

The SHAPE project: Shifting Hope, Activating Potential Entrepreneurship

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1. Introduction

Youth unemployment in South Africa is frighteningly high, with as many as 62% of those in the 18–35 age group unable to find work in a job market that is chronically unable to absorb new entrants, university graduates included (Herrington, Kew & Kew, 2017). Against this background, encouraging and promoting a culture of entrepreneurship becomes an issue of utmost priority for the national economy, but it also faces daunting obstacles and constraints. Young South Africans are well aware of the bleak prospects that face them in a search for employment (Cronje, 2013), yet very few entertain the notion of self-employment as a serious career option. Overall awareness of entrepreneurial possibilities and aspirations towards entrepreneurial enterprise have been notoriously low in the national culture, and particularly so among young people (Engelbrecht, 2012; Naidoo, 2013).

The general lack of interest in entrepreneurship among young South Africans is not surprising when we consider the problems that confront them in terms of accessing financial support, the poor infrastructure, lack of anchor investors and poor support and incubation opportunities (Shambare, 2013; Herrington et al, 2017).

More specifically, potential young entrepreneurs are also let down by inadequate and/or inappropriate education and training opportunities for an entrepreneurial career (van der Westhuizen, 2017). Lacking in

entrepreneurial self-confidence, and with little personal experience of entrepreneurial enterprises in the community, aspiring student entrepreneurs are poorly served by traditional training that is overly static and theoretical in course content and classroom-bound in pedagogy. Numerous commentators urge the need for a shift in entrepreneurship education to more action-centred, activity-based learning (Zuber-Skerritt, 2002; Marquard, 2004; Pedler, Burgoyne & Brook, 2005; Davies & Gibb, 2011; Revans, 2011; Sahay & Nirjar, 2012; Hannon, Gillinson & Shanks, 2013; Rae & Woodier-Harris, 2013).

2. The SHAPE philosophy

The SHAPE project (Shifting Hope, Activating Potential Entrepreneurship) at the University of KwaZulu-Natal is an incubator initiative designed to tackle these challenges head-on. Most importantly, SHAPE sees the issue of mindset as a crucial factor in endeavours to boost entrepreneurship in the national economy. For this reason, the SHAPE incubator systematically sets out to foster, encourage and refine entrepreneurial mindset, using a teaching approach in which activity is given priority ahead of theory and information.

Two conceptual principles that underpin the SHAPE incubator are Systemic Action Learning and Systemic Action Research. In SHAPE we:

- apply Living Theory teaching strategies to inculcate and foster Entrepreneurial Self-efficacy.
- engage young entrepreneurs in business incubation that will spur and strengthen Entrepreneurial Self-efficacy (ESE), Individual Entrepreneurial Orientation (IEO) and Entrepreneurial Intent (EI).
- study the ways in which Living Theory practices and exposure to business incubation results can generate sustained Entrepreneurial Activity.

The Living Theory features (see Aarhus Affairs, 2013) that propel the SHAPE incubator combine social technology, action teaching, action learning and an action research methodology (Hannon et al., 2013), in line with the Theory U framework developed by Otto Scharmer (Scharmer & Kaufer, 2013).

Scharmer's Theory U has been an important enabling vehicle for the SHAPE project; put briefly, enhancing Entrepreneurial Self-Efficacy and activating Individual Entrepreneurial Orientation calls for a shift from what Scharmer refers to as a "reactive response field" to a "generative response field."

The phases that he outlines in Theory U govern the sequence of the SHAPE incubation cycle.

