning of entrepreneurs is more than mere memorising of knowledge or rote learning of skills and all stakeholders, including the government, community and entrepreneurs themselves, must share the responsibility of learning.

Adult-based education and training (ABET)

Adult learning (andragogics) refers to the education of and learning by adults to fulfil their roles as educators, workers, citizens and parents (Erasmus and Van Dyk, 2003:128). Adult learning is regulated by the Adult Basic Education and Training Act, 52 of 2000, under the auspices of the National Training Board. Adult basic education refers to education and training provision for people over the age of 15, not engaged in formal schooling or higher education and who have an educational level of less than grade nine (Aitchison, 1997:2). ABET includes training in: language, literacy and communication;

mathematical; literacy; natural sciences, art and culture; life orientation; technology; economic and management science; small, medium and micro enterprises and tourism. As the focus of this study is on entrepreneurs, one can assume that they are adult learners.

Nel et al. (2004:451) concur that workplace training and development programmes must recognise that learners are adults, often illiterate, requiring different teaching methods as compared to children. Developers of learning and training programmes for entrepreneurs, need to account for the following adult learning characteristics: prefer to plan their own learning projects by means of a self-directed approach; possess a wide range of experiences which could facilitate the learning process; act from internal motivation with a need to grow and develop to self-realisation and are problem- and task orientated during the learning process.

National Skills Development Strategy

Government intervened by establishing the National Skills Authority who developed a national skills development strategy, indicating priorities for skill development in South Africa. According to Nel et al. (2004:413), South Africa has a poor skills profile as a result of the poor quality of general education, the inappropriateness of publicly funded training and the low level of private investment in training. This directly impact on the sustainability of small and medium-sized enterprises. The national skills development strategy was formed out of a compilation of the Skills Development Act, 97 of 1998 and the Skills Development Levies Act, 9 of 1999. This initiative introduced new institutions, programmes and funding policies to increase investment in skills development.

Paterson (2004:1) concurs that the central focus of the National Skills Development Strategy is to address huge disparities in educational, skill and wage levels in the working population and to utilise the workplace as an active learning environment. The overall intention is to equip South Africa with skills to succeed in the global market and to address the challenges of an unequal society. To fulfil this mission five objectives have been identified to drive the National Skills Development Strategy (Erasmus & van Dyk, 2003:29): developing a culture of life-long learning; fostering skills development in the formal sector for productivity and employment growth; stimulating and supporting skills development in small, medium and micro enterprises; promoting opportunities for skills development in social development initiatives and assisting new entrants into employment in the labour market.

Mentorship

Clark and Toto (2006:1) define mentorship as a structured one-to-one relationship or partnership that focuses on the needs of the mentored participant or entrepreneur. This requires a supportive relationship sustained over a period of time, usually between a novice and expert. Entrepreneur Nous (2006:1) states that mentorship is one of the key success factors for young entrepreneurs and further concurs that mentors and entrepreneurs launch their relationship by participating together in a program orientation where they increase their mentoring knowledge, hone their communication skills and establish the parameters of their mentoring relationship.

Generalised approaches to training interventions

Various generalised approaches to training interventions could be used to upgrade micro entrepreneurial skills for example: learning by exposure; educational; systems; problem-centred; action learning; analytical; incompetence and procedural (see for example Erasmus & Van Dyk, 2003:50 and Reid & Barrington, 1997:115). Not all of these approaches can be utilised for black micro businesses as their economic activities and education and skills levels are too low (Nieman, Hough & Nieuwenhuizen, 2003:38). The following approaches are being discussed:

- Learning by exposure approach – It involves individual learning, whereby the entrepreneur is assumed to gather knowledge and to use it without any help, other than that offered by other entrepreneurs (Reid & Barrington, 1997:115);
- Educational approach – It is a long-term process and requires entrepreneurs to attend classes or by means of correspondence teaching to obtain formal recognised qualifications (Reid & Barrington, 1997:115);
- Experimental learning approach – The entrepreneur learns by means of exploring new initiatives and to experiment with new ideas, concepts and activities focussing on both the emotional and intellectual side of the learner (Erasmus & Van Dyk, 2003:110);
- Experiential learning approach – Experience precedes learning and it involves entrepreneurs in their own learning and to increase their awareness of the dynamics present in all human interactions (Van Dyk et al., 2001:292).

