

**How government institutions can
improve the effectiveness of
entrepreneurship training in South Africa**

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1 Introduction and research methodology

1.1 Background and context

There is a growing understanding that entrepreneurship is a viable means to increase economic growth. As a result, there has been a rise in the number of programmes that have been set up outside the formal education sector to help encourage and support entrepreneurs. The South African entrepreneurship training and support landscape is diverse and fragmented, with government, the non-profit and the private sector all having set up programme to support a diverse range of entrepreneurs.

The government offers a wide range of programmes targeting micro-entrepreneurs, as well as, programme helping world renowned research commercialise ground breaking research. Due to the decreased cost in setting up technology based startups, the rise of accelerators and the recent change in the BEE codes there has been an increase in the number of programmes offered by the private sector. In addition, a growing number of non-profit organisations are helping support entrepreneurs seeing this as a real solution to solving inequality and low income earners out of poverty. Due to the large number and types of programmes it is unknown how many entrepreneurs are trained or supported in South Africa every year or the impact this training is having on business success.

Despite the increase in support and programmes data from the Global Entrepreneurship Monitor shows that early stage entrepreneurship activity in South Africa is lower than other similar economies and the number of established businesses is significantly lower than similar economies.

1.2 Objectives

The Human Resource Development Council (HRDC) Enabling Entrepreneurship Technical Task Team (EE TTT) has commissioned research to look at how entrepreneurship training and support outside of the formal education can be improved. The objectives of the study are to:

- Identify critical success factors for effective entrepreneurship training and education that may be used by Government and its agencies to ensure that training results in small business start up success.
- To understand the effectiveness of government training programmes and measures that will need to be taken to improve training effectiveness.

To achieve the objectives, the consultant conducted a literature review over XX entrepreneurship support programme both locally and internationally. Interviewed XX representatives of both government and best practice programmes.

1.3 Research methodology

In order to achieve the objectives the consultant carried out the following steps:

- Literature review of training research
- Development of evaluation framework
- Desktop literature review of local and international best practice programmes
- Interview with a representative of best practice programmes
- Desktop literature review of government programmes
- Interview with a representative of a government programme
- Writing up of the report with feedback from EETTT

The following section explains in greater detail the methodology used.

1.3.1 Development of evaluation framework

Before attempting to find and evaluate different best practice programmes time was spent understanding what methodology would get the best results and how should the different programmes be understood and evaluated. To do this a literature review of entrepreneurship training research was done, this included reviewing academic and government research from around the world. From over 70 studies and reports a framework was developed to understand the different types of programmes offered. In addition, a framework was developed to help evaluate and understand how programmes differed.

1.3.2 Scoping best practice: Desk study, selection and interviews

A desktop literature review was done of both local and international entrepreneurship support programmes. A list of 120 entrepreneurship support programmes was compiled and divided into categories based on the types of programme that was developed. The websites and reports produced about the programme were read to find any evidence of effectiveness of the programme. Based on evidence of the effectiveness 18 programmes were selected, 9 international programmes and 9 local programmes.

For each of the 18 programmes a desktop literature review was done to understand as much as possible about each programme. Where possible interviews were then conducted with a representative of each of the programmes. Case studies were written up using the evaluation framework. While the curriculum and activities of the programmes varied widely a number of common characteristics were found amongst successful programmes.

1.3.3 Scoping government: Desk study, selection and interviews

Once the best practice part of the study was completed. A list of all government training programmes was compiled. A literature review of all government training programmes was done, looking specifically at annual reports, websites and impact reports. Different organisations were then contacted to find a representative of the organisation to give the required information on different programmes offered. Unfortunately, many of the

organisations did not get interviewed and hence we had to rely in a literature review only. This was due to many organisations referring the researcher on to multiple representative with none of the willing to conduct an interview. With certain organisations multiple calls and emails when unanswered making it impossible to complete all the interviews in the given time period.

Many organisations, however, did respond favorably and a number of semi-structured interviews were conducted. Once the interviews were completed a comparison was done between the best practices and government programmes to understand how to best improve the performance of the programme.

Based on the findings recommendations and conclusions were written up. After submitting the report for comment from the EETTT a final report was produced.

1.4 Structure of report

The first chapter is an introduction to the report. Chapter 2, introduces the framework used to categorize types of businesses and the framework used to evaluate and assess the programmes.

Chapter 3 covers international and local best practice with descriptions of the programmes and lessons learned. This chapter also gives an indication of how effective the best programmes in the world are.

Chapter 4, give an overview of the government entrepreneurship support programmes outside of the formal sector and how they differ from best practice programmes.

Chapter 5, provides the conclusions and recommendations from the research.

The annexes to this report provide a list of the representatives interviewed, the framework used, list of references and the questions used for the semi-structured interview.

2 Entrepreneurship training frameworks

2.1 Entrepreneurship training research

Considering the importance of the topic, remarkably little good empirical research has been done on entrepreneurship training effectiveness in developing countries (Glaub and Frese 2011). The studies that have been done often use poor research methodology, don't use random samples, control groups, do longitudinal follow ups or control for the entrepreneurs levels of human, social, financial and intellectual capital which is the entrepreneur research communities best explanation for why entrepreneurs succeed (Cooper, Gimeno-Gascon et al. 1994).

In addition to this, despite the large number of entrepreneurship training programs offered in South Africa very few have well designed monitoring and evaluation programs to assess the impact of the programs. The programs that do have monitoring and evaluation in place often do on record the more important measure such as increases in productivity, job creation and turnover growth over the long term. This levels a number of glaring gaps in understanding when developing training policy:

- Which training interventions are working and why?
- Which programs are most effective at creating jobs and why?
- Which training programs are most beneficial to entrepreneurs?
- How can current programs effectiveness be improved?

To answer these questions effectively the authors decided to categorize the business based on the potential, performance and lifecycle of the business.

2.2 Types of businesses

There are hundreds of different definitions of entrepreneurship. For the purpose of this research we needed to take into account business growth and growth potential of different types of entrepreneurs. Hence, we decided to develop a framework that would include entrepreneurs before they had made a single sale, but would also include the potential of those entrepreneurs to create jobs and high-growth businesses.

For the purpose of this research an entrepreneurs is defined as anyone who is between the ages of 18 and 64 who is currently an owner-manager of an established business or who has taken any activity toward setting up a business. This definition includes survivalist entrepreneurs with limited education and financial resources battling to eke out a living to high-growth entrepreneurs in the process of expanding their to a global audience.

To differentiate between the potential of these two different types of entrepreneurs, as well as, to understand what types of training programmes will work with each entrepreneur. Entrepreneurs are categorized according to their level of human, social, financial and intellectual capital. A large body of research has demonstrated that these constructs are

reliable and valid predictors of business growth and survival. For the propose of this report we have combined these four constructs into a single construct: entrepreneurial capital.

2.2.1 Entrepreneurial capital

Entrepreneurial capital is defined as the combined level of human, social, intellectual and financial capital of a business venture. Human capital refers the level of work experience, industry experience, entrepreneurial experience, management experience, entrepreneurial record of the founder or management team.

Social capital refers social relationships of the founder or management team the can be used to benefit the business venture. Social capital can be measured by how much access the business venture has to industry networks, customers, distribution channels, lawyers, accountants, consultants and investors.