Table 1: Theory U phases that frame the SHAPE incubator

Co-initiating	Key emphasis on finding common ground as students set about establishing relationships and roles with business intermediaries coming from the university, the municipality, the chamber of commerce, private sector business agents, corporate businesses, community leadership, and student peers with similar business interests.	Week 1 SHAPE Introduction. Panel discussions and sharing of business dreams.
	Young entrepreneurs learning the importance of connecting with like-minded people, organizations and agencies to develop business goals.	Week 2 The WHY of doing Business
Co-sensing	Centred on the core South African principle of Ubuntu (Chaplin, 2006): the potential for being human, valuing the good of the community above self-interest, helping others in a spirit of service, showing respect, being honest and trustworthy. Emphasis on togetherness and growing together.	Week 3 Systemic Vision
	Young entrepreneurs and their business intermediaries jointly participate in this incubation cycle.	Week 4 Myself and The Bigger Picture
	Students learn the importance of seeing business goals within a bigger interconnected system. Learning that their decisions have an effect on other systems.	
Presencing	Working towards transformation on several levels. Learning to let go of old dogmas and embark on a transformative journey where new inspirations can lead to personal innovation and business innovation.	Week 5 Personal and Product Innovation

To “learn from the future as it emerges”²⁴ students must practise letting go of past experiences and habits, acquiring open mind, open heart and open will for individual and collective development.transformation in a new journey of individual and collective development.

They need to acquire a mindset that sees many possibilities for creating potentially successful businesses.

Week 6

Forming Like-Minded, Like-Hearted and Like-Willed Business Friends

Co-creating	Hands-on business development and business prototyping. Learning to take immediate action for future solutions.	Week 6 Forming Like-Minded, Like-Hearted and Like-Willed Business Friends
	Developing prototype solutions for real business needs in real time. In this phase the students and their intermediaries look for ways to spark entrepreneurial action that can steer things in the direction they envisage for a transformative future.	Week 7 Business Model Canvass: Central Business Concept
	Students get 360 degree feedback from professionals and partners for improving their business concepts.	Week 8 Business Model Canvass: Value chain
		Week 9 Independent Group Work (work in your teams outside classroom)
		Week 10 Business Model Canvass: Business resources
		Week 11 Business Model Canvass: Financials

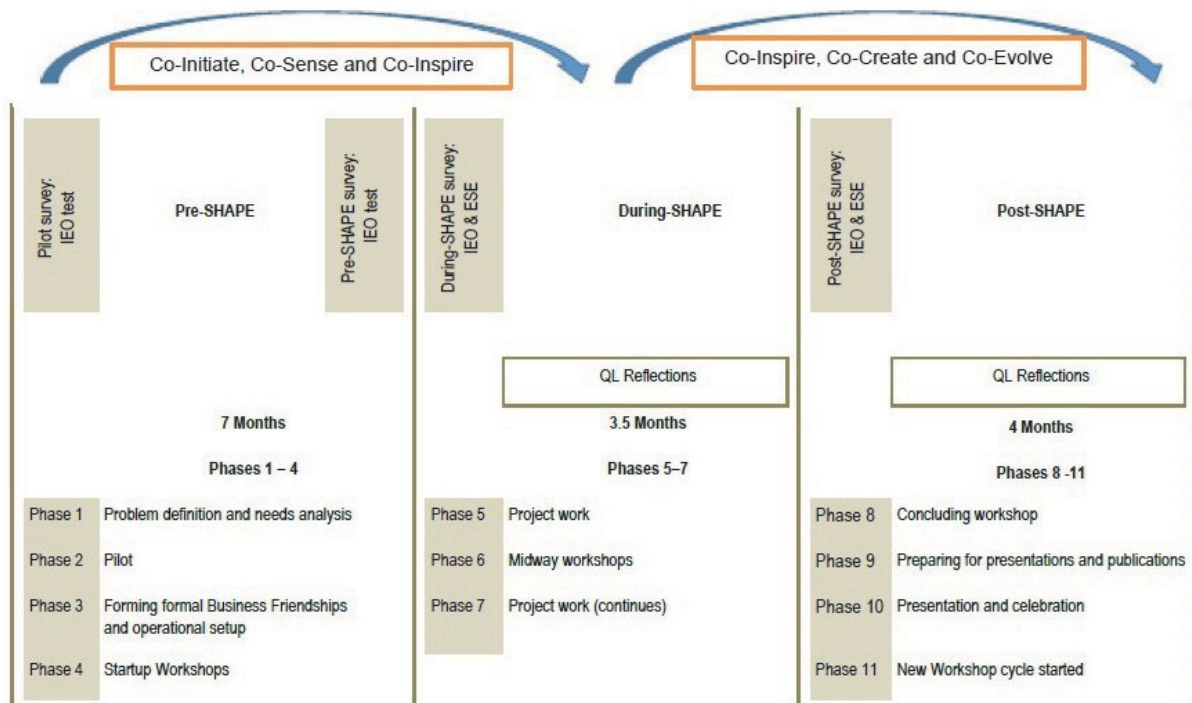
²⁴ Scharmer, C O, and K Kaufer. *Leading from the Emerging Future: From Ego-System to Eco-System Economies*. San Francisco: Berrett-Koehler, 2013.