The above-mentioned training interventions could therefore be used to upgrade the skills levels of black micro entrepreneurs in the informal sector. It should be noted that during these training interventions, various training methods or techniques could be used (e.g. lectures, case studies, role-playing, apprenticeship and computer-based training). An in-depth discussion of these training methods, however, falls beyond the scope of this article.

The following section provides an overview of important entrepreneurial skills needed by micro entrepreneurs in the informal sector.

Definition of a skill

Wickham (1998:41) defines skills as knowledge, which is demonstrated by action – an ability to perform in a certain way. Synonymous with skills are the words competencies and abilities. A literature search on skills, competencies or abilities revealed that skills can be classified into four categories, namely personal-, technical-, business operations- and management skills.

Categories of skills

● **Personal skills**

Most literature on entrepreneurship (Evenden & Anderson, 1992; Pearson & Thomas, 1991; Van Aardt & van Aardt, 1997 and Vosloo, 1994) identifies the skills necessary for starting a business. A combination of the lists compiled by Van Aardt and van Aardt (1997:9) and Vosloo (1994:38) include the following personal skills: good organisers; good problem-solving abilities; good communication skills; the ability to handle stress effectively; good leadership qualities; high degree of independent decision-making, and negotiation skills.

● **Technical skills**

Most secondary sources define technical skills as the ability to use the tools, procedures and techniques of a specialised field (Hellriegel et al., 2001:34; Robbins & De Cenzo, 1998:13 and Smit & Cronje, 1997:19). According to Hodgetts and Kuratko (1989:46), technical knowledge enables one to “understand how specific things work”. The five categories identified by Hirschowitz, Slabbert, Clark and van der Walt (1989:60) consist of the following broad, but interrelated categories: product knowledge or what the particular product could do and what it could be used for; process knowledge or how to manufacture the relevant product and all the steps that need to be taken to do so; knowledge of the service being offered and how to perform the tasks necessary to render the service; knowledge of the market and the type of firm or person who would actually need or who could find a use for the product or service and knowledge of methods of communication to inform customers of the product or service.

● **Business operations skills**

The following are comprehensive groups of basic business operations skills identified by Smart Force (2002:1) and Van Dyk

et al. (2001:452): general business management for example, short-term planning, budgeting, handling security and safety; record-keeping for example, stock and inventory control and bookkeeping; financial management for example, handling of credit, debt and repayments; interpersonal relations for example, handling employees, and customer relations for example, selling, and dealing with customers.

• Management skills

Hatten (1997:314), Robbins and De Cenzo (1998:10) and Whetten and Cameron (1991:8) identified various skills of an efficient and effective manager. Epstein and Rogers (2002:183) summarise the competencies of a skilled manager as follows: manages rewards; recognising achievement; communicates effectively; presenting a clear vision; manages teams effectively; manages the environment; matches people's skills with tasks; provides ongoing training; allocates resources generous and fair, and demonstrates high motivation and enthusiasm in their work. Nieman and Bennett (2002) describe the above-mentioned skills in terms of the management process of planning, organising, leading and control. A literature survey by Van der Wal (2001:37) on the critical skills that managers need to perform their management tasks, confirms the need for specific skills to execute the four management activities.

All the above-mentioned skills were used during the empirically study in compiling interview schedules for the interviews and observations with the black micro business entrepreneurs. Research results are also analysed and presented according to these categories of skills.

RESEARCH DESIGN

Research approach

A qualitative research method was used, as the main concern was to collect and analyse information in as many forms as possible, intended to be explorative (Blaxter, Hughes & Tight, 1997:60). The qualitative research approach being used in this study is a combination of content analysis and grounded theory. Grounded theory aims to construct theory by producing concepts that fit the data, whereas content analysis refers to the gathering and analysis of textual data. Content analysis can, however, include quantitative and qualitative evaluations of text (Struwig and Stead, 2001:14-15). Information was acquired mainly from primary sources. A preliminary secondary literature search was conducted to assist in categorising entrepreneurial skills for each interview and to compile the interview schedules. Each interview schedule was semi-structured, guided by a set of skills to be explored. Observations and on-site experiences were also noted. The interviewing process usually started with introducing and explaining the set of skills to be investigated. Thereafter, an opening question was asked to encourage in-depth discussions. The researchers did all the fieldwork themselves to find out if an issue was relevant to ensure validity. If during the interviews the participant failed to address an issue, the researchers explored whether the issue was applicable to the type of business and skill, or not. The aim of each interview was to investigate how micro entrepreneurs have developed their entrepreneurial skills, what training needs they have and how they think they could obtain the skills which they are lacking. As the in-depth study was qualitative and descriptive in nature, it was restricted to a maximum of ten black micro entrepreneurs in the informal sector.