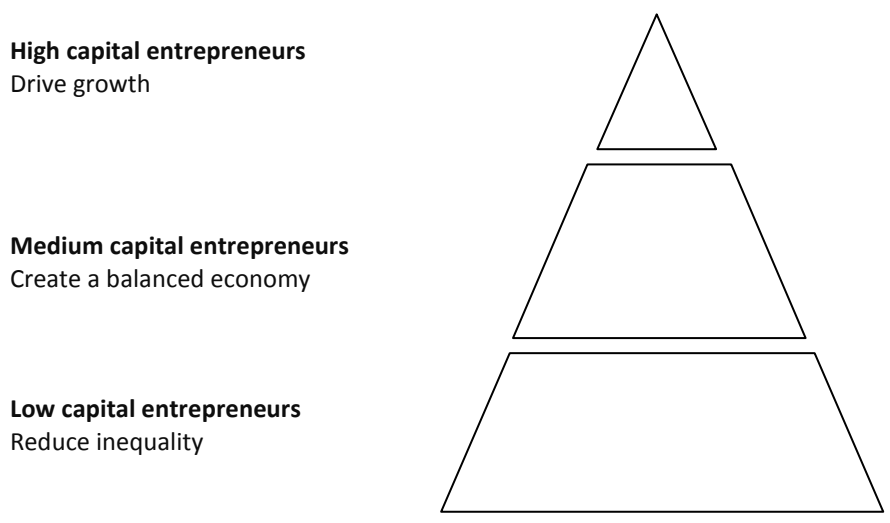
Intellectual capital refers to the propriety information of the organisation that may lead to a competitive advance. Intellectual capital can be measured by whether the business venture has patents, associations with research institutions, level of research and development and the skill level of the business team.

Financial capital refers to the financial assets of the business venture. Financial capital can be measure by the profitability of the business venture, access to finance and the liquidity of the business venture.

- High capital business - A business venture with high levels of human, social, intellectual and financial capital.
- Medium capital business - A business with medium levels of human, social, intellectual and financial capital.
- Low capital business - A business with low levels of human, social, intellectual and financial capital.

While certain policies argue that certain businesses are more valuable to each economy. A balance and thrive economy requires all three types of business are need for a healthy, equal and growing economy. High capital entrepreneurs are important and valuable to drive economic growth, medium capital entrepreneurs are needed to grow local economies. Low capital entrepreneurs are needed to reduce inequality and help bring communities out of poverty.

Figure 1: A framework for understanding types of entrepreneurs



Source:

2.3 The business lifecycle

A number programmes target business at different stages of the business life cycle. For example, Startup Weekend a weekend training programme targeted at technology entrepreneurs caters for business at the idea stage. While Endeavor, a programme targeted at high capital entrepreneurs, requires the business to have a minimum turnover of R15 million before the entrepreneur can apply to the programme. To account for the different stage of the business lifecycle the following definitions were adapted from the GEM report.

- Startup business: Any business that has not paid salaries, wages or any other payments to the owners for longer than 3 months.
- New business: A business that is younger than 3.5 years old.
- Established business: A business that is older than 3.5 years old.

2.4 Framework categorize programmes

Use the definitions the following framework was developed to categorize the types of programmes on offer to different types of business at different stages of the life cycle. The following framework enable to compare similar programme against each other

Table 1: Framework to categorize entrepreneurship training

	Startup entrepreneurs	New entrepreneurs	Established entrepreneurs
High capital entrepreneurs	Start up Chile NSF I-corps	TechStars Ycombinator 500 startups Jump start	Endeavour Entrepreneurship organisation Centre for executive and entrepreneurial development HBS executive development

Medium capital entrepreneurs	Start up weekend ILO - Generate your idea Lean launchpad Lean start up machine	ILO - Start your business ILO - Improve your business Empretec Fasttrac - Start your business	Goldman Sachs 10 000 women Fasttrac - Growth venture ILO - Expand your business Business accelerator programme
Low capital entrepreneurs	Kamina friends Inc. National foundation for teaching entrepreneurship Junior achievement Technoserve	Kamina friends Inc. Vision Spring KickStart Village Phone Programme Technoserve	Kamina friends Inc. Technoserve KickStart Village Phone Programme Technoserve

Source: Compiled by the author.

2.5 Evaluating programmes

A literature reviews have been done on entrepreneurship training programmes around the world (Heinonen and Akola 2007, Glaub and Frese 2011). Despite a number of programmes being evaluated usually the selection of best practice programmes is based upon which programmes have been around the longest or have trained the largest number of entrepreneurs. This, however, has the inherit weakness as these studies do not take into account the actual impact of the programme has on the business assisted. As a result, the authors chose to define effective entrepreneurship training as a training intervention that increase the probability an entrepreneur or business will:

- Start a new business
- Increase sales turnover
- Increase the number of full-time or part time employees
- Increase the profitability of the business
- Increase the return on assets
- Increase the survival rate

In an ideal world to perform a study that would be able to prove that an entrepreneur training programme had the following impact would mean that the study would need to control for the level of human, social, intellectual and financial capital that the business had when entering the programme and contrast that business with a similar level of entrepreneurial capital to business that did not enter the programme and asses if the programme to really improve a business chance of success. As this data is not available and the research project of this magnitude would not be feasible these are acknowledged research limitations of the study.

For the purpose of this report the frameworks used by Heinonen and Akola (2007) were adapted to fit the objectives of the report. Resulting in the following six constructs being used to understand and asses the programmes.

- Promotion and branding
- Selection and assessment

- Curriculum
- Length and schedule
- Trainers
- Additional services

3 Lessons from best practice entrepreneurship programmes

3.1 Programmes targeted at high capital entrepreneurs

3.1.1 Selected programmes and effectiveness

Based a review of different high capital programmes the following five programmes were selected. Three programmes are South African based programmes and three programmes are international programmes.

- National science foundation I-Corps
- TechStars
- Endeavor
- Aurik
- RaizCorp - Partner Elite

Table 2: Best practices programmes targeted at high capital entrepreneurs

	NSF I-Corps	TechStars	Endeavor	Aurik	Raizcorp RAMP
Promotion	Unknown.	Heavy marketing focus. Good branding. Social media. Word of mouth. Books. Reality TV show.	Word of mouth Good branding 50% referrals	Wide variety of marketing used. Good branding, web marketing, word of mouth, media articles and thought leadership.	Strong marketing focus. Good branding. Publicity, seminars, talks, books and word of mouth.
Selection	Researchers financed by the NSF are invited to apply.	Less than 1 in 100 get in. Selection is done via interviews and email correspondence.	4 stage selection About 1 in 48 get accepted.	Use interviewing, reviewing of documentation and payment or equity. About 1 in 10 get accepted.	8-step selection process.
Selection criteria	Most promising NRF funded projects with commercialization potential	Great people, big market and innovative ideas.	R15 mil turnover	Paying customers or equity of business they believe they can help.	An active business. At least 6 months old. Sale turnover of R50 000 per month. Own a car, phone and computer. 18 years or older.
Type of business	Team consist of lead researcher usually a Professor doing cutting edge research. A graduate student.	High levels of human capital. Typical range of founder is between 25 to 40 years. Most startups are teams with business and technical skills.	High levels of human and intellectual capital.	High levels of human and intellectual capital. 10 or more years of domain expertise.	High capital businesses with potential for growth.
Curriculum	Customer development Talk to 100 customers and domain experts	Management Entrepreneurship Lean. Comprehensive curriculum.	Customised to specific needs of entrepreneur	Customised to specific needs of entrepreneur.	Management Entrepreneurship Mindset
Length	3 day seminar Eight weekly panel presentations were students are given	13-weeks	Ongoing Avg. 2-years Contact time 13-hours per year	1 to 3-years 150 hours of contact time with mentors/coaches per	Ongoing

