

Full Length Research Paper

An exploratory study on entrepreneurial mindset in the small and medium enterprise (SME) sector: A South African perspective on fostering small and medium enterprise (SME) success

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Business success in the new economy is merely not a function of relevant skills; but also requires people who have entrepreneurial mindsets. As much as entrepreneurial mindset is important for business success, it is also vital to understand the current level of entrepreneurial mindsets in each entrepreneurial community by identifying which factors are lacking that needs to be improved as a means to foster the success of entrepreneurs. This study's objective is to understand the level of entrepreneurial mindset in the small and medium enterprise (SME) sector in South Africa. The population for the study comprised of entrepreneurs in the SME sector in Bloemfontein area. The questionnaire, answered by 86 entrepreneurs, was designed with the aid of an entrepreneurial mindset tool and Mind Prober 3.0. The respond and result gotten from the questionnaires distributed indicated a low level of entrepreneurial mindset in South Africa. This deduction led to the establishment of the fact that the lack of an entrepreneurial mindset contributes to the high failure rate of SMEs in South Africa. Further observation on this study also established that entrepreneurs with an entrepreneurial mindset performed better in certain factors (creativity, risk taking propensity, growth mindset etc) which are considered vital for business success. A culmination of these briefly exemplified elements thus makes it necessary to look into means and the need of fostering SME success in South Africa.

Key words: Entrepreneurial mindset, small and medium enterprises, success, South Africa.

INTRODUCTION

An entrepreneurial mindset indicates a way of thinking about business and its opportunities that capture the benefits of uncertainty (Dhliwayo and Vuuren, 2007). According to Senges (2007), it portrays the innovative and energetic search for opportunities and facilitates actions aimed at exploiting opportunities. Establishing an entrepreneurial mindset is important to sustain the competitiveness of economic organizations and the

socioeconomic lifestyle of the population through value and job creation. This importance is portrayed in the sense it enables supporters of new ideas to establish organizations with new valuable ideas, which are resourced and developed in an encouraging and enabling culture (Thompson, 2004). Previous research by Ireland et al. (2003), focused on the need for future generation to be more entrepreneurial; that is, creative or innovative, with the ability to act on opportunities. This perspective tallies with their stipulation that "the successful future strategists will exploit an entrepreneurial mindset...the ability to rapidly sense, act, and mobilize, even under uncertain conditions". McGrath and MacMillan (2000), further assert that individuals/ small and medium enterprise (SMEs) owners capture these benefits in their

Abbreviation: **SME**, Small and medium enterprise; **MAP**, multiannual programme; **KSAs**, knowledge, skills and abilities; **SEDA**, Small Enterprise Development Agency; **BEE**, black economic empowerment.

search and attempts to exploit high potential opportunities commonly associated with uncertain business environments.

To sense and adapt to uncertainty distinguishes a critical entrepreneurial resource (Ireland et al., 2003; Krauss et al., 2005; McGrath and MacMillan, 2000), while the ability to act, sense, and organize may be central to entrepreneurship. Entrepreneurial mindset researchers have focused primarily on those cognitive processes that slow down adaptive cognitions in the face of dynamic, uncertain environments (Mitchell et al., 2000); entrepreneurial mindset of students after following an entrepreneurship education course, as well as the various teaching techniques in improving entrepreneurial awareness and entrepreneurial skills (Pihie and Sani, 2009). Such an acknowledgement is not a criticism of this research; rather it is an attempt to try and draw attention to the direction of the existing literature to distinguish the purpose of the research.

In South Africa, the number of SME failures in year 5 varies between 50 and 95% (Willemse, 2010) and about 75% of new SMEs do not become established firms, which is one of the highest in the world. Von Broembsen et al. (2005) affirm that, in South Africa, the possibility of a new SME surviving beyond 42 months is less likely than in any other Global Entrepreneurship Monitor (GEM) sampled country. GEM (2008) reports that only 2.3% of South African owned SMEs have been in existence for over 3.5 years, with South Africa ranked 41 out of 43 countries in the survival rate for established business owner-managers, therefore signifying a high failure rate among start-ups.