(NEW INCUBATION CYCLE BEGINS)

Each young entrepreneur's new prototype and start-up now moves into a new cycle of business development with various options.

Those staying on as students can either continue using incubation space and mentorship with the university's UKZN InQubate unit or they can use private sector incubation space with Flexible Workspace, a company that provides up- market office space and administrative facilities.

Others options are to develop the new business without further incubation, either independently or through a partnership.



The SHAPE project timeline



Aspiring future entrepreneurs in the first SHAPE intake

3. The Criteria Used To Screen Applicants

3.1 Recruitment and screening

SHAPE originally targeted students in their second year of a 3-year degree course in the School of Management, Information Studies and Governance at the University of KwaZulu-Natal. For the launch in 2014 of the first incubator cycle, outreach began in 2013 when we ran a pilot test for first-year students in the School. The 2013 pilot was publicised on all campus

platforms, accompanied by information Sessions and presentations about the SHAPE opportunity. Pilot participants were then invited to enrol for the first two-year cycle of SHAPE that began in 2014.

In the next stage of screening, 320 applicants presented themselves for a diagnostic Individual Entrepreneurial Orientation (IEO) test. As a result 250 were able to meet timetable requirements and 200 took the step of enrolling for SHAPE.

The initial aim of SHAPE was to make it possible for students to spend two years with SHAPE and then to graduate with their degree *and* have their own businesses.

Those moving on to postgraduate studies could be invited to join in representing SHAPE or could use SHAPE as a focus area for postgraduate research. In this way SHAPE was designed to evolve as a



Living Theory project, with continuous cycles of systemic action learning and action research.

However, because participation in SHAPE is voluntary and is in addition to students' full-time academic coursework, it became clear that entry criteria needed to be changed to exclude academic at-risk students. Participation is now open to full-time Bachelor degree students in their third year of study or in their honours year, and to graduate students doing full-time or part-time Master's or doctorate degrees. Applicants must be in good standing in their registered courses.

Another important difference in the 2016-2017 cycle was SHAPE's new partnership with ABSA Bank, which provided support from a major financial organisation. The 2014–2015 cycle clearly indicated that young aspirants needed continuous interaction with practicing entrepreneurs. ABSA joined with SHAPE in managing the screening, sifting and selection process, and brought in 25 practicing entrepreneurs to collaborate with the SHAPE youth entrepreneurs.



Gathering for the opening information session in 2016–2017 cycle

4. Strategies to Encourage the Inclusion of Diverse Candidates

4.1 Recruitment diversity

SHAPE's parent institution, the University of KwaZulu-Natal, is vigorously committed to preserving, building and fostering a culture of diversity, as spelt out in its Transformation Charter²⁵. SHAPE sees itself, and is seen by the University, as a prime embodiment of this commitment.

The all-voluntary, self-selected participants in the 2014–2015 cycle of SHAPE were 67% men and 29% women. The ethnic profile (in South

²⁵ www.ukzn.ac.za/wp-content/miscFiles/docs/general-docs/the-ukzn-transformation-charter.pdf

African terms) of this first intake, influenced by the overall demographics of the UKZN student body, was Blacks 90%, Indians 4%, Whites 3% and Coloureds 3%.