	feedback			year.	
Instructor expertise	Successful high-growth entrepreneurs or seasoned venture capitalists.	High-growth entrepreneurs, domain experts and VCs.	Exceptionally high. Elite network of local and global business leaders.	Coaches have deep domain expertise plus coaching experience.	Domain experts (sales, finance, marketing, strategy, personal) with entrepreneurship experience
Number of instructors	5 mentors and presenters giving feedback to teams on a weekly basis.	Each entrepreneurs is exposed to 60 mentors and coaches.	6 mentors per entrepreneur. Plus MBA students. Currently have 90 mentors.	15 mentors and coaches per entrepreneur in a single year.	Unknown.
Instruction method	Lecturing Panel feedback Mentoring	Lecturing. Guest lecture events. Mentoring and coaching.	Mentoring Advisory boards Guest lecture events	Coaching	Lectures Coaching Events
Additional services	Access to VCs \$50 000 funding Mentorship by high-growth entrepreneurs.	Community Access to VCs Office and meeting space. Discounted products. \$18 000 in funding.	Community Access to funding Access to talent (MBAs)	Community Access to funding Negotiation support. Deal making and linkages.	Community Access to VCs
Evidence of effectiveness	The first time the programme was run 19 of 21 teams said they will be moving forward to commercialise the technology. A similar programme in Columbia 8 of 25 teams achieve customer revenue during the course.	Since 2007 have assisted 199 companies of those 81% are still active, 9% have successful exists and 10% have failed. Avg. company raised \$1.4 million.	International: 766 entrepreneurs created 200k jobs South Africa: Avg. 3 years 89 to 243 jobs per business 39% job growth	To date Aurik has worked with 480 businesses. Currently they are working with 200 businesses. The average business experience about 115% increase in sales growth and between a 40 to 80% growth in employees.	RaizCorp reports having assisted 240 companies that have created over 5000 jobs.

Source: Compiled by the author

3.1.2 Structure of the programmes

3.1.2.1 Promotion

A wide variety of promotional methods were used to promote the best high capital programmes. All of the programmes with the exception of the National Science Foundation programme were easy to find on the internet had good branding and easy to navigate sites. Methods of promotion included radio shows, public relations agencies, word of mouth from community members, social media, events, seminars, search engine optimisation and publishing thought leader documentation. All successful programmes had a focus on marketing and prompting the programme.

3.1.2.2 Selection and assessment

A wide variety of selection methods were used, however, a commonality in all of the successful programmes were either very tough entry requirements or a rigorous selection process or both. For example, National Science Foundation I-Corps programme required participants to receive, whereas, Techstars and Endeavor had acceptance rates over 1 in 40 getting into the programme. This is a clear indication that if high capital programmes are going to achieve great results they really do need to work with the best of the best.

3.1.2.3 Curriculum and teaching methods

Curriculum varied between programmes with some being totally customised to the business and entrepreneurs needs and with others instructing a broad range of entrepreneurial skills. The common elements between the successful programmes were all had mentoring and feedback session from instructors and mentors with very high levels of human capital. All

programmes had instructors and mentors that were very successful entrepreneurs in their own rights or venture capital investors.

3.1.2.4 Instructors

Three types of instructors were found in the successful programmes. Instructors were either very successful entrepreneurs in their own right, or had deep expertise in a single domain coupled with at least 10 years of business experience or were professional investors. Furthermore, all of the programmes had at least 5 or more instructors helping the entrepreneur over the course of the involvement with each business.

3.1.2.5 Length and schedule

The length and variation of programme length varied widely from the 8-week programme offered by the NSF I-Corps programme to RaizCorp Arize programme spanning multiple years. Common elements were the both the shorter programmes I-Corps and TechStar were targeted at startup businesses. While the longer programmes were targeted at established businesses.

3.1.2.6 Additional services

All programmes offered access to funding or introductions to professional investors and introduced entrepreneurs to a network or community of fellow entrepreneurs. For example, RaizCorp has a community of entrepreneurs that can trade services meaning new firms that join the business instantly get a boost in sales. Endeavor had a global network of entrepreneurs and offices that can be used to attract international funding or help expanding internationally. TechStars have 199 businesses that have previously graduated from the programme that return back to help mentors and guide the upcoming entrepreneurs. This very much supports the notion the social capital and access to networks is important to business success.

3.2 Programmes targeted at medium capital entrepreneurs

3.2.1 Selected programmes and effectiveness

Table 3: Best practice programmes targeting medium capital entrepreneurs

	Startup Weekend	Founders Institute	Kamina Friends	SAB Kickstart	GS 10 000 women	Branson Centre
Promotion	For each event the organizer partners with a partner organization, uses social media and publicity. Good branding.	Big focus on marketing. Well branded site, free seminars and information sessions. Partner with local organizer.	Enterprise Facilitator is promoted by word of mouth by 50 volunteers.	Comprehensive marketing campaign. Above the line media campaigns, social media, online marketing, radio and word of mouth.	The programme was promoted through information sessions, websites, publicity, word of mouth and partner organisations.	Variety of marketing strategies including: online promotion, publicity campaigns word of mouth and trade fairs.
Selection	Open attendance. Payment of \$150 or R500.	Predictive analytics test. Completion of the course. About 1 in 10 that apply complete the course.	Entrepreneurs must ask facilitator for advice.	8 step selection process including interviews, applications, predictive analytics test and panel interviews. About 1 in 10 get into final group.	Indian programme is unknown in the South African programme about 1 in 3 that apply get into the programme.	Branson Centre has a 3 stage selection process. About 1 in 2 business that apply get accepted.

Selection criteria	Open attendance. Payment of \$150 or R500.	Psychometric and predictive analytics test.	Entrepreneurs must ask for help and continue to seek help from facilitator.	Applicant criteria include: 18 to 35 years Business younger than 5 years Made first sale Earning less than R5 million 50% black owned Potential for growth	To apply to the programme women must own their own business. Have a business operating more than 1 year. Have potential to grow. Have annual revenues of between 5 to 75 lakhs (R100k to R1 million)	To enter the course the business must have made its first sale and must be operational.
Type of business	Medium to high capital entrepreneurs. 53% of attendees have a Bachelor degree, 28% have a masters degree. Avg. attendee has worked in 2.03 startups.	The typical attendee 25 to 34 years old Has professional experience 60% have technical experience 40% have business or product experience	Varied from low to high, but the majority of business are medium capital	Average age of 29 years; 40% have matric, 45% have a degree or diploma, 10% have masters degree or higher 64% have started multiple business 52% are sole founders Avg. industry experience of 6 years	Medium capital entrepreneurs with new or established businesses.	Majority of entrepreneurs are earning more than R2000 per month. Average age of between 25 and 35 years. Most operate small businesses with limited intellectual capital.
Curriculum	Idea pitch Facilitation of team formation. Work on your start up for 2 days. Final pitch competition	Comprehensive curriculum including	Assessment of personality. Facilitation of team formation. General business advice.	Management Entrepreneurship Mindset	Management Entrepreneurship Mindset	Wide variety of management and entrepreneurial skills.
Length	Single weekend.	4-month programme with 3 hour weekly sessions.	Ongoing.	18-month programme with 2-weeks full time training following my mentoring. Training time include 100 hours of contact time.	16-weeks programme. 3 weeks of classroom sessions followed by 13 weeks of mentoring and support.	6 months to 1 year. Foundation course: 6 weekly 4 hour sessions Advanced course: 12 weekly 1.5 days sessions
Instructor expertise	Successful entrepreneurs mentor the entrepreneurs throughout the weekend.	Most mentors have very high levels of capital. Have successful built technology companies.	Medium to high capital.	High capital trainers. Most trainers have post graduate qualifications and at least 10 years of business experience.	High capital, experts in their fields with PhDs or Masters degrees.	All trainers have university degrees and many masters or higher. Trainers have 10 to 20 years of business experience.
Number of instructors	About 10 depending on how many are in the panel and mentors volunteer.	Typically recruits 25 mentors to teach the course. Mentors are typically CEOs of successful startups.	Two instructors. One instructor and one facilitator. Plus a volunteer network of 50 mentors.	7 lectures, plus panel feedback and mentors for the top 18 participants.	In the Indian Business School programme has a faculty of 19 and a mentoring network of 6	If an entrepreneur attends an advanced and foundation course they will be assisted by 20 instructors.
Instruction method	Mentoring. Feedback from a panel.	Lectures Feedback panels Mentoring	One on one mentoring.	Lectures, games, role playing, films, videos, guest lectures and assessments.	Partner with MBA programmes with lecturing and cases studies.	Lecturing, case studies, role playing, games, simulations and mentoring.
Additional services	Mentors. Opportunity to pitch to funders.	Mentoring Access to community Peers help your business Access to funding Product discounts Global network	Free consulting advice. Access to resources provided by 50 volunteers. Community is vested in seeing your business succeed.	Funding Mentoring Peer learning	13 week mentoring programme	Guest lecturers for specific skills Guest lecturers with industry expertise 6-month mentorship programme
Evidence of effectiveness	36% of startups are operational after 3 months. 80% of team plan on working on their business after the weekend. A sample of 43 companies had created 130 full-time and 90 part-time jobs.	90% survival rate 42% raise funding 2000 job created in the first 2 years of operation.	Between 2009 and 2012 programme assisted 2 000 clients created 50 new businesses and helped 43 businesses expand, creating 632 new jobs.	Survival rate above 80%. Since 1995 3 200 business have been started creating 21 000 jobs, meaning each business has an average of 6.7 jobs.	Based on an independent study. Median increase in revenues was 100% and median increase in jobs was 4.	18-month evaluation of effectiveness showed entrepreneurs on the advanced course created 2.2 jobs and those that went through foundation created 1.8 jobs on avg.