South Africa also has a high unemployment rate, an official estimate of approximately 24.5% of the economically active population are unemployed (Statistics South Africa, Quarterly Labour Force Survey, 2009), which is the countries central and most salient problem. The various reasons for the high failure rates of SMEs in South Africa have been established, ranging from: shortage of management skills (Abedian, 2001; Willemse, 2010); a lack of access to finance (Willemse, 2010; Fatoki, 2010); and economic variables and markets (Ehlers and Lazenby, 2007).

Gree and Thurnik, (2003) reckon that the contribution of the SME sector cannot be sustained without the creation of new SMEs. From the perspective of Maas and Herrington (2006), the creation and sustainability of new SMEs is imperative to the economic prosperity of South Africa and an essential component to the solution to South Africa's development issues. However, according to FinMark Trust (2006), the top priority should be to influence the employment creation potential of SMEs and to promote SMEs development by ensuring an appropriate support and a favourable environment for opportunity-driven entrepreneurs who recognise and seize opportunities to establish new businesses.

The inability of SMEs to either create more job opportunities or grow is because of the perceived "mindset" of

its owners-identified as one of the major causes of SMEs failure rates (Nieman, 2006b). Entrepreneurs/individuals with an entrepreneurial mindset see needs, problems and challenges as opportunities and develop innovative ways to deal with the challenges, exploit and merge opportunities (Eno-Obong, 2006). McGrath and MacMillan (2000) argue that, possession of an entrepreneurial mindset is a primary way individuals can successfully move forward in an entrepreneurial process. Dhliwayo and Vuuren, (2007) emphasize that an entrepreneurial mindset is an important success factor for SMEs without which a business will fail. Likewise, Morris and Kuratko (2002), also who argue that the current business environment needs an entrepreneurial mindset that must unlearn traditional management principles in order to minimize the high failure rates of SMEs. This particular argument opens individuals/SMEs to modern styles of consciousness and securing them a place in modern business world (Spinosa et al., 1997). Also important is the fact that SME owners need to develop "creative mindsets" that will help them create new ideas and bring them to the market in an appropriate way that can create value for an external audience (Faltin, 2007).

The spotlight of this study is to scrutinize and comprehend the characteristics and important factors of an entrepreneurial mindset and to use a contemporary psychological tool and a self-assessment tool to explore the current mindset of entrepreneurs in the SME sector in South Africa. The basis of this focal point is to know which factors of an entrepreneurial mindset are lacking in the SME sector in South Africa and to be able to come up with ideas that can be used to improve these areas as a means of fostering SME success and thus reducing the high failure rates of SMEs in South Africa. This is necessary because evidence from various studies conducted by other researchers pinpoint the fact that a lack of entrepreneurial mindset leads to business failure. In addition to this, the study will also establish if/whether lack of entrepreneurial mindset contributes to the high rate of SME failures in South Africa.

Self-theories and characteristics of the entrepreneurial mindset

Dweck (1999; 2000) developed two self-theories of intelligence by providing insight into the psychological (motivational) processes essential for achievement. She stated that individuals hold either an entity theory of intelligence, known as a fixed mindset or an incremental theory of intelligence, known as a growth mindset. Individuals with a fixed mindset belief that one's intelligence, abilities, talents, and attributes are permanent and unchangeable. They further infer that one's ability comes from talents rather than from their slow development of skills through learning and as such give up or decline in the face of setbacks (Dweck, 2006). According to Johnson (2009) individuals with a fixed mindset, who

have low confidence, tend to adopt low performance goals, which in turn causes them to respond in a helpless characteristic manner-pattern of typical behaviours, thoughts, and feelings, when faced with challenges. Individuals with a growth mindset, on the other hand believe that one's ability and success are due to learning, that intelligence can grow and change with effort and believe in trying other approaches or seeking help when face with difficulties and tends to adopt learning goals. These individuals with either a high or a low confidence respond with a typical response pattern of thoughts, behaviours, and feelings in any situation they face by focusing on learning new ideas (Dweck, 2006; Johnson, 2009). The reasoning behind this is because most great business leaders who have been successful had a growth mindset, since building and maintaining excellent organizations in the face of constant change requires it (Dweck, 2006).