Participants/respondents

The population for this study could be regarded as all micro entrepreneurs in the informal sector, in the Port Elizabeth region, meeting the criteria of the study. Snowball sampling was used, whereby the first few entrepreneurs provided the researcher with the names of other entrepreneurs. This sampling method was chosen, because one of the difficulties in

this type of investigation was to ascertain the names of black micro entrepreneurs that complied with all the criteria for inclusion in the sample. Information on the background of black micro entrepreneurs could not be obtained from any data basis. The micro entrepreneurs had to meet the following criteria for inclusion in the sample: owner-managed; less than three employees; geographical proximity limited to the Port Elizabeth region; foundation date of business venture from 1997 (must have had enough time for growth) and entrepreneurs from previously disadvantaged groups.

The final sample thus selected was a convenience sample. The first few micro entrepreneurs were mainly street vendors and were identified during the normal day-to-day travelling of the researchers, according to their skills' level and communication abilities. Although some of the chosen micro entrepreneurs had to be eliminated from the study because of their inability to speak English, one was retained, as the researchers were able to use an interpreter during the in-depth interviews. The researcher attempted to include a diverse sample representing the service-, retail- and manufacturing sector.

Measuring instrument(s)/methods of data collection

As this is a qualitative study, in-depth interviews were conducted by means of a semi-structured interview schedule and observations and extensive on-site experiences on the premises of the black micro entrepreneurs. Five interview schedules were constructed.

Procedure

Data was collected over a two-year period. Although the period could appear to be lengthy, the reason behind it was to ensure reliability, as this is a qualitative study. The observations and on-site experiences often confirm the findings of the interviews. Table 1 provides a summary of how the initial sample was compiled and the number of in-depth interviews conducted.

TABLE 1
SUMMARY OF INITIAL SAMPLE COMPILATION AND IN-DEPTH INTERVIEWS CONDUCTED

Number of businesses	Sample size	Skills investigated during the interviews	Number of in-depth interviews	Total Number of interviews
10	12	• Interview 1: Life-story grid	1	12
		• Interview 2: Personal skills	1	12
		• Interview 3: Technical skills	1	12
		• Interview 4: Business operation skills	1	12
		• Interview 5: Management skills	1	12
		Total number of interviews conducted		60

As can be seen from Table 1, during the first interview a life story grid was obtained from the ten micro businesses, consisting of 12 black micro entrepreneurs. The biographical interview method was used to obtain information to document information on the entrepreneur's life before inception of the business. This interview also gave an indication of the entrepreneur's skills before starting the business. In the second to fifth interview the different skills acquired before and after start-up were explored, specifically focusing on how these micro entrepreneurial skills have been acquired. The skills investigated in these interviews are summarised in Figure 1.

The following example indicates how the semi-structured interview schedules were used during the interviewing process. During an investigation of personal skills, the participant was

asked to describe a normal working day. This gave an indication of how they manage their time. The participant would respond that the working day starts at 8:00 and often does not end before 20:00 at night, while highlighting all activities taking place during this time. The researchers took extensive field notes on these activities and then explored each one of them. The researchers also linked some issues such as a need for working late with the impact it could have on family life, thus link it to time management skills and stress management skills. The researchers then explored when the participant has acquired these skills (before or after start-up of the business) or if having acquired the skills at all. If the participant has not acquired the skills, the researchers explored how the participant suggests overcoming problems such as managing time or stress. Some of these responses then have led to the next question(s). For example, if a participant suggests that they could manage time better if somebody else could do the work, the researchers would then explore how it can be organized, thus investigating delegation, decision-making and organising skills.