Source: Compiled by the authors

3.2.2 Structure of the programmes

3.2.2.1 Promotion

All of the programmes use an array of marketing tactics and strategies to promote their programmes with the exception of Kamina Friends programmes which uses word of mouth from the 50 volunteers to attract members.

3.2.2.2 Selection

All programmes have multiple selection process beside the Kamina Friends programmes and the startup weekend programme. The Startup Weekend programme required participants to pay for the weekend. The programmes that had selection processes the higher the number of applicants per acceptance into the programme the greater the number of jobs created per entrepreneur. For example the Branson selects 1 in 2 entrepreneurs and their entrepreneurs create 2.2 jobs per business. SAB Kickstart entrepreneurs have about 1 in 10 entrepreneurs getting through to the final round and create 6.7 jobs per entrepreneur.

3.2.2.3 Curriculum and instruction methods

Curriculum offered by the programme were either comprehensive programmes focusing on management, entrepreneurship and mindset or the core of the programme was to facilitate team formation. For example Startup Weekend holds an idea pitch competition and the best ideas are chosen teams are then formed aiming to achieve balanced teams with a combination of design, development and business skills. Similarly, Kamina Friends teams up entrepreneurs with people with production skills, marketing skills and financial management skills.

3.2.2.4 Instructors

Instructor expertise was found to be very high in the programme with most instructors or mentors having deep domain expertise or having over a decade worth of business experience.

3.2.2.5 Length and schedule

Programmes varied in length from ongoing support to a weekend seminars. The duration of the programmes also varied in contact time. There was no consistent length found in the best practice programmes.

3.2.2.6 Additional services

A variety of additional services were offered by the most successful programmes. However, all programmes offered mentoring or coaching with training which demonstrates the importance of mentoring in successful entrepreneurship training programmes.

3.3 Programmes targeted at low capital entrepreneurs

3.3.1 Selected programmes and effectiveness

Table 4: Best practice programme targeted at low capital entrepreneurs

	KickStart	Health Store Foundation	Vision Spring	The Clothing Bank	Vodacom Community Phone
Promotion	Through distribution network and partner organisations	Through distribution network.	Through distribution network and partner organisations.	No promotion. Recruit entrepreneurs through partner organisations.	Promoted through Vodacom's network of super dealers.
Selection	All enterprises that can afford the purchase price.	Nurses willing to pay for the franchise.	Unknown	A multiple stage selection process than includes training, obstacle course, tests and volunteering for a month. About 1 in 5 that apply get accepted.	Anyone that is trading in an informal area and is interested in purchasing a phone.
Selection criteria	All enterprises that can afford the purchase price.	Nurses willing to pay for the \$5000 franchise.	Unknown	Internal locus of control. Preferred if have some entrepreneurial experience.	Entry level phone costs R320 with the lowest recharge amount of R50.
Type of business	Low capital	Low capital	Low capital	Low capital entrepreneurs. Mother with children. Have to be previous disadvantaged.	Low capital entrepreneurs. Many of the entrepreneurs are school dropouts or illiterate.
Curriculum	None	Franchise training	Franchise training	Variety of life and business skills, including: Attitude, business skills, life skills, parenting, sales skills, finance, motivation, retailing and mindset.	Franchise training
Length	Not applicable	4 week training programme on how to run the business followed by ongoing support.	3-day initial training with ongoing support.	2-year programme with 500 hours of contact time.	Between 30-mins and 1-hour of training is required to help the entrepreneur use the phone.
Instructor expertise	Not applicable	Medium and high capital trainers.	Unknown	Medium and high capital, with degrees and usually 15 to 20 years of corporate experience.	Medium capital employees of Vodacom or Vodacom's distributor network.
Number of instructors	Not applicable	Unknown	Unknown	Will be helped by 40 instructors throughout the programme.	One.
Instruction method	Not applicable	Unknown	Unknown	A wide variety of instruction methods are used including: games, lectures, role playing, films mentoring and guest lectures.	One on one coaching.
Additional services	Money making tools sold directly to entrepreneurs Treadle pumps Oil presses Brick makers Drip irrigation	Franchises system with franchise support. Access to funding.	Franchise system with franchise support.	Trauma counseling A resource centre that provides computers, child care. Access to supply of garments to sell.	Supply of airtime. Ability to sell electricity and airtime vouchers.
Evidence of effectiveness	Since 1991 have helped start 140 800 successful new businesses. Have helped 700 000 people move out of poverty.	Since 2011, 66 franchises have served 396 833 patients. A success rate of 85% with over 70% recording a profit.	Has 9 000 active Vision Spring entrepreneurs that have sold over 1 million pairs of glasses.	Trained 275 entrepreneurs. Most entrepreneurs experience an income increase of R3000 to R4000. The money is spent on purchasing cars and moving children to better schools.	120 000 micro-entrepreneurs avg. earning R650 per month. Top 20% earn more than R2000 per month. The top entrepreneurs also may sell airtime and electricity meaning they earn R6000 per month or more.

Source: Compiled by the author

3.3.2 Structure of the programmes

3.3.2.1 Promotion

Of the five best practice programmes all of the programmes used partner organisations, super dealers or other organisations to distribute or attract entrepreneurs.

3.3.2.2 Selection

All five of the best practice programmes use a form of micro-franchising. In the case of KickStart, Vodacom Community Phone, VisionSpring and Healthfood store entrepreneurs are required to purchase the product or franchise. The Clothing Bank has a far more rigorous selection process required to go through multiple assessments before being selected and only 1 in 5 entrepreneurs that apply get into the programme.

3.3.2.3 Curriculum and instruction methods

Curriculum for three of the five programmes is have a reasonable similarity with some version of franchise training varying from an hour to 3-days. The two exceptions being KickStart which offers no training with the business and The Clothing Bank which is more similar to a successful programmes targeted at medium capital entrepreneurs offering a wide range of training skills including: management, entrepreneurship and life skills training.

3.3.2.4 Instructors

Instructors are medium or high levels of human capital with tertiary education, as well as, having a number of years of business experience.

3.3.2.5 Length and schedule

Length of training varied from no training as with the case of the KickStart programme to the 2-year programme offered by The Clothing Factory. The franchise programmes offer specific training to manage the business.

