

**Rural entrepreneurs require interventions to increase  
their success rate in addressing the challenges they  
face**

12 March 2018

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A research project submitted to the Gordon Institute of Business Science, University of Pretoria, in partial fulfilment of the requirements for the degree of Master of Business Administration.

### ***Abstract***

This research set out to explore how successful rural entrepreneurs are in addressing the challenges they experience in growing their businesses. Their success rate in addressing these challenges impacts their business growth, and thus rural development. The challenges experienced by rural entrepreneurs, their growth intentions, and required interventions were studied. A cross-sectional qualitative research method was used, using a random purposive sample. It was discovered that the entrepreneurs' low success rate in addressing their challenges was mainly attributable to inherent problems relating to their context, such as the remoteness and underdevelopment of the area. Furthermore, poor access to entrepreneurial support and information, and a lack of awareness of available entrepreneurial interventions, exacerbates the problem.

The cross-sectional nature of the study made it difficult to measure the entrepreneurs' growth intentions versus their realised growth. The research objective would have been better-served by a longitudinal study over a long period of time. The low success rate highlights that interventions are necessary to address entrepreneurs' challenges, consequently improving their success rate. The suggestions made to support and stimulate entrepreneurial activities are important to various stakeholders including entrepreneurs, government, business, and the surrounding community. Every stakeholder has a role to play in rural development.

**Keywords:** rural development, rural entrepreneurs, challenges, growth intentions.

## **Declaration**

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other university. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

Sally Lindiwe Masumbe.

12 March 2018

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# 1 Introduction to research problem

## 1.1 Introduction

Entrepreneurship is an important driver of economic development and regional growth (Vansandt & Sud, 2012). There is empirical evidence to show that countries with higher entrepreneurial activities contribute more to gross domestic product (GDP) growth (Müller, 2016; Si et al., 2015). South Africa (SA) is a developing country that has recently experienced very low levels of growth, with GDP growth for the past three years averaging 1% (Tradingeconomics, 2017). Low levels of economic growth mostly affect rural residents and when there is economic growth, it is usually not inclusive (Vansandt & Sud, 2012). Inclusive growth is when multiple strata of society benefit from economic development sustainably, particularly the marginalised sectors of society (Vansandt & Sud, 2012).

For example, in the eight years from 2000 to 2008, SA experienced high levels of GDP growth with an average of about 4,5% (Tradingeconomics, 2017); however, the GINI coefficient remained fairly stable (WorldBank, 2017), meaning that the income distribution remained at the same levels of inequality despite the GDP growth. In addition, the poverty gap in rural areas remained constant at 53% in the 2005 to 2007 period (WorldBank, 2017) – the peak years of GDP growth within the selected eight year period. The poverty gap measures the depth of poverty by calculating the percentage difference between non-poor people and the actual level of poverty.

Approximately 19-million South Africans lived in rural areas as of 2016 and 77% of the population live below the rural poverty line (WorldBank, 2017). Consequently, South African cities have experienced high levels of urbanisation (WorldBank, 2017) as people move to urban areas to seek employment and a better standard of living (O’Laughlin, Bernstein, Cousins & Peters, 2013; Vansandt & Sud, 2012). This is part of the reason why the rural population has gradually decreased from 1994 to 2016, thus increasing urban population. The relationship between entrepreneurial activities contributing to rural development has been addressed by many authors who found that there was a positive relationship between the two (Si et al., 2015; Müller, 2016; Brunjes & Diez, 2013). Ferreira, Fayolle, Fernandes and Raposo (2017); and Marcotte (2013) found that entrepreneurial activities contributed to economic growth. For example, Yu, Zhou, Wang and Xi (2013) found that China’s vast rural dwellers’ entrepreneurial activities contributed to economic growth and poverty alleviation. Furthermore,

entrepreneurial activities contribute to the reduction of inequality, unemployment and the rate of urbanisation (Kolawole & Ajila, 2015).

Given the abovementioned positive findings, entrepreneurship studies are important and should be undertaken in order to understand the nature of local entrepreneurship and find ways to promote and stimulate rural entrepreneurship. Brunjes and Diez (2013) found that studies focusing on unemployment and rural entrepreneurship were rare in developing countries. "Given the potential rural entrepreneurship represents for less developed and underdeveloped countries, more research on the topic is an imperative" (Pato & Teixeira, 2016, p.1) Yu et al. (2013) also argued that the study and understanding of rural entrepreneurship activities are an important research area.