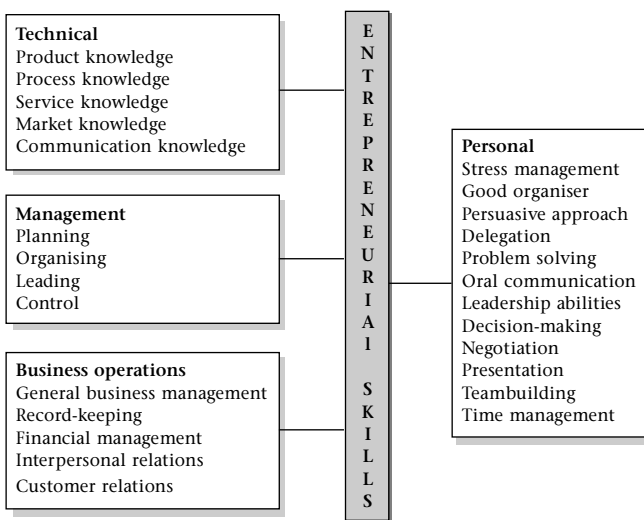


Figure 1: Categories of micro entrepreneurial skills empirically investigated

As can be seen from the above-mentioned example, despite using a semi-structured interview schedule, the interviews were mostly unstructured, non-directive and in-depth in nature. Informal discussions were initiated and conducted in each interview, allowing the participants freedom of expression. Probing questions were asked so as to explore the meaning of some actions. The intention was to uncover the belief- and thinking structure of the participants. As the interview progressed, questions were generated and developed and participants were permitted to deviate from these questions. Important aspects regarding entrepreneurial skills lead to further discussions around these aspects identified. The researchers offered no opinions on issues raised by the interviewees. If the participant mentioned a workshop as a training method, the researcher explored how this workshop could be conducted to provide the most effective results. Central to each interview were incidents taking place. These incidents were further explored. Observations during the interview and on-site experiences were also noted.

Statistical analysis/analysis of the data

The skills level of black micro entrepreneurs were established during the introductory interview, which gave an indication of their skills level before inception of the business. The results of these introductory interviews were the only way to determine the extent of their skills level prior to start-up, as they were already established at the time of the interviews. These skills acquired before the inception of the business were compared and analysed with the skills level after being in the business for

at least two years. These results were then analysed using conceptualisation to determine categories on the basis of themes, concepts or similar features. The constant comparison method was used to examine possible activity trends and the relationship among concepts. This process entailed four steps by summarising: which skills the micro entrepreneurs acquired before starting the business; which skills the micro entrepreneurs acquired after starting the business; which skills the micro entrepreneurs still do not possess, or possess to a certain extent and how these skills could be acquired.

The summaries of the findings of these four steps were compared against the life story grid, which provided an indication whether education level, working experience or entrepreneurial background played a role in obtaining or lacking these skills. This process ensured that the correct training intervention could be linked to the various skills. In conducting this analysis, a conscious effort was made to set aside rigid presuppositions about the theoretical framework, so as to allow new training trends and methods to emerge from the data. In order to ensure consistency in coding, an initial coding scheme was developed during the analyses of the field notes, notes made from observations and critical incidents. These codes were then utilised for comparisons and modifications until all interviews had been analysed. Reliability was ensured by using an inter-coder reliability check. This entailed that the co-researcher reviewed the codes in order to improve the validity of interpretation of training interventions described. In event of a disagreement, the help of training experts in Adult Basic Education and micro- and small businesses consultants were employed.

The results of the interviews revealed that black micro entrepreneurs could not provide much input in terms of what training inventions could assist them in overcoming their lack of skills. A new sample of five black micro entrepreneurs in the formal sector (registered businesses) were interviewed for further suggestions (referred to as the control group). This new sample had to meet the same requirements as the original sample, with the exception of not having more than five employees. This control group, being more educated than the micro entrepreneurs in the informal sector, provided further suggestions regarding the training interventions that could assist micro entrepreneurs as to how to grow their business ventures and to acquire entrepreneurial skills.

RESULTS

The results of the five interviews conducted, are outlined below. For ease of reading and presentation purposes, the different categories on the basis of themes, concepts or similar features were presented in tabular format. No attempt was made to quantify results, due to the qualitative nature of the study.

Life-story grid

The results of the first interview on the life-story grid of the 12 black micro entrepreneurs and 10 micro businesses are outlined in Table 2.