3.3.2.6 Additional services

Beside the KickStart programme all of the best practice programme offer franchise training, as well as, some form of supply or money making tool. The Clothing Bank offers a number of extra services including trauma counseling, a resource centre and child care.

4 Programmes offered by government

4.1 Overview of government intuitions

The following is an overview of all of the different government institutions offering some form of entrepreneurship assistance outside of the formal education sector.

- Small Enterprise Development Agency (SEDA)
- National Productivity Institute (NPI)
- National Youth Development Agency (NYDA)
- Sector Education and Training Authorities (SETAs)
- Technology Innovation Agency (TIA)

- Tourism Enterprise Partnership (TEP)
- Provincial Small Business Development Agencies
- Small Enterprise Finance Agency
- Forestry Enterprise Development Programme (FED)
- Industrial Development Corporation (IDC)
- Provincial Development Finance Institutions (DFI)
- SARS SMME Division

As many of these organisations have multiple divisions and branches, for example the SETAs have over 30 different departments. It would have been impossible to interview a representative in the time period given. Therefore, a sample of organisations were selected to get some indication of the type and quality of the training being done in government. The following organisations were chosen to be evaluated.

- SEDA
- National Productivity Institute
- National Youth Development Agency
- Tourism Enterprise Partnership
- Technology Innovation Agency
- SETAs
- Gauteng Economic Development Agency

A literature review was done on each organisation to find out what specific entrepreneurship training were offered. The following programmes were to be further research by contacting a representative of the organisation.

- Seda Technology Programme
- Seda - Empretec
- Seda learning academy - Startup 1
- Seda learning academy - Startup 2
- National productivity institute - SMME intervention
- National productivity institute - Workplace Challenge programme
- National youth development agency - Business Voucher Programme
- National youth development agency - Entrepreneurship and management training
- Tourism enterprise partnership - Mentorship programme
- Tourism enterprise partnership - Market access
- Tourism enterprise partnership - Business skills programme
- Technology innovation agency - Bio-technology programme
- Seta service - New venture creation programme
- GEDA - Y-age
- GEDA - Gauteng enterprise propeller
- GEDA - Innovation hub

Each one of the following organisations was contacted by email and phone to request an interview with the correct representative to get an understanding of the type of training and the effectiveness of the training. All contacts were supported by a letter from the HRDC, as well as, a letter from the head of the DTI.

Unfortunately, many of the organisations did not respond to multiple requests for interviews. In many cases certain individuals in the organisations would be happy to be interviewed, but after speaking to superiors cancelled interviews. For a full list of organisation that did not respond to requests in the month since contacted see appendix.

4.2 Programmes targeted at high capital entrepreneurs

4.2.1 Overview of programmes

The following high-capital programmes were where researched to understand impact and the structure and type of programmes offered.

- Technology innovation agency - Bio-technology programme
- National productivity institute - Workplace challenge
- Seda - Empretec
- GEDA - Innovation hub

Table 5: A sample government programmes targeting high capital entrepreneurs

	Seda Learning Academy Empretec Programme	TIA - Bio-technology Programme	NPI - Turnaround solutions
Promotion	Referral by SEDA branches. Roadshows.	Distributor through university bio-technology departments. Word of mouth and recommendations.	Word of mouth. Roadshows.
Selection	Don't have statistics on selection numbers. No one applies they are referred by the SEDA branches.	In the first phase of the programme 100% that apply get accepted. During the 2nd and 3rd phase of the programme about half get accepted. Meaning of entrepreneurs that apply to all 3 programmes about 1 in 4 make it through the full programme.	Organisations apply for the programme. Organisations that meet the criteria are accepted into the programme.
Selection criteria	Between 5 to 50 employees. Must be an existing business.	Have to have a workable idea. Have to have some intellectual property. Must be a technology business. Pay registration fee of R500	Mainly small and medium enterprises in the manufacturing sector. Most companies on the programme have between 50 to 250 employees, but bigger companies are welcome.
Type of business	Most entrepreneurs are between the age of 35 to 50 years with 10 to 15 years of industry experience. All entrepreneurs have a matric or more.	Most attendees of the programme have a post graduate degree in science and engineering fields. Most of the successful applicants are between 35 to 45 years. Younger applicants have been less successful.	Business employ must employ over 50 people. The large majority of businesses are in construction and manufacturing sector, however business are helping in a wide variety of sectors.
Curriculum	The Empretec programme is focused on a behavioral approach to entrepreneurship focusing on developing 10 key behaviors found in successful entrepreneurs.	Overview of science and technology innovation space in SA. IP management, idea to product process. Financial. No focus on sales and customer development.	The curriculum consists of two programmes Turnaround and Proactive solutions programme. Business skills and productivity skills create the core of the programme.
Length	6-full days of training. Monday to Saturday afternoon. 48 hours of contact time in total.	It is a 3 phase programme including a total of 100 hours of contact time done in week or 2-day blocks.	The implementation takes place over a 18-month period.
Instructor expertise	High capital or medium capital trainers. Must have a 3 year entrepreneurial qualification. Do 6 training programmes to become a trainer of the programme. Don't know if have entrepreneurial experience.	High capital instructors. Most have either deep domain expertise or entrepreneurial or industry experience.	High capital instructors with deep domain expertise on productivity, productivity systems and early warning systems.
Number of instructors	4 instructors 1 master trainer and 3 facilitators per course.	43 instructors and mentors are involved in the programme with a balance from industry and academia.	Unknown.

Instruction method	A wide variety of instruction methods are used including: lectures, games, role playing, films and videos, assessments.	The core of the course is built around lectures and case studies based presentations.	Creation of a future forum including management and labor. Traditional lecturing training.
Additional services	Services offered by SEDA. Are going to start linking them up with mentorship services.	TIA offers financing and mentoring in the phase 4 of the programme.	Formation of management forums. Helping set up monitoring and evaluation system to improve productivity.
Evidence of effectiveness	Did not have the figures on hand, but said that SEDA M&A would have them. Have trained 340 entrepreneurs to date.	The record to date is as follows: Year 1: 4 business started Year 2: None have registered yet. Year 3: None have started however predict that 30% will start businesses.	Helped maintain or create 10 000 jobs in 2012 helping 97 companies. Since the programmes inception in 2000 the programme has managed to save 154 496 jobs and create 600 new ones.
Costs	SEDA subsidizes about 90% of the cost of the business. Two types of courses are offered one with in which accommodation and venue costs and one without. The cost per entrepreneur excluding overhead is as following: Venue and accommodation costs included: RR10 000 per entrepreneur Training cost only: R1660 per entrepreneur	Excluding overheads the cost per entrepreneur to go through the full programme is R70 000.	Costs vary based on the size of the interventions. The programme is partly subsidized with 65% of the fee subsidized and 35% paid by the client.