5. The Infrastructure/Support Provided By the Institution

5.1 Support from our home institution



SHAPE uses UKZN venues and technical facilities for many of its activities. A big advantage is being able to draw on specialised expertise, and/or mentorship, from faculty members and support staff across the university, including designers and advisors in the corporate relations division.

SHAPE has financial support from the UKZN Teaching and Learning Office, from UKZN SMANCO in the School of Management, IT and Governance, and from the National Research Foundation's Thuthuka funding instrument.

6. Links to Other Entrepreneurship Activities within the Institution

6.1 UKZN MANDATE as an entrepreneurial institute

As part of the university's formal mandate, all student activities and curricula at UKZN should embrace elements of entrepreneurship

6.2 Academic courses in entrepreneurship

SHAPE participants and other students who haven't joined the SHAPE project can also take credit courses relating to entrepreneurship in their regular undergraduate, honours and post graduate degree programs at UKZN. These are shown in Figure 2.

UNEDERGRADUATE

HONOURS

POSTGRADUATE

The academic entrepreneurship journey



Figure 2: The academic entrepreneurship journey

6.3 UKZN

InQubate

UKZN InQubate²⁶ is a unit that supports and promotes social and commercial extension of university research. It's able to provide SHAPE students with basics such as office space and equipment, phone lines, and has meeting and presentation facilities that they can use. Students in a business start-up can contract to use InQubate business trading space either on a rental basis or in a shared equity agreement.



6.4 Support and encouragement for SHAPE outside the university

Support for entrepreneurial training has important implications for the local and national economy, stemming from the historical socio-economic context in South Africa and from the extreme youth unemployment rates.

Beyond UKZN, SHAPE works hard to connect with a comprehensive nexus of structural and infrastructural support. The support starts with our Business Friends – support and encouragement given to our students by experienced small and medium-sized business owners and entrepreneurs.



Some of our sponsors

²⁶ <http://inqubate.ukzn.ac.za/>

Useful support has also come from government agencies – more particularly from eThekweni Municipality, which has various business support units that have worked with SHAPE, providing mentors and assisting with registration of businesses. Sector-related help from central government, guided by the National Skills Development Strategy, has been less effective in the support of entrepreneurship development. In the private sector the support for SHAPE has included fruitful interactions with the Durban Chamber of Commerce (DCC). DCC newsletters for example keep SHAPE students in touch with business happenings they should know about. Networking is also important for businesses, and useful on-going links have been formed with other young entrepreneurs, such as a recent opportunity to connect with student visitors from the Massachusetts Institute of Technology. Also important is the fundamental issue of support from local communities – the foremost being communities from which our young entrepreneurs come, where many of them continue to live, and where they learn to connect with buyers and sellers in the principal market for the products and services they and their Business Friends seek to provide.



Workshop under the banner of the municipal support unit

7. The Performance of the Incubator/Initiative So Far



New business friends at the start of SHAPE 2014–2015

7.1 The 2014–2015 cycle

A survey conducted in 2016 to the SHAPE participants from the 2014-2015 cycle showed that nearly all of them were strongly committed to continuing their education and gaining academic qualifications. 49% were now in their honours year at university and 36% were doing postgraduate courses such as a Master's degree. Furthermore, of those still at university, 36% were in part time employment, well above the national employment rate for this age group, and an incredible 59% were engaged part-time in entrepreneurial activities.

7.2 The 2016–2017 cycle

The completion date for this cycle was the end of October 2017. Certificates of attendance (attendance at 80%+ of sessions and full completed business model) were awarded to 200 participants. From this group, 73 new business concepts were prototyped and are now ready for the next incubation phase.



SHAPE graduates 2017



Prototyping product concepts

8. Student impressions and testimonials

Early impressions: students look ahead as the SHAPE cycle gets underway:

I had to set my studying timetable to incorporate everything which was to take place during my SHAPE experience. This calls for a “cut above the rest” attitude, that has to have you focused, creative, hopeful, open to change, keeping you relevant within the growing economy and GDP.

I had been looking and longing for such a program, especially one that is conducted and in partnership with UKZN.