Table 2 clearly indicates which biographical characteristics of participants contribute to the low skills levels of these black micro entrepreneurs. Factors such as a lack of education and working experience emphasise the need for entrepreneurial training. It seemed that those micro entrepreneurs with more skills had a tendency towards managing their businesses more formally (these two participants also had employees and had an entrepreneurial background). The micro entrepreneurs seemed to favour sole proprietorship as a form of ownership. It must be mentioned though that all these businesses were informal businesses, as none was registered. The two businesses, which were partnerships, had no formal partnership agreement but merely had a "gentlemen's agreement". The products and services offered by these businesses

were windscreen repairs; mohair products; exhausts and gaskets; knitted jerseys; fruit; flowers; dressmaking; wooden animals and pottery; tyre repairs and new tyres, and a spaza shop. As can be seen from the above analysis, the sectorial business profile comprises the service sector (three businesses), manufacturing sector (two businesses), retailing sector (three businesses), a combination of manufacturing and service (one business), and a combination of manufacturing and retailing (one business).

TABLE 2
RESULTS OF THE LIFE-STORY GRID OF THE BLACK MICRO ENTREPRENEURS

Biographical characteristics	Description	Frequency
Age	21 – 30 years	2
	31 – 40 years	3
	41 – 50 years	6
	51 years	1
Gender	Male	5
	Female	7
Qualifications	Grade 12	7
	Grade 10	1
	Grade 8	3
	Grade 6	1
Working experience	Work in relatives shop	4
	Previous self-employment	1
	Work in related field	3
	None	4
Years in existence	2 – 5 years	6
	6 – 10 years	4
Employment size	No employees	8
	Two employees	2
Location	Township	5
	Close to smaller shopping centres	2
	Residential area	1
	Community Self Employment Centre grounds	2
Assistance received	Financed by husbands	3
	Got a partner	1
	Borrowed father's equipment	1
	Family members manage and work in business	1
	None	4
Infrastructure	Savings/Pension fund	3
	Use private/partner's/brother's vehicle for deliveries	4
	Public transport	5
Form of ownership	Sole proprietor	8
	Partnership	2

Personal skills level results of black micro entrepreneurs

Table 3 summarises the results of the second interview on personal skills that black micro business participants possessed before starting the business, and those personal skills acquired after start-up. Table 3 further indicates which skills the participants are still lacking. These skills were placed in specific categories to prevent replication. Some of these skills could be classified in more than one category. For example, being a good organiser, having leadership abilities, problem-solving, negotiation, delegation, team building could all be regarded as management skills. Having a persuasive approach could be linked to customer relations skills. It should be noted that although there were only ten micro businesses, there were 12 participants as two businesses had two members.

From Table 3 it can be seen that black micro entrepreneurs mostly do not possess personal skills at all. Some participants acquired good organisation- and oral communication-, decision-making-, problem solving- and presentation skills prior to start-up. They have acquired these skills prior to start-up mainly through previous working experience and if being previously self-employed. The only personal skills acquired after start-up are delegation- and team building skills.

TABLE 3
RESULTS OF THE PERSONAL SKILLS LEVEL OF BLACK MICRO ENTREPRENEURS

Specific skills	Before	After	Not at all	How acquired
Stress Management	0	0	12	
Good organizer*	5	0	6	Previous working experience (4) Previous self employment (1)
Persuasive approach	0	0	12	
Problem-solving	2	0	10	Previous working experience (1) Previous self employment (1)
Oral communication	7	0	5	Previous working experience (7)
Leadership abilities	0	0	12	
Decision-making	1	0	11	Previous self employment (1)
Negotiation	0	0	12	
Presentation	2	0	10	Previous self employment (1) Previous working experience (1)
Time management	0	0	12	
Delegation	0	2	10	Experimental learning (1) Previous self employment (1)
Team building	0	2	10	Experimental learning (2)

* One participant possess this skill to a certain extent

Technical skills level of black micro entrepreneurs

The third interview investigated the technical skills of micro entrepreneurs. All participants acquired product-, process-, service-, market- and communication knowledge before start-up. They acquired these skills through: working in a related field (4 participants); previous self-employment (1 participant); working in relatives' shop (4 participants); being involved in community projects (1 participant) and parents having a business in the same field (2 participants).