Source: Compiled by the author

4.2.2 Comparisons

Table : High capital comparison

	Best practice programmes	Government programmes
Promotion	<ul style="list-style-type: none"> Well branded and easy to navigate internet sites Wide variety of promotion methods Investment in promotion 	<ul style="list-style-type: none"> Variation between successful programmes and less successful programmes Some had no websites and limited promotion
Selection	<ul style="list-style-type: none"> Tough entry requirements Rigorous selection process Low rates of acceptance 	<ul style="list-style-type: none"> Variation between successful and less successful programmes Less successful programmes had no or limited selection process Less successful programmes had high rates of acceptance
Curriculum	<ul style="list-style-type: none"> Customer development and lean entrepreneurship for early stage startups Customised curriculum for established businesses 	<ul style="list-style-type: none"> Limited focus on sales and customer development Standard curriculum
Teaching methods	<ul style="list-style-type: none"> Mentoring and coaching main method Feedback session from panels/advisory boards Guest lectures 	<ul style="list-style-type: none"> Lecturing Formation of groups between management and labour
Instructors	<ul style="list-style-type: none"> High growth entrepreneurs Business leaders Leading domain experts Professional investors 	<ul style="list-style-type: none"> Big variation Facilitation expertise Deep domain expertise
Length	<ul style="list-style-type: none"> Early stage 3-months Established 2-years or more 	<ul style="list-style-type: none"> 1-week sessions early stage Established 18-month
Additional services	<ul style="list-style-type: none"> Access to funding Access to an elite community 	<ul style="list-style-type: none"> Variation between programmes Mentoring and coaching

	<ul style="list-style-type: none"> • Coaching and mentoring 	
Effectiveness	<ul style="list-style-type: none"> • NSF: 90% projected startup rate, 30% make 1st sale during course • TechStars: 90% exit or survival rate 10 jobs per entrepreneur • Endeavor: 336 jobs per entrepreneur • Aurik: • RaizCorp: 90% plus survival rate, 20 jobs per entrepreneurs (over period being assisted) • Aurik: 8 jobs per entrepreneur per year 	<ul style="list-style-type: none"> • Empretec: Did not provide evidence • TIA: Startup rates of 0 to 30% depending on year. • NPI: Helped maintain or create 10 000 jobs in 2012.
Costs	<ul style="list-style-type: none"> • NSF: Unknown • TechStars: Unknown • Endeavor: Unknown • Aurik: Unknown • RaizCorp: Unknown 	<ul style="list-style-type: none"> • Empretec: R1 700 per entrepreneur excluding overheads • TIA: R70 000 for all 3 phases excluding overheads • NPI: Unknown

Source: Compiled by the author

4.3 Programmes targeted at medium capital entrepreneurs

4.3.1 Overview of programmes

- Seda Technology Programme
- National productivity institute - SMME intervention
- Tourism enterprise partnership - Mentorship programme
- Tourism enterprise partnership - Market access
- GEDA - Innovation hub

Table 6: A sample of government programmes targeting medium capital entrepreneurs

	SETAs New Venture Creation	TEP Mentorship programme	SEDA Technology Programme
Promotion	Entrepreneurs are sourced through SEDA or Departments of local economic development.	Promotion of the programme is done through the following methods: The 9 provincial offices Partnership with the tourism department Word of mouth	A variety of promotional methods were used depending on the incubator programme.
Selection	About 1 in 4 that apply to the programme get in. Selection involves an interview, literacy and numeracy test and a site visit to the business followed by an internal discussion to make the final decision.	About 1 in 2 that apply to the programme get in. About 100 entrepreneurs get mentored each year.	
Selection criteria	To get into the programme the business must be running for at least 2 years. Must be proficient in Maths and English. Must have a matric or grade 12	To qualify for the mentorship programme the entrepreneur must have: 2 year of financial statements Have a business plan Must operate full-time in the business A 3-step selection process is done including an application, needs assessment and finally a one on one interview	Selection criteria varies between incubators.
Type of business	Business are usually generating in excess of R5000 rand per month. Some are generating of the more better businesses will be generating revenues of R15 000 to R20 000. Average age of most	The type of business varies, but the most common businesses are bed and breakfasts and tour operators. With the average age of entrepreneurs that get onto the programme are in their	The average turnover of a STP incubatee was R21500. Many of the incubators focus on small business such as construction or furniture businesses rather than business with high potential to grow.

	entrepreneurs is 30 years with at least 5 years of business experience.	mid 40s. Turnover of the businesses range from R5000 per month to R150 000 per month.	
Curriculum	Curriculum includes management and entrepreneurship. The core modules include: Innovative thinking, Costing and pricing, theories of motivation, understand the entrepreneurial profile, financing new ventures. Negotiation and business planning.	The mentorship programme begins with a 1-day programme where entrepreneurs are introduced to the mentor. There is no formal curriculum but each mentee will have a growth development plan with short and medium objectives.	
Length	75 days of lecture time over the course of 12 months with 2-months of post course support.	6 month mentorship. 8 hours per month of one on one mentoring. This does not include emails and phone calls.	Length of interventions varied between incubators.
Instructor expertise	Instructors are generally people in their 30s. Prefer instructors with degrees. Instructors ideally have a fair amount of facilitation experience, as well as, subject matter experts. Instructors are paid between R1000 to R15000 per day.	Mentors are either general managers in the Tourism industry such as City Lodge managers or successful small business owners that have gone through the programme.	Varied between medium capital to high capital instructors depending on incubator.
Number of instructors	Two or three instructors with 4 or 5 coaches or mentors.	Single instructor.	
Instruction method	A wide variety of instruction methods are used including: lectures, games, prescribed business activities, role playing, assessments guest lectures and coaching and mentoring.	One on one mentoring.	
Additional services	Mentoring and coaching is offered to entrepreneurs that are struggling.	The TEP offers the following additional services: Funding for services Skills training Market access programme	
Evidence of effectiveness	Most business experience a 20% increase in sales. However, the best business sometime increase sales by 100% over the course of the programme.	Have created 70 000 jobs since 2000 helping increase revenues of SMMEs by R5,7 billion. In 2012 the TEP report helping created 5095 person years of work.	In 2011/2012 year STP reported: Helping establishing 295 new SMMEs Supporting 1 845 businesses 1517 direct jobs created
Costs	R20 000 per participant for the whole year. Excluding venue and food.	R40 000 per entrepreneur excluding the overheads.	R109 567 006 is the reported costs of the 2011/2012 year. Meaning the total cost of supporting each client cost R59 386. And each job created cost R72 226. Cost per business created was R371 413 (unknown if figures refer to supported or established businesses)

Source: Compiled by the author

4.3.2 Comparison of medium capital programmes

	Best practice programmes	Government programmes
Promotion	<ul style="list-style-type: none"> • Heavily promoted programmes • The programmes with a bigger reach have used partner organisations 	<ul style="list-style-type: none"> • Promotion strategies varied depending on institution.
Selection	<ul style="list-style-type: none"> • Rigorous multi-stage selection process • Low acceptance rates 	<ul style="list-style-type: none"> • Variation in selection
Curriculum	<ul style="list-style-type: none"> • Management • Entrepreneurship • Team formation • Customer development • Lean entrepreneurship 	<ul style="list-style-type: none"> • Management • Entrepreneurship • Customised
Teaching methods	<ul style="list-style-type: none"> • Lectures • Mentoring and coaching 	<ul style="list-style-type: none"> • Few or single instructors
Instructors	<ul style="list-style-type: none"> • High capital instructors • High growth entrepreneurs • Deep domain expertise • Over decade worth of business 	<ul style="list-style-type: none"> • Medium capital instructors in less successful programmes • High capital in TEP

	experience <ul style="list-style-type: none"> • Between 7 to 50 instructors and mentors 	
Length	<ul style="list-style-type: none"> • Most programmes were 4-months or longer with the exception of Startup Weekend 	<ul style="list-style-type: none"> • 6-months to 3-years
Additional services	<ul style="list-style-type: none"> • Mentoring and coaching • Access to community • Access to funding 	<ul style="list-style-type: none"> • Mentoring and coaching • Access to funding
Effectiveness	<ul style="list-style-type: none"> • Startup Weekend: 36% startup rate • Founder's Institute: 90% survival rate, 12 jobs per startup graduate • Kamina Friends: 80% plus survival, 6.7 jobs per business expansion/startup • SAB Kickstart: 80% survival rate, 6.7 jobs per startup • 10 000 women: 4 jobs per startup • Branson centre: 2.2 jobs per startup 	<ul style="list-style-type: none"> • SETAs: 20 to 40% increase in sales (based on one learnership programme) • TEP: Did not provide evidence • STP: 80% survival in 2 years, 1.2 jobs created per business supported
Costs	<ul style="list-style-type: none"> • Startup weekend: R500 per attendee • Founder's institute: R9 000 per attendee (\$1000) excluding overheads • Kamina friends: Unknown • SAB Kickstart: R10 million for whole programme including funding • 10 000 women: Unknown • Branson Centre: R38 500 per entrepreneur including overheads (Phase 1) • Full course R105 000 per entrepreneur 	<ul style="list-style-type: none"> • SETAs: R20 000 per entrepreneur excluding overheads • TEP: R40 000 per entrepreneur excluding overheads • STP: R60 000 per entrepreneur including overheads

4.4 Programmes targeted at low capital entrepreneurs

4.4.1 Overview of programmes

A large number of programmes targeting low capital entrepreneurs have been developed and implemented by government. Unfortunately many of the organisations that were attempted to be contacted did not response to multiple email and telephone requests for interviews.