McGrath and MacMillan (2000) identify some characteristics of the entrepreneurial mindset to include: passionately seeking new opportunities; pursuing opportunities with enormous discipline; pursuing only the very best opportunities; focusing on execution; and engaging everyone's energy in their domain. These mindset characteristics are imperative because:

- 1). SMEs/individuals that are passionately seeking new opportunities are alert and always look for possibilities to make profits based on changes and disruptions in the way business is done.
- 2). Pursuing opportunities with enormous discipline. This means SMEs/individuals are not only alert enough to spot opportunities, maintain some form of register or unexploited opportunities, but also they act on the opportunities if they perceived them to be attractive and viable.
- 3). Pursuing only the very best opportunities implies that SMEs/individuals should avoid exhausting themselves and their organisation by not running after every option but remain ruthlessly disciplined about limiting the number of projects they pursue.
- 4). Furthermore, focus on execution means that successful SMEs/individuals are able to change directions in their process of exploring an opportunity.
- 5). Engaging energies of everyone in their domain means that SMEs/individuals are able to create and sustain networks of relationships both within and outside their businesses (Yaw, 2004).

Impact of on-going training, education and work experience on entrepreneurial mindset

In February 2006, the European Commission's Communication on "Fostering entrepreneurial mindsets through education and learning" intended to support Member States in developing a more methodical strategy for

entrepreneurship education based on evidence acquired under the Community's multiannual programme (MAP) (Leskó, 2007). In Rugtvedt (2006) perspective, entrepreneurship education is considered as a lifelong learning process that encourages the development of personal qualities and skills to enable the learner to survive in the world of business. A positive relationship has been established between education and business creation. This establishment necessitates the need for entrepreneurship education to maximize returns to more technical training in the dominant informal sector perspective. In this view, Timmons and Spinelli (2004), Lüthje and Frank (2002) affirm that, entrepreneurship education is increasingly important since it can be taught and it can contribute to job creation and create an impact on poverty alleviation. In concurrence, Ingrid and Yoshie (2006) reckon that sustainable education should begin in the early childhood since the individual values, behaviours, attitudes and skills acquired during this period might have a lasting effect over the rest of their lives. In this light therefore, Inger (2006) argues that if entrepreneurship education is a strategy to reinforce an individual's ability to see and exploit opportunities in an economic, social and cultural perspective, then entrepreneurship education should be used as a proactive strategy to build entrepreneurial personalities, organizations and societies.

Experience is an important factor in entrepreneurial success, especially if the experience is in the specific industry sector of the proposed business venture. According to Singer (1995) previous entrepreneurial experience is one of the most reliable forecasters of future entrepreneurial performance. Most literature studies have confirmed a positive relationship between the entrepreneur's prior experience, a firm's growth and survival of their businesses. In conducting a study on entrepreneurship, Pihie and Sani (2009) adopted three teaching techniques: running a real business, visit to business location, and interview with an entrepreneur. The outcome of this study demonstrated that students who preferred running a real business technique acknowledged that it enabled them obtain real business experience; allowed them to recognize and experience the sense of responsibility in understanding the risks and rewards of setting up a business as well as gain real experience in raising money; and planning all the business management functions (such as production, marketing, finance and the real business operation). On the other hand, Peterman and Kennedy (2003) in their studies validated that individuals, who had a low positive awareness on entrepreneurial experience before following the enterprise education program, witnessed significant changes in their knowledge towards starting a business after participating in the program. This is because enterprise education programs provides social experience, for example in opportunities to work out significant responsibilities, to create individuals own

businesses and to observe pertinent role models.