SHAPE is a foundation to all of us to build our legacy. SHAPE an activator, motivator and an incubator, let's get it done.

Getting into SHAPE will hopefully provide me with a large amount of information and experience about being a young entrepreneur and how to carry myself and face all the obstacles that come with being a young entrepreneur.

With SHAPE by my side I believe that I have skipped all the hard work that I was supposed to do to be entrepreneur in the future. Now have to put all my thinking on my business ideas clarity knowing SHAPE have everything else covered

I acknowledge that the road to success is not easy, it requires perseverance, risk-taking, being able to deal with challenges in the most effective way, being able to turn threats into opportunities

I believe in myself and will work diligently in facing the challenges and risk that may come along

since I joined SHAPE it taught me that failure is not end of the world and also taking a risk means you not just anybody but a brave person that can uplift the world.

Testimonials from SHAPE graduates

Many great business ideas have started flooding my mind

The joy and happiness started to move inside me.

Let the brain, muscles, nerves, every part of your body, be full of that idea

It's time ... to shift hope and to activate the young entrepreneur inside me.

Every day I woke up with a great feeling of knowing that I got that chance to shift and activate my potential into action.

Totally energized by the vision and purpose I have as a young entrepreneur to bring to the world

I am a growing budding seed looking to develop into a beautiful, strong flower and with the help of SHAPE and my ambition only the best is yet to come.

I know it's going to be a great year and I can't wait to live the future that SHAPE will be providing me with, and yes I GOT A GOOD FEELING.

So all in all I hope to one day look back and say I have transformed from young entrepreneur to a business MAN, transition will not be 'hunky-dory but the ride will be worth it!! Cause yes I GOT A GOOD FEELING.

Being a young entrepreneur means I must mould my ideas, dreams and ambitions into a course of action that will benefit not only me, but society as a whole. I hope develop my ideas in such a way that will secure my future and make my dreams come true.

As a young entrepreneur I not only dream, I motivate myself to strive to achieve my dream and hope for success in all the risks that come with being a young wise, well minded, and motivated entrepreneur.

Asking questions while I observe is what drives my desire to become a successful entrepreneur in future, of which I find it present with SHAPE scholar.



Working on a prototype

9. The Challenges that were Encountered

SHAPE students are sometimes reluctant to enter partnerships because they fear it could mean losing control. Funding is a perennial difficulty, with much still needing to be learned about attracting financial support – in particular, government funding for small business development. There also remains a lack of self-confidence among the young entrepreneurs, which leads to a lack of vision for growing their business.

As they begin to understand the advantages in start-ups that fall in line with government initiatives students tend to feel that there should be more support from government, and easier access to this help. They experienced difficulties and uncertainties in relation to policy, labour disputes, governance and (quite often) power supply in certain locations. They wanted better user-friendly systems and programs to support them, and they wanted loans to provide momentum to develop the small businesses.

Students learnt from the speakers at SHAPE that business success is limited if you confine your operation to a local area. They also learnt the need to grow their network and knowledge through travel, which can enable more opportunities and can provide new ideas for further growth. This is where

business improve entrepreneurship skills through their exposure and experience. In-service training, internships, and even voluntarily service opportunities would also be welcome.

SHAPE participants are often hindered by poor infrastructure and absence of entrepreneurial spirit in the communities where they live. They often experience a disconnect because families, friends and acquaintances show little support for their creative business ideas.

Outside of SHAPE and the university, young people find little support from educational institutions and few formal opportunities to learn practical business skills, leaving them with an unrealistic perspective of the working world.

Solutions from within themselves will only come from more exposure to business people who are prepared to share their stories of failure and success in real work scenarios. This will help to change perceptions on the practical possibility of meeting goals and challenges.