Business operations skills level of black micro entrepreneurs

Table 4 summarises the results of the fourth interview regarding business operations skills that black micro business participants possessed before starting their businesses and those acquired after start-up. It also indicates which skills the participants are still lacking and which skills they possess to a certain extent.

TABLE 4
RESULTS OF BUSINESS OPERATIONS SKILLS LEVEL OF BLACK MICRO ENTREPRENEURS

Specific skills	Before	After	Not at all	How acquired
<i>General Business Management</i>				
Planning (short-term)*	0	0	11	
Budgeting*	0	0	11	
Handling security	0	0	12	
<i>Record-keeping</i>				
Inventory control	0	0	12	
Filing	0	0	12	
Bookkeeping	0	0	12	
<i>Financial Management</i>				
Extension of credit	0	0	12	
Sources of finance*	0	0	11	
<i>Interpersonal Relations</i>				
Handling employees	0	2	10	Exposure learning (2)
Employee procedures	0	0	12	
<i>Customer Relations</i>				
Dealing with customers	12	0	0	All the customer relations skills were acquired prior to start-up through
Listening	12	0	12	
Understanding needs of customers	12	0	0	either: Working experience (7)
Perception of customers	12	0	0	Personality (5)

* One participant possesses this skill to a certain extent

Table 4 clearly indicates that micro entrepreneurs do not have general business management-, record-keeping- and financial management skills (not before or after start-up). Only two micro entrepreneurs, who had employees, know how to handle employees. All micro entrepreneurs had customer relations skills. They have acquired all these customer relations skills prior to start-up through previous working experience (7 participants) and because it is part of their personality (5 participants). One participant has to a certain extent planning and budgeting skills, for example providing for lean times. One micro business participant has to a certain extent financial management skills, as money was borrowed from the family and had to be paid back.

In summary one can deduce that business operations skills were not much evident amongst participants, with the exception of customer relations skills, which were acquired before start-up.

Management skills level of black micro entrepreneurs

The fifth interview explored management skills possessed by micro entrepreneurs. Table 5 shows how micro business participants acquired management skills after start-up.

TABLE 5
RESULTS OF MANAGEMENT SKILLS LEVEL OF BLACK MICRO ENTREPRENEURS

Specific skills	After	Not at all	How acquired
Planning	1	11	Self-employment (1 participant)
Organising	5	7	Experimental learning (5 participants)
Leading	3	9	Experimental learning (1 participant) Having employees (2 participants)
Control	4	8	Experimental learning (3 participants) Self-employment (1 participant)

* No participants acquired these skills before start-up, or do possess it to a certain extent.

Long-term planning skills were acquired after gaining experience through owning a previous business. Organising skills were acquired through making mistakes and learning from it. Leadership skills have been acquired by having employees and learning to deal with them. Control skills were mostly acquired through making mistakes and learning and owning a previous business. In summary, most participants do not possess management skills at all.

Results of the control group

Table 6 summarises the results on how personal-, business operations- and management skills can be acquired. The number of responses was not indicated, as the purpose of the results of the control group was merely to validate the results of the initial sample. Furthermore, the technical skills were excluded from these interviews, as the results of the initial sample found that these skills are mostly needed for start-up, whereas the focus of this study is on growth and development.

As can be seen in Table 6, participants had various suggestions on how the various entrepreneurial skills could be acquired. It appears that almost all skills can be acquired through learning from mistakes (experimental learning) and previous working experiences. It was clear from the interviews that educational level contributes considerably as to how micro entrepreneurs manage their businesses and also to the successful growth thereof.

TABLE 6
RESULTS OF THE CONTROL GROUP ON HOW TO ACQUIRE MICRO ENTREPRENEURIAL SKILLS

Main skills	How to acquire micro entrepreneurial skills
Personal	<ul style="list-style-type: none"> • Attending seminars, workshops, short courses • Learning from mistakes • Self development • Using a mentor • Reading books on relevant topics • Post matric studies, particularly in business field • Stress management techniques such as meditation, exercise and diet • Previous working experience • Copying ideas implemented from other similar shops
Business operations	<ul style="list-style-type: none"> • Previous working experience • Learning from mistakes
Management	<ul style="list-style-type: none"> • Previous working experience • Learning from mistakes • Reading books on relevant topics

DISCUSSION

As this is a qualitative study and the purpose is to generate new theory, the recommendations do not necessarily directly flow from the literature study and/or results. It should also be noted that the results of the study cannot be generalised to all micro entrepreneurs, but could be used as guidelines for upgrading skills of black micro entrepreneurs.