In South Africa, the education and training institutions offer very little entrepreneurial skills training, and as such influence the SME sector negatively. This was evident in a study carried out by the Departments of Education in the nine provinces, which confirmed that in almost 60% of the schools, no entrepreneurial education and training programmes is offered (Isaacs et al., 2007). Worthy of note here as indicated by Ladzani and Van Vuuren (2002) is the fact that, although a wide range of education and training programs exist, many institutions conduct training in only one functional area. Another increasing concern is that research output on most of these elements is very low on SMEs, with very little research (if any) on entrepreneurship. In this regards, questions can be raised on whether the major problem lies within the fact that research is required to document the training programmes offered and the effectiveness of these programmes.

Further assertion is made by Ladzani and Van Vuuren (2002) to the effect that very few training and educational programmes are assessed, thus highlighting a need for research to be undertaken to assess the content and impact of training programmes. More emphasis is laid by Alberti et al. (2004), who point out that in order to ensure effective entrepreneurship education, there should be a relationship between the goals of the entrepreneurship programme, the audiences to which the programme is delivered, the contents of the entrepreneurship courses or modules, the method of delivery or pedagogy, and finally the method of assessment. On the other hand, Davies (2001) brings to light the fact that it is difficult to introduce entrepreneurship as a discipline particularly in tertiary institutions because of different mindsets, funding method and confusion between entrepreneurship training and creation of small business managers. In consideration of the above, and on reflecting on the state of entrepreneurship education and training in South Africa, it is noticed that the existing strategy in place is not working. This therefore calls for the need to adapt a new strategy. Nevertheless, Isaacs et al. (2007), posit that education alone cannot completely prepare entrepreneurs to be successful business owners, but can increase the chances of business success.

The influence of risk on entrepreneurial mindset and business success

Risk according to Forlani and Mullin (2000) reflects the degree of uncertainty and prospective losses associated with the outcomes, which may be gotten from a given behaviour or a set of behaviours. Dhliwayo and Vuuren, (2007) in the same light define risk taking is an important element of the strategic entrepreneurial mindset. This is because risk-taking is essential for the success and growth of a business, which is based on how

entrepreneurs perceive and manage the risks in their environment. Dunlap, (2008) highlights that business ventures should adopt an entrepreneurial mindset wherein at the heart, lays the ability of the entrepreneur to accept and manage risk. A study by Nieuwenhuizen and Kroon (2002) revealed a strong relationship between the willingness to take risks (risk tolerance) and entrepreneurial business success, which further stresses the need for including risk in entrepreneurship education and training programmes. Looking at the argument put forth by Janney and Dess (2006), risk-taking decisions are more apparent in the new venture-creation process. Based on this argument, they make a conclusion with regards to three dimensions of the risk construct, which are risk as a variance; risk as a downside loss and bankruptcy; and risk as an opportunity. While Simon et al. (2000) also provide evidences that risk perceptions differ due to certain cognitive biases that drive entrepreneurs to perceive less risk; Ward, (1997) concludes that “without risk-taking, the prospects for business growth wane” and thus becomes imperative for entrepreneurial firms to be willing to take risk.

The impact of creativity and motivation on entrepreneurial mindset and business success

According to Dhliwayo and Vuuren (2007), entrepreneurial mindset is about creativity, innovation and taking opportunities that leads to organisational wealth creation and success and that this type of mindset enables entrepreneurs to make realistic decisions when faced with uncertainties. Creativity is a means to unlock the entrepreneurial potential of individuals, entrepreneurs and organisations, since new ideas and approaches are key ways on promoting an entrepreneurial culture. A study by Devanna and Tichy (1990) highlighted that creativity is very important for the success of the organisation. Similarly, Trevisan et al. (2002) in trying to examine the importance of entrepreneurial qualities amongst small business owners and non-business owners also found creativity to be one of the strongest distinguishing characteristics. Encouraging creativity is therefore a strategic choice that firms should take into consideration, since creativity creates a significant contribution to organizational innovation.