## **1.2 Research aim and purpose**

The purpose of this study was to understand the constraints experienced by rural entrepreneurs in growing their businesses, and to determine the type of interventions that would enable their businesses to grow. Increase in the number of employees, turnover and profitability were found to be popular business growth measures (Blackburn, Hart, & Wainwright, 2013). In their white paper, Levie and Autio (2013) found that there were as many as 19 measures for business growth in other entrepreneurial studies. In order to explore the richness and broadness of the entrepreneurial phenomenon, business growth measurements were not restricted to the popular measures in this study.

Delalić (2014) found that the key obstacles affecting the growth of rural business are primarily related to infrastructure, access to finance, access to markets, and soft skills. In addition, Koyana and Mason (2017) found that lack of education and skills were part of the obstacles hindering rural business in South Africa. Other than business growth constraints, rural residents are affected by socioeconomic issues such as lack of employment opportunities and poor living conditions (Daniels, Partridge, Kekana, & Musundwa, 2013), hence these residents move to urban sites where they are provided with potential employment opportunities and are offered promises of superior access to amenities and infrastructural services (such as electricity, piped water, transport links), and higher-quality social services such as schooling and public healthcare (Daniels et al., 2013). The effects of urbanisation in the rural areas include separation of families, temporary or for periods of time (Bennett, Hosegood, Newell, Mcgrath, & Africa, 2014) and child-headed families (Hall & Sambu, 2014).

Limpopo is the second poorest province in South Africa (Vid, 2014), with the highest proportion of households living below the poverty line (StatisticsSA, 2015) and a high number of marginalised individuals. According to Statistics SA (2015), Limpopo is ranked third and fifth in the low-income category and no income category respectively. Promoting and stimulating rural entrepreneurship in Limpopo will contribute to poverty alleviation in rural Limpopo (Vansandt & Sud, 2012), therefore keeping families together by decreasing urban migration and decreasing levels of unemployment and inequality in rural areas, resulting in more inclusive economic growth (Vansandt & Sud, 2012). Stathopoulou, Psaltopoulos, and Skuras (2004) argued that research should shift its focus onto territories in rural locations where marginalised groups live.

This study aimed to investigate the constraints experienced by Limpopo rural entrepreneurs and necessary enablers to grow their businesses in order to make a meaningful contribution to rural development and economic growth. Furthermore, it investigated how successful these entrepreneurs are in addressing the challenges they experience. This paper suggests ways to support and stimulate entrepreneurship in rural Limpopo. Korsgaard, Müller, and Tanvig (2015) suggested that there is benefit in treating rural entrepreneurship as a distinct context, and that it may lead to a better understanding of entrepreneurship in rural areas as well as greater appreciation. The understanding and appreciation is a prerequisite when researchers seek to assist rural entrepreneurs, and policy makers to create more sustainable rural ventures (Korsgaard et al., 2015).

### **1.3 Outline of the document**

This section defines the research problem and is followed by six chapters: the literature review, research propositions, the research methodology, results, discussion of results and the concluding chapter. The chapters are split in subsections that deal with different components of the main chapter. The literature review has three main sections: literature review on entrepreneurship on a macro-level, and a narrower section on rural areas. The entrepreneurship section is trailed by literature on rural development literature, constraints faced by rural communities, and success factors to enable entrepreneurs' businesses to grow. The literature review chapter is followed by the research propositions including the research questions used to guide the interviews and explore the entrepreneurs' insights and experience.

The proposed methodology discusses the qualitative research method used, the sampling technique, and the sample size. The methodology section also covers the data gathering process and how the data was analysed. Furthermore, it deliberates on validity and reliability of the research and lastly, ethical considerations and research limitations. The research findings trail this chapter, wherein the findings are presented per the research questions. This findings leads into the findings discussions presented per the research propositions and literature reviewed in chapter 2. Finally the paper ends by a conclusions and recommendations to various stakeholders, including entrepreneurs, government, business support agencies, private business and the surrounding community.