Conclusions

In general, it can be concluded that black micro entrepreneurs in the informal sector have very limited skills. This is mainly due to a lack of formal education and training, which was apparent from the life story grid. From the results of the life story grid, it seems that previous working experience in a related field can contribute to the success of a micro entrepreneur's business. It appears that skills competencies had been acquired mostly after start-up, through experimental learning (learning by making mistakes). As all micro business participants acquired technical skills prior to starting a business, it can be concluded that technical skills is a prerequisite for starting a micro business, or any business for that matter. Previous working experience and growing up in an entrepreneurial environment contribute to obtaining all these entrepreneurial skills prior to start-up.

Training interventions is needed for developing personal skills and all business operation skills (especially the acquisition of financial management skills). Of all the entrepreneurial skills, the lack of management skills appears to be the most obvious. The results of some of the personal skills, which could also be regarded as management skills (e.g. being a good organiser, problem-solving, leadership abilities, decision-making, delegation and team building) indicate the need for some form of training intervention to acquire these skills. The results of the control group confirm the need for training interventions to develop these entrepreneurial skills.

Recommendations

Figure 2 provides an overview of the recommended training interventions that could assist in improving the skills level of black micro entrepreneurs. It further indicates which specific training methods seem to be the most appropriate for micro entrepreneurs with low education levels and a lack of previous working experience.

As can be seen from Figure 2, learning by exposure as a training intervention, using interactive workshops, appear to be a highly recommendable training intervention. As the

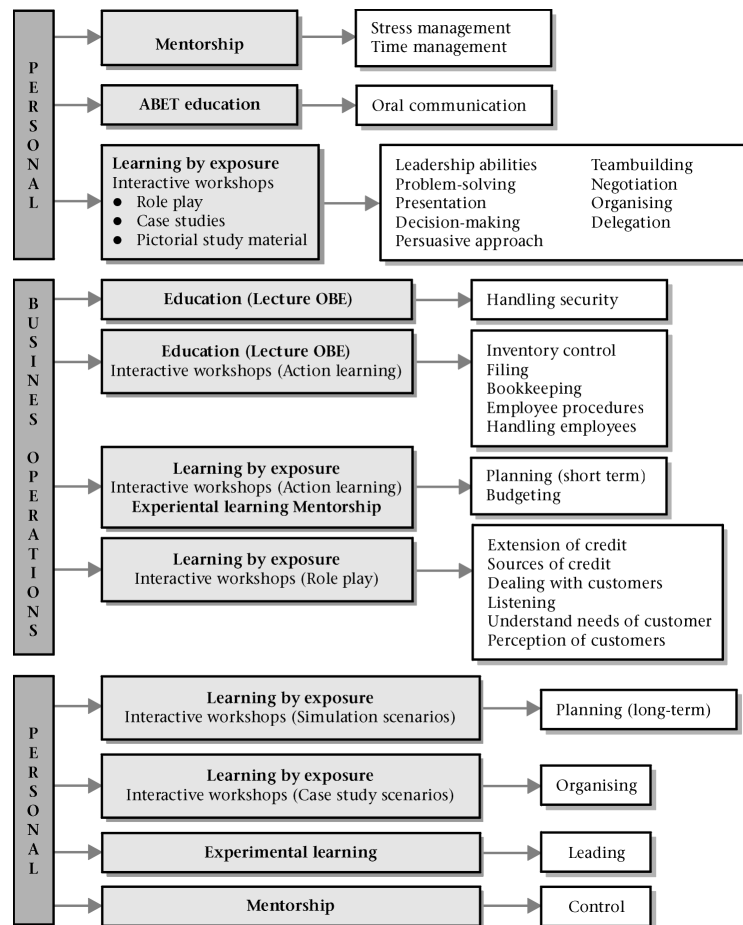


Figure 2: A model of suggested training interventions/methods for upgrading black micro entrepreneurial skills

literacy level of these black micro entrepreneurs are very low, traditional training methods such as lectures, seminars and short courses may not always be suitable to develop these entrepreneurial skills. It must be noted that although the control group indicated they have acquired these skills through traditional methods such as education, workshops, or short courses, they had educational levels of matric and higher, and could thus justify the use of these traditional training methods. Furthermore, the interactive workshop method, through role-play, action learning, simulation- and case study scenarios are favoured, as it will make it easier for these micro entrepreneurs to relate to what is really happening in their businesses. The pictorial study material method could assist in making the “message” more clearly and understandable to these micro entrepreneurs with low literacy levels. Pictorial study material could also be used as a reference after the interactive workshops, if the micro entrepreneurs want to refresh their memories.