Motivation on the other hand reflects a complete psychological force that direct a person's behaviour in an organization, a person's level of effort, and a person's extent of persistence in the face of setbacks (Dunnette and Hough, 1990). Motivation helps entrepreneurs to acquire knowledge, skills and abilities (KSAs) and thus provide the impetus and energy needed to implement the actions (Shane et al., 2003). Motivation can possibly separate individuals who positively evaluate opportunities from those who do not; those who practice rapid growth from slow growth; those who receive outside funding from

those who do not and those who continue to chase opportunities as oppose to those who abandon all their efforts. To these researchers, there is a relationship between motivations and opportunities and by measuring the motivation of potential entrepreneurs and investigating the relationship between motivation and the decision made in simulation, researchers could then determine how motivation influence entrepreneurial decisions. Shane (2000, 2001) points out that to accurately measure the effects of motivation on entrepreneurial decisions, researchers need to know the level of forces exerted by the opportunities control the effects of opportunities and estimate correctly the effect of the individual motivations on entrepreneurial decisions. Tracy et al. (1998) in conducting their research equally found out that, by comparing a sample of individual level of motivation, researchers could be able to determine the contributions of particular motivations on the decision to become an entrepreneur. Atkinson (1957) is of the opinion that, individuals who have a higher achievement motivation prefer intermediate risk activities as such activities will be challenging but achievable and that individuals who have a high motive to avoid failure will avoid intermediate risks. Further findings are made by Shane et al. (2003) who established that, individuals differ extensively in their motivation to seize opportunities and that it will be rather interesting to know if certain motivations influence entrepreneurs to take actions in an attempt to discover new opportunities. Creating the right entrepreneurial mindset is therefore a challenge for educators and trainers, educational institutions, businesses, public authorities, and individuals. This is because the demands for entrepreneurs with the ability to see opportunities and be creative and innovative are affecting all spheres of life.

Business support mechanisms in South Africa for small and medium enterprise (SME) success

Over the past fifteen years, the South African government has invested in projects aimed at supporting and growing the SMEs sector, creating an enabling environment for SME survival, sustainability and growth (Adams, 2009; Ladzanil, 2001). According to the Business Environment Specialists (2009) review, the South African government focused concurrently on high-end enterprise development, and the encouragement of microenterprise activity as a way of narrowing the gap between the rich and the poor. An institutional framework was established consisting of support agencies such as Ntsika, which was later replaced by Small Enterprise Development Agency (SEDA). On the financial support section, Khula Enterprise Finance and the Apex Fund was put in place to make available micro-finance loans of less than R10 000. Also in terms of the policy front, the National Small Business Act was conceded in 1996, and the terms and conditions pertaining to the sector were built into the black economic empowerment (BEE) Codes of Good

Practice (Business Environment Specialists, 2009). However, despite profound efforts by the government and other support agencies to absorb the growing number of job seekers, South Africa lags behind other developing countries in promoting the growth and sustainability of small businesses and the impacts in the SMEs sector has fallen far short of what is needed to support job creation (Jessievaneck, 2009). Presently, emerging consideration now focuses on entrepreneurship and new firm creation and its potential for contributing to economic growth and job creation.

METHODOLOGY

Data collection and sample

Self-administered questionnaires were used in this research to obtain data from entrepreneurs in the Bloemfontein Area-South Africa. The questionnaires were designed in a manner that enabled entrepreneurs to complete it with ease within a relatively short period. This method was chosen because it enabled the entrepreneurs to answer the questions at their own convenient, since they are always busy. Also, this method ensured high anonymity of the respondent and as such enabled the respondents to be more candid and honest with their responses (Cooper and Schindler, 2003).

The questionnaire comprised two major sections. Section (A) encompassed of questions drawn out of the demographic and other general information of the entrepreneurs such as work experience, educational background and their desire to pursue business skills and knowledge. Section (B) included self-assessment questions extracted from Mind Prober 3.0 and Entrepreneurial Mindset Tool, developed by Collura and Applegate (2000). These tools were used to gain insight into the mindset characteristics of the entrepreneur. The results of the self-assessment questions were then inserted into Mind Prober 3.0 for analysis of each entrepreneur. A five point Likert scale was used in Section (B) where the entrepreneurs/SMEs owners were asked to state the extent to which they agreed or disagreed with the statements in the questionnaire. 110 questionnaires were administered with a 78.2% response rate. Analysis of the results from Mind Prober 3.0 was then done using GNU PSPP.