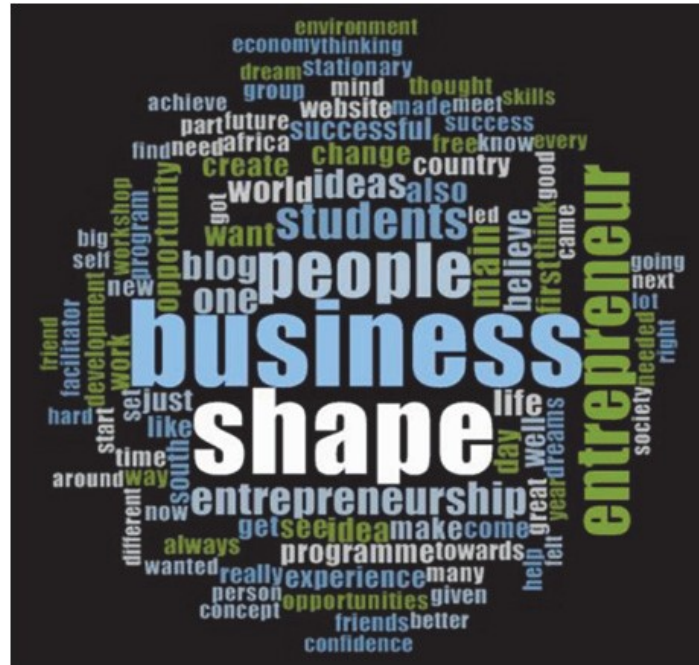
An important solution from government will be boosting support from the national Department of Small Business Development.

Private sector agencies are becoming increasingly supportive, seeing that support for entrepreneurship benefits them in return. Solutions to community disconnect need to be found through more information sessions, business networking events and partnering opportunities in profit-share structures. Government funding for infrastructure improvements will also be important.

10. Plans for Further Development

Looking ahead

During the 2018-2019 cycle of SHAPE more research will be done to explore how Theory U, Entrepreneurial Self-Efficacy, Individual Entrepreneurial Orientation, entrepreneurial intent and entrepreneurial activity can be utilised to enhance the start and success of new ventures of young entrepreneurs in South Africa.



Acknowledgements

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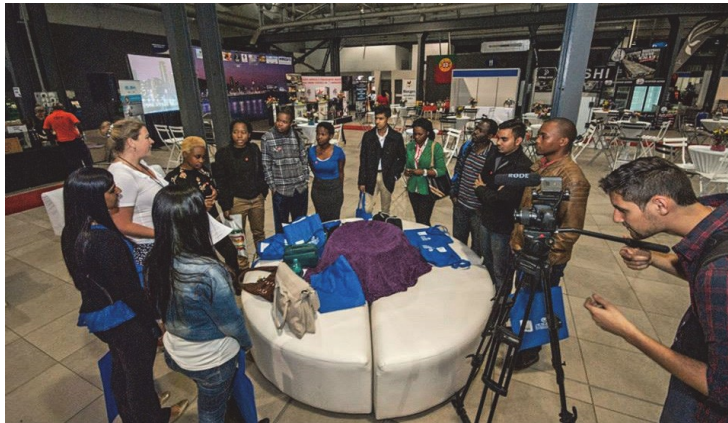


Business Consulting Company start-up by three SHAPE graduates

Thea Van Der Westhuizen and Wade Krieger




Sanele Khumalo started a kaftan design business for plus-size fittings




Briefing for the filming of a start-ups exhibition



Students Exhibiting at the Durban Business Fair 2015



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Bradley Porter from Flexible Workspace is assisting the young entrepreneurs with office space and meeting room facilities

Author Biographies



Dr Thea Van Der Westhuizen is based at the University of KwaZulu-Natal and is a multi award winning academic professional, acting as Deputy Convener for Department of Higher Education and Training in South Africa to develop academic entrepreneurship. She is founder of SHAPE

(Shifting Hope, Activating Potential Entrepreneurship) which was awarded Best Youth Development Organisation. She is also acting as International Director of Paddle for the Planet: Official flagship project of the International Olympics Committee.



Wade Krieger is based at the University of KwaZulu-Natal and is part of the team for the SHAPE project: Shifting Hope, Activating Potential Entrepreneurship. His research is on Barriers to Youth Entrepreneurship: A Systemic Approach. He was a speaker at the 29th SAIMS Annual Conference 2017