- Seda learning academy - Startup 1
- Seda learning academy - Startup 2
- National youth development agency - Business Voucher Programme
- National youth development agency - Entrepreneurship and management training
- Tourism enterprise partnership - Business skills programme
- GEDA - Y-age
- GEDA - Gauteng enterprise propeller

Table 7: A sample of government programmes targeting low capital entrepreneurs

	NYDA Entrepreneurship training	GEDA Gauteng Enterprise Propeller	NPI SMME intervention
Promotion	A variety of promotional activities are used to attract participants including: workshops at higher institutions, marketing through partner organizations and inquires and NYDA offices.	A variety of promotional methods are used including: Street pole adverts, exhibitions, websites, agencies within government looking for training, walk in per office.	The NPI uses a wide variety of promotion activities: Public promotion, awareness sessions, link up with municipalities, partnerships and roadshows speaking to business chambers and public forums.
Selection	No selection. Anyone who is interested may attend the course.	Did not know how the selection process took place.	Business that is operating for at least 6 months. 100% of people that apply can attend.
Selection criteria	No selection. Anyone who is interested may attend the course that is between the ages of 18 to 35.	Did not know the selection process. However, knew that a commitment fee of R50 was paid by participants.	No selection is done. 100% of people that apply can attend.
Type of business	Most aspiring entrepreneurs that attend have a matric usually they are studying a tertiary qualification. About 20 to 30% have work experience. Very few business have any form of intellectual capital, usually caters, beauty consultants and construction businesses.	Did not know the education level or work experience of entrepreneurs. However, suggested that most business were survivalist with between 1 to 5 employees. Earning between R50 000 to R500 000 per year.	A variety of entrepreneurs or co-operatives are trained. Most entrepreneurs have no tertiary qualifications. Aspiring entrepreneurs often don't have a matric. Many have never had a formal job. Most entrepreneurs are earning less than R10 000 per month.
Curriculum	Business management and introduction to entrepreneurship. Manuals are provided by SEDA.	Business management Accounting and bookkeeping	The business performance improvement workshop includes the following modules: Wastage elimination How to increase sales Reducing operational cost Maximizing profits Early warning systems
Length	8 x 4 hours sessions with a total contact time of 32 hours.	2-day and 3-day course. 8 hours per day. TEP works with entrepreneurs from 6 months to 1-year	The programme is run over 5 weeks with one module per week. Each model takes 1-day with 6 hours of contact time.
Instructor expertise	B Tech (Management science) No industry, management or entrepreneurial experience. This was the facilitators first job.	The level of instructor expertise we unknown. However, all providers were approved suppliers through the SETAs. Most instructors have a tertiary education.	Typical qualification of trainers is a honors in psychology. That have specialist knowledge in organisaitonal development and productivity. Most trainers are 40 or older. All trainers to 6 months on the job training.
Number of instructors	Single instructor. With guest lecturers from SARS or franchisors.	Single instructor.	Most training is done by a single instructor.
Instruction method	Lectures, games, role playing, guest lecturers from SARS.	Lectures and presentations with prescribed activities between sessions.	A variety of instruction methods are used. Lectures, games, business activities that are followed up and assessment of performance.
Additional services	None.	The GEP offers a number of additional interventions including: Bookkeeping, funding, business development and co-operative support.	None.
Evidence of effectiveness	Did not have evidence of impact on hand.	While the representative did say there was impact reports. Multiple requests did not lead to the information being provided.	Currently do not have evidence of impact, but are currently busy with a study to asses impact.
Costs	Did not know the running cost of the programme.	R24 000 for facilitator fees for both courses.	Venue and food are provided by SEDA or municipalities. Training costs per delegate are about R1 200 for the 5 modules.

4.4.2 Comparisons

Table : Comparison between best practice and government programmes

	Best practice programmes	Government programmes
Promotion	• Nearly all of the programmes used a network of distributors or partners to	• Focus on promotion of programmes usually done internally

	promote their programmes/products	
Selection	<ul style="list-style-type: none"> • All programmes were open to anyone will to pay the purchase price • The Clothing Bank however having a slightly more hands on model had a comprehensive selection process that only 1 in 5 entrepreneurs got in 	<ul style="list-style-type: none"> • 100% acceptance rates • No or limited selection
Curriculum	<ul style="list-style-type: none"> • Franchising training • The Clothing Bank offered a very comprehensive management and life skills curriculum to supplement the franchise training 	<ul style="list-style-type: none"> • Management skills • Teaching about entrepreneurship • Operational skills
Teaching methods	<ul style="list-style-type: none"> • None with certain products • Franchise training 	<ul style="list-style-type: none"> • Lecturing combined with common training methods, such as, role playing, discussion and games.
Instructors	<ul style="list-style-type: none"> • Medium or high capital instructors 	<ul style="list-style-type: none"> • Single instructor • Low or medium levels of human capital • NPI had deep domain expertise
Length	<ul style="list-style-type: none"> • Short training interventions focused specifically on franchise • The Clothing Bank was the one exception with a 2-year programme 	<ul style="list-style-type: none"> • Short courses ranging from 2-day training to 8-weeks
Additional services	<ul style="list-style-type: none"> • Access to a franchise system or productivity enhancing product 	<ul style="list-style-type: none"> • None with the exception of GEP which offers a range of mentoring, finance and bookkeeping services.
Effectiveness	<ul style="list-style-type: none"> • KickStart: 140 800 new business • Health Store Foundation:66 franchises helping 396 833 patients • VisionSpring: 9 000 entrepreneurs • The Clothing Bank: 275 entrepreneurs with average increase of R3000 to R4000 • Vodacom Community phone: 120 000 micro entrepreneurs 	<ul style="list-style-type: none"> • NYDA: No evidence provided • GEP: No evidence provided • NPI: Are currently conducting a study.
Costs	<ul style="list-style-type: none"> • KickStart: Pumps sell from between \$70 to \$150 (R630 to R1350) • Health Store Foundation: \$5000 (R45 000) • VisionSpring:\$75 (R675) • The Clothing Bank: R10 000 per entrepreneur per year • Vodacom Community phone: R370 for entry level phone 	<ul style="list-style-type: none"> • NYDA: Did not know • GEP: R800 per entrepreneur excluding overheads • NPI: R1 200 per entrepreneur

5 Conclusions and recommendations

5.1 Conclusions

While some government programmes are achieving excellent results (National Productivity institute and the TEP programme) many government have real room to improve the impact they are having. However, the authors believe that some of the poorest performing programmes did not get into the study as they were unable to respond to multiple requests for interviews. It raises the question if the author could not get a response out of the

organisations employees with a signed letter from the HRDC and doing research on behalf of the deputy presidents office, what type of response are entrepreneurs getting from many of the government programmes. During the course of the study the authors spoke to a number of entrepreneurs who had applied or attended government programmes and reported a similar lack luster experience.