Research Instrument

Mind Prober 3.0:

It is one of the latest personality analysis software based on new psychological research, which helps gain powerful insight into a person's mind. Mind Prober contains professional psychometric formulas that give its power using your casual observations to scientifically construct an amazingly accurate description of any person you choose to evaluate. This study used mind prober to explore the entrepreneurial mindset characteristics of the entrepreneurs.

GNU PSPP

It is statistical analysis software. It is a replacement of the statistical software SPSS (Statistical Package for Social Science) with the advantage, that it, it is open source software available for free download by different computer operating systems at www.pssp.com. GNU PSPP was used for data analysis.

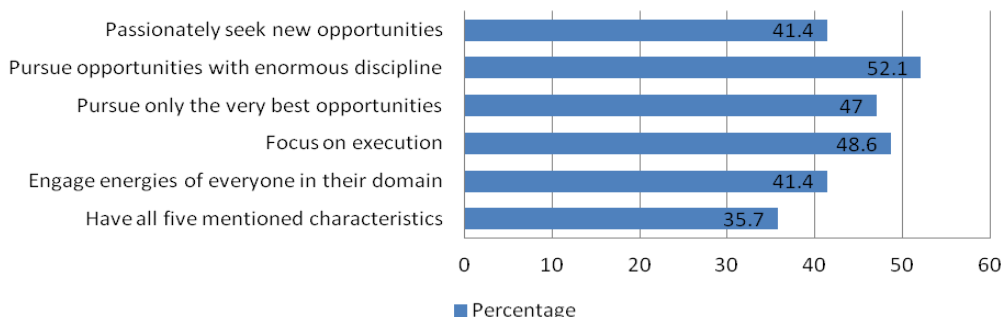


Figure 1. Level of entrepreneurial mindset characteristics in the SME sector in Bloemfontein.

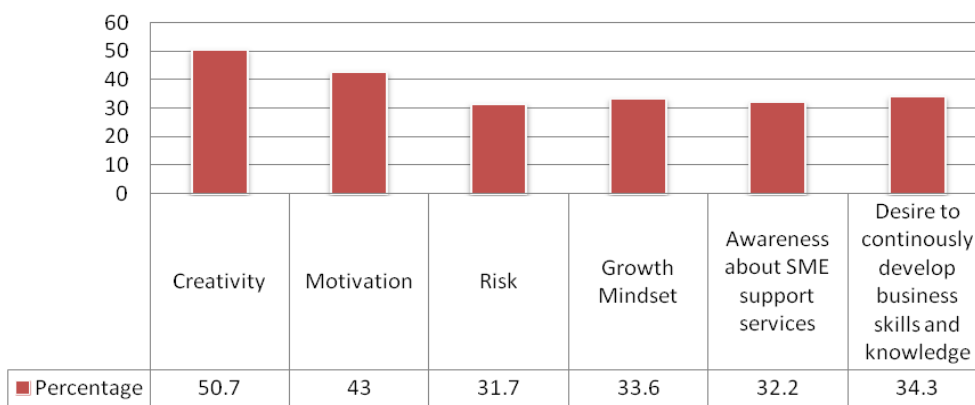


Figure 2. Level of factors that influence entrepreneurial mindset and SME success.

RESULTS

The results represented in Figure 1 indicates that, 41.4% on the entrepreneurs engaged energies of everyone in their domain when carrying out businesses activities; 48.6% of the entrepreneurs focused on execution; 47% of the entrepreneurs pursued only the very best opportunities; 52.1% of the entrepreneurs pursued opportunities with enormous discipline; 41.4% passionately sought new opportunities; and 35.7% of the entrepreneurs had all five characteristics.