The control group also indicated experimental learning as a favourable training intervention. This method could, however, be costly for the micro entrepreneur, as learning by mistakes, could drain the little monetary resources micro entrepreneurs have, or even lead to eventual bankruptcy. Mentorship is a more preferred method, as the micro entrepreneurs do not have to leave their businesses and can acquire working experience whilst working in their own businesses. With the help of mentorship, the micro entrepreneurs can also gain experience in their particular field, without being exposed to a generic training approach, such as in conventional workshops, seminars and short courses.

ABET education could be useful to upgrade their qualifications towards a matric-level. This could be done on a

part-time basis or through correspondence education. As most micro entrepreneurs cannot afford to pay for training, it is further recommended that the Government initiates a fund through the Budget to make skills training more accessible. The Government could also encourage larger established businesses, through special incentives, to “adopt” a micro business which could grow and develop into more formal businesses. Micro entrepreneurs should also adopt a culture of life-long learning. Acquisition of entrepreneurial skills could also serve as a safeguard against business failure. Ultimately, not only the micro business entrepreneur could benefit, but it could also stimulate the economic growth of the country as a whole.

Table 7 outlines some general guidelines that could be used to upgrade black micro entrepreneurial skills.

Limitations

It should also be noted that the results of the study cannot be generalised to all micro entrepreneurs, but could be used as guidelines for upgrading skills of black micro entrepreneurs. The study was limited to black micro entrepreneurs in the informal sector, only in the Port Elizabeth region and did not include micro entrepreneurs from other regions in the country. The nature of qualitative research limits the sample size used in the empirical study.

Suggestions for further research

It is suggested that the study is also conducted in other regions to include micro informal entrepreneurs from other areas. The study could also be expanded to include micro entrepreneurs in the more formal sector.

TABLE 7
GENERAL GUIDELINES FOR USING TRAINING INTERVENTIONS TO
UPGRADE BLACK MICRO ENTREPRENEURIAL SKILLS

Number	Description of guidelines
1	Important directions in the field of training that could impact on entrepreneurial training interventions are the following: a shift from rote, passive learning to active and experiential learning and a need for a problem-solving, practical orientation, instead of a textbook orientation.
2	Although the content of entrepreneurial training programmes should focus on the black entrepreneur's environment, the mental preparation of the entrepreneur should not be ignored.
3	Most entrepreneurship education and training interventions are of a technical nature, providing a quick-fix programme in those areas that the entrepreneur is not familiar with (instead of focussing on developing new learning styles and coping mechanisms).
4	Designers of entrepreneurial training interventions and programmes should focus on encouraging entrepreneurs to solve problems from a multi-disciplinary viewpoint and how to build networks.
5	A shift from a traditional teaching approach to an entrepreneurial-directed alternative is required where the instructor becomes a learning process facilitator, making extensive use of learning exercises such as role playing, management simulations and structured exercises in which the entrepreneur should take an active role.
6	An outcomes-based orientation towards entrepreneurial training should provide a learner-friendly environment to entrepreneurs, thus creating a culture of life-long learning.
7	All stakeholders, including the government and community, should share the responsibility of learning new skills.
8	Training interventions for upgrading black entrepreneurial skills should be based on the following foundations of Adult-based education and training: adults prefer a self-directed approach towards learning; their wide range of experiences could facilitate the learning process and they act from internal motivation with a need to develop to self-realisation.
9	Active involvement in the National Skills Development Strategy of the government could address huge disparities in educational, skill and wage levels of the working population and therefore utilise the workplace as an active learning environment – thus improving employment prospects of previously disadvantaged persons.
10	Training interventions selected for upgrading black entrepreneurial skills should take into account the educational level of these entrepreneurs, their cultural background, level of working experience and nature of their business venture.

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