5.2 Recommendations

- **Different types of interventions are effective for different type of entrepreneurs.** Looking at the best practice programmes across the different stages and life cycle of the business very few common elements were found in all of the programmes. There is a danger of trying a one solution fits. It is important that the right programmes are given to the right entrepreneurs at the right stage of the business life cycle.
- **Training alone is not an effective method for helping entrepreneurs.** None of the best practice programme offered training as a standalone offering. All of the most successful entrepreneurship programmes offered training in conjunction with additional services or offerings. If government is wanting to significantly increase the number of startups and established business in the country it must ensure that all programmes offer training in conjunction with other important services.

5.2.1 Recommendations for high capital entrepreneurs

- **Lean entrepreneurship and customer development.** Both the National Science Foundation I-Corps programme and TechStars teach customer development techniques to early stage startups. It is suggested that programmes targeting early stage innovation business include customer development and lean entrepreneurship techniques in there curriculums.
- **Customised curriculum.** For established high capital entrepreneurs the most common curriculum was a customised curriculum catering to the specific challenges of the business at that point in time. Successful programmes used customised curriculums where problems were diagnosed and solutions were developed in conjunction with instructors/coaches from the respective programme.
- **Instructors have extremely high levels of human capital.** In many of the programmes the instructors had extremely high levels of human capital. All the best practice programmes had instructors mentors and coaches that had successful built large companies or where highly regarded expertise in their respective fields.
- **Rigorous selection criteria.**
- **Access to a community of business leaders.**

5.2.2 Recommendations for medium capital entrepreneurs

- **Entrepreneurship and management.**
- **Low capital (survivalist) entrepreneurs are best assisted with micro-franchises and productivity enhancing products.** All of the best practice programmes offered to low capital entrepreneurs were micro-franchised based. If government is going to help the millions of survivalist entrepreneurs start earning a better living the only proven scalable model will be with micro-franchise. The authors were unable to find government micro-franchise programmes and in one article were warned of government creating market distortions by giving away products for free. The authors would suggest incentivizing high capital entrepreneurs and business to develop and create hopefully hundreds of successful micro-franchises each reaching 10 000s of entrepreneurs.
- **Use of monitoring and evaluation for improvement of impact.** Many of the government programmes did not have monitoring and evaluation programmes and those that did seldom were able to give data on the impact the programmes were having. It was clear the data was not being used to make decisions around the structure and effectiveness of programmes. The monitoring and evaluation needs to be used to consistently improve the impact of the programme, as well as, remove resources from programmes that are not producing results and put those resources into programmes that are producing results.
- **Careful selection of entrepreneurs for programmes.** Many of the government programmes had no or very limited selection criteria and made the programme open to all entrepreneurs that applied. As resources are limited government programmes need to focus allocating resources and training to entrepreneurs with the high chance of building successful businesses that create jobs and grow the tax base.
- **Training alone is effective method of teaching individuals to start or grow businesses.** All of the successful programmes combined training with other forms of assistance. Ranging from access to a community, access to funding, mentors, coaches, access to markets and
- **Use of high capital trainers and mentors.** All of the medium capital and high capital programmes made use of mentors or trainers with deep domain expertise or vast amounts of business experience or entrepreneurial experience. Unfortunately, many of the government programmes focused on using trainers with facilitation experience or qualifications. As was said when interviewing one of the best practice high capital programmes "they have access to accountants and marketers, but they are not very good. We help them get access to the best assistance". Programmes targeted at entrepreneurs wanting to build high-growth businesses need to be helped by highly skilled entrepreneurs and domain experts.
- **Entrepreneurial communities.**
- **Reallocation of resources to effective programmes.** Many of the organisations approached for interviews
- **Partnering with external organisations to roll out programmes.**

6 Appendix

6.1 List of programmes reviewed for evidence of effectiveness

No.	Organisation	Evidence of effectiveness

6.2 List of organisations approached

Organisation	

6.3 List of organisations interviewed

Name	Position	Institution	Contact
John Francis	Senior Manager	SEDA Learning Academy	jfrancis@seda.org.za
Karen Eksteen	HC Development Manager	Technology Innovation Agency	Karen.eksteen@tia.org.za
Tello May	Capacity Building Manager	Gauteng Enterprise Propeller	tmay@gep.co.za
Lalane Janse Van Rensburg		National Productivity Institute	
	Facilitator	NYDA	

6.4 Questionnaire for semi-structured interview

1. Representative interviewed

1.1 Name:

1.2 Title:

1.3 Telephone:

1.4 Email:

2. Programme details

2.1 Institution:

2.2 Department:

2.3 Programme:

2.4 How many entrepreneurs have you trained to date?

2.5 How many entrepreneurs did you train in 2012?

2.6 How many entrepreneurs did you train in 2011?

3. Programme length

3.1 How many hours do you spend in contact working with the average entrepreneur?

3.2 What is the total length of an intervention? How long do you work with the majority of entrepreneurs from first contact until they are finished being assisted by the programme?

4. Promotion and branding: What methods do you use to promote the programme?

5. Selection

5.1 What is the number of applications per acceptance? (i.e. The percentage of people the apply that get accepted into the programme?)

5.2 How many applications did you get in 2012?

5.3 How many entrepreneurs got accepted in the programme in 2012?

6. Minimum selection criteria

6.1. What is the minimum criteria entrepreneurs have to meet to get accepted into the programme? (i.e. Business turnover, education level, work experience, business age, entrepreneurial experience)

7. Selection methods

7.1. What methods do you use to select entrepreneurs? (i.e. Applications, payment, site visits, psychometric tests, document audits, interviews)

8. Human capital: Describe the level of human capital of your average entrepreneur? Education level, work experience, earnings, startup experience, industry experience)

9. Social capital: Describe the level of social capital of your average entrepreneur? (i.e. Access to industry networks, accountants, marketing and branding experts, consultants, lawyers, investors and successful high growth entrepreneurs)

10. Intellectual capital: Describe the level of intellectual capital of your average entrepreneur? (i.e. Innovativeness of business model, patents, R&D, highly skilled labor, education level, access to research, partnerships with research institutions)

11. Financial capital: Describe the level of financial capital of your average entrepreneur? (i.e Investments, personal assets, money to invest in the business, previous earnings, current earnings, turnover of the business)

12. Teaching methods

12.1. Describe what teaching methods do you use to train entrepreneurs?

12.2 Which of the following methods do you use to train entrepreneurs?

(Lectures and presentations, games and simulations, business activities, role playing, work experience, company visits, films and videos, e-learnings, assessments and tests, guest and expert lectures and coaching and mentoring)

13. Curriculum

13.1 Describe the curriculum that is used to teach entrepreneurs?

13.2 Which of the following topics are covered in your courses curriculum and how much time do you spend on each topic? [] Don't teach [] 1 to 5 hours [] 6 to 10 hours [] 10 or more

- Sales and selling skills Marketing and branding
- Human resources
- Operations management

- Creativity and management
- Opportunity evaluation
- Business plan and planning
- Accounting and finance
- Entrepreneurial mindset and motivation
- Customer development
- Effectual thinking
- Other

14. Trainers

14.1 How many teachers, trainers and mentors are involved in assisting a single entrepreneur?

14.2 Describe the level of human capital of the average trainer, teacher or mentor? (i.e. Education level, business experience, entrepreneurial experience, domain expertise, industry experience)

15. Additional services: Describe any additional services offered by your organisation that benefits entrepreneurs that is not strictly training? (i.e. Financing, mentoring, office space, bookkeeping, reception services, community, access to markets, franchising or tools)

16. Costs: Describe the cost involved in running the programme? (Set up costs, running costs, cost per entrepreneur with overheads, cost per entrepreneur without overheads, employees costs, other)

17. Evidence of impact: Describe any evidence of impact that your programme has had on the performance of assisted entrepreneurs? (Jobs created per entrepreneur, startup rates, average increase in sales, average increase in profit, average earnings, other)

6.5 References

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