The results represented in Figure 2 shows that, 50.7% of the entrepreneurs were creative, 43% possessed motivation, 31.7% had risk taking propensity, 33.6% had a growth mindset, 32.2% were aware of SME support services available in South Africa while 34.3% had the desire to continuously develop their business skills and knowledge.

The results represented in Table 1 illustrated that, for the entrepreneurs who had undertaken an entrepreneurial education, 53% of them had a risk-taking propensity, 66.7% were motivated, 70.3% of them had a growth mindset, 77.3% of them were creative and 85% of them were aware of SME support services available in their area. For the entrepreneurs who had not undertaken an

entrepreneurial education, 36.4% of them had a risk-taking propensity, 41% were motivated, 38.4% of them had a growth mindset, 45.5% of them were creative and 31.8% of them were aware of SME support services available in their area.

The results represented in Table 2 showed that, 68.5% on entrepreneurs with a growth mindset had the desire to continuously develop their business skills and knowledge; while only 38.75% of entrepreneurs with a fixed mindset had the desire to continuously develop their business skills and knowledge.

The results represented in Table 3 showed that, for entrepreneurs who passionately sought new opportunities, 71.3% of them were creative, 68.8% were motivated and 62.5% had risk-taking propensity. For those who pursued only the best opportunities, 76% of them were creative, 78.6% were motivated and 71.4% had risk-taking propensity. For those entrepreneurs who pursued opportunities with enormous discipline, 93.75% of them were creative 81.25% were motivated and 68.75% had risk-taking propensity. For the entrepreneurs who focused on execution, 86.7% of them were creative, 80% were motivated and 73.3% had risk-taking propensity. Lastly, for the entrepreneurs who engaged energies of everyone in their domain, 88.2% of them

Table 1. Relationship between entrepreneurial education and the factors influencing entrepreneurial mindset.

Variable	Risk	Motivation	Growth mindset	Creativity	Awareness of SME support Services
Entrepreneurial education (%)	53	66.7	70.3	77.3	85
Non entrepreneurial education (%)	36.4	41	38.4	45.5	31.8

Table 2. Relationship between type of mindset and the desire to continuously develop business skills and knowledge.

Type of mindset	Desire to continuously develop business skills and knowledge	Do not desire to continuously develop business skills and knowledge
Growth mindset (%)	68.5	31.5
Fixed mindset (%)	38.75	61.25

Table 3. Relationship between entrepreneurial mindset characteristics and the factors influencing entrepreneurial mindset.

Entrepreneurial mindset characteristics	Creativity (%)	Motivation (%)	Risk (%)
Passionately seeking new opportunities	71.3	68.8	62.5
Pursue only the very best opportunities	76	78.6	71.4
Pursue opportunities with enormous discipline	93.75	81.25	68.75
Focus on execution	86.7	80	73.3
Engage energies of everyone in their domain	88.2	92.3	69.2

were creative, 82.3% were motivated and 69.2% had risk-taking propensity.

DISCUSSIONS ON FOSTERING ENTREPRENEURIAL MINDSET IN SOUTH AFRICA

As revealed in the study by Dhliwayo and Vuuren, (2007) an entrepreneurial mindset is an important success factor for SMEs without which a business will fail. It is therefore necessary to understand the entrepreneurial mindset in the SME sector in South Africa as one of the means to foster SME success in South Africa. From the five entrepreneurial mindset characteristics tested in this study, for four of the characteristic, more than 50% of the entrepreneurs did not have the characteristic and only 35.7% of the entrepreneurs had all five characteristics. This gives an indication that the level of entrepreneurial mindset is low in the SME sector in South Africa. Thus amongst the various factors shown in other studies (Abedian, 2001; Willemse, 2010; Fatoki, 2010; Ehlers and Lazenby, 2007) as the reasons for high rate of SME failure in south Africa, entrepreneurial mindset is also a contributing factor. Increasing the level of entrepreneurial mindset in South Africa will help foster level of SME success.

In order to find a means to increase the entrepreneurial mindset of entrepreneurs, it is necessary to understand other factors that link directly with entrepreneurial mindset such as; continuous education, growth mindset,

creativity, motivation and risk taking propensity. Less than 35% of the entrepreneurs have a growth mindset, risk taking propensity and the desire for continuous education, with only 43% of the entrepreneurs having motivation and 50.7% having creativity, giving an indication that most of the SMEs do not benefit from the positive influences these factors contribute to the success of a business.

This study also shows that entrepreneurs with a growth mindset have a higher desire for continuous education as 68.5% of the entrepreneurs with a growth mindset showed a higher desire to continuously develop their business skills and knowledge while only 38.75% of those with a fixed mindset had the desire for continuous education. It is therefore vital to promote a growth mindset amongst entrepreneurs in the SME sector in South Africa as a means to foster SME success. The various ways to promote a growth mindset include believing that their intelligence can be developed (which will lead to a desire to learn and improve), embrace challenges to become stronger, see obstacles as external and setbacks/failures as opportunities to learn from, efforts as a necessary for grow and a mastery of useful skills (Pascale, 2009).

In addition, entrepreneurial education showed to be vital as entrepreneurs who had undergone an entrepreneurial education showed a high propensity to take risk, creativity, motivation, growth mindset and awareness of SME support services, while the levels were substantially low for the entrepreneurs who had not undergone an

entrepreneurial education. This is in line with a study by Inger (2006) who showed that, entrepreneurship education could be used as a proactive strategy to build entrepreneurial personalities, organizations and societies. The study further disclosed that most entrepreneurs who had the entrepreneurial mindset characteristics tested in this study had a high level of creativity, motivation and the propensity to take risk.

For each of the five entrepreneurial mindset characteristics tested, more than 70% of the entrepreneurs who had the characteristic had creativity, more than 65% were motivated and more than 60% had the propensity to take risk. Spinosa et al. (1997) argue that, current business environments need an entrepreneurial mindset that opens individuals/SMEs to modern styles (creativity, motivation, risk taking) to secure them a place in modern business world and unlearn traditional management principles in order to minimize the high failure rates of SMEs (Morris and Kuratko, 2002). Thus having identified in the literature the various impacts that creativity, motivation and risk taking propensity have on a business success, it is vital to promote an entrepreneurial mindset in the SME sector in South Africa as a means of fostering SME success. The rationale behind this is based on the fact that an increased entrepreneurial mindset will mean an increased growth mindset, continuous development of business skills and knowledge, creativity, motivation and the propensity to take risk.

Conclusion

The purpose of this article was to explore the entrepreneurial mindset in the SMEs sector in South Africa with the aim of developing SME success. The entrepreneurial mindset of entrepreneurs in the SME sector in Bloemfontein was assessed by looking at self-theories on entrepreneurial mindset; characteristics of entrepreneurial mindset; the impact of ongoing training; education and work experience on entrepreneurial mindset; the influence on risk taking on entrepreneurial mindset; the impact of creativity; motivation on entrepreneurial mindset; and lastly the impact of business support mechanisms in South Africa for SME success.

Literature studies pointed out that an entrepreneurial mindset is an important success factor for SMEs without which a business will fail (Dhliwayo and Vuuren, 2007). Entrepreneurs/individuals with an entrepreneurial mindset see needs, problems and challenges as opportunities and develop innovative ways to deal with the challenges, and exploit and merge opportunities. It is also evident that entrepreneurs' need to possess a growth mindset as oppose to a fixed mindset- a believe that one's ability and success are due to learning, that intelligence can grow and change with efforts and trying other approaches or seeking help when face with difficulties. Acquiring an entrepreneurial mindset requires re-learning how to motivate themselves, take risk, and become creative and

innovative. As indicated in the discussion that the level of entrepreneurial mindset is low in the SME sector in South Africa, with the low level of growth mindset and entrepreneurial education, it becomes necessary for these factors to be enhanced as a means of nurturing SMEs success.

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