## **1.4 Contribution**

Entrepreneurship and rural economic development has been investigated from different angles and yet this phenomenon is not yet fully understood. This is mainly due to the fact that most rural entrepreneurial studies cannot be generalised as the places studied are unique in many ways (Brunjes & Diez, 2013). The researcher intended to contribute to the body of knowledge on the experiences and constraints facing rural entrepreneurs and the interventions required, through an inductive qualitative investigation. The entrepreneurs' intentions to grow their business and the nature of interventions required to enable their businesses to grow were also studied. Furthermore, ways to stimulate and promote rural entrepreneurship are suggested. The suggestions made to support and stimulate entrepreneurial activities may be of interest to stakeholders: entrepreneurs, government, businesses, and the community.

## **1.5 Conclusion**

In the peak years of economic growth in SA, poverty and inequality rates remained fairly stable, meaning even though SA's GDP grew it did not benefit all society strata. The poor remained poor and the rich grew richer. These are characteristics of non-inclusive growth. The effect of non-inclusive growth of low levels of economic growth mainly affects rural residents where the most marginalised and poor people live. All regions of the Limpopo province were found to be underdeveloped (Rogerson & Nel, 2016) and the province was found to be the second poorest province (StatisticsSA, 2015). Hence it is appropriate place to study the rural entrepreneurship and rural development.

In their study, Militaru, Pollifroni, & Deselnicu (2015) found that entrepreneurs have a catalyst role to play in the development of rural areas. Businesses found in the rural areas are usually small business and small to medium enterprises (SME's). According Lekhanya & Mason (2014), small businesses are critical to improving economic development in rural areas of South Africa. However, Lekhanya & Mason (2014) argued that rural entrepreneurs are still faced with challenges and problems that make the success of their business uncertain. This study aims to investigate the challenges that rural entrepreneurs experience in growing their businesses and how successful they are in addressing these challenges. The rural entrepreneurs' success in addressing their challenges has a positive relationship with their business growth. Furthermore, the study will investigate interventions necessary for the entrepreneurs to address their challenges and make recommendations to various stakeholders based on the findings.

## 2 Literature Review

### 2.1 Introduction

Korent, Vuković, and Brčić (2015) found that a high level of entrepreneurial activities had a positive relationship with the rates of unemployment in less developed countries. Korent et al. (2015) also found that countries with a higher level of entrepreneurial activity, regardless of whether it is conducted at the level of individual industries, region, or at the national level, enjoy greater economic growth at the same time. These findings are similar to the Global Entrepreneurship Monitor (GEM) report on South Africa which found that, in many developing economies, small businesses have been shown to contribute substantially to job creation, economic growth, and income equality. According to Welter, Baker, Audretsch, and Gartner (2017), entrepreneurship is an exciting field as it remains in exploratory mode, needing to be observed and assessed in order to understand the full range and richness of differences and variations that flourish around us.

“Entrepreneurial intentions in SA are significantly lower than for the African region as a whole, the regional average is 3, 6 times higher than SA” (Herrington & Kew, 2016, p.26), contributing to high levels of unemployment, inequality and poverty in the country. The increase in these social ills is not surprising considering that entrepreneurial intentions have dropped by 30% to 10, 9% compared to 2013 (Herrington & Kew, 2016). In addition, the GEM report found that SA has a high rate of youth unemployment figures, in the region of 60% (Herrington & Kew, 2016), thus making the study of entrepreneurship and rural development imperative. Stull, Bell, & Ncwadi (2016) found that South African rural areas face high rates of unemployment compared to developed countries. For instance, South Africa’s rural national unemployment rate is significantly high at 25,5% (Walsh & van Rooyen, 2015) compared to Australia’s remote and very remote areas’ unemployment rates of 5,1% and 7,9% respectively (Park, 2017).

The expanded unemployment rate of the Limpopo province is 38,4% (Statistics South Africa, 2016). The expanded definition includes those who qualify to participate in the labour pool but have given up looking for employment. This province is made up of 80% rural areas and is the second least-developed province in SA; making it a prime area in which to study entrepreneurial activities and how these activities can contribute to the areas’ development.

The researcher aimed to explore and understand rural entrepreneurs' experiences and insights on the challenges they face in growing their businesses and what factors would enable their businesses to grow. In addition, the research aimed to find out if these entrepreneurs had intentions to grow, as this is an indicator of future realised growth. The research aimed to answer: If the entrepreneurs intend to grow their business, how successful are they in addressing their growth constraints? This introduction is followed by the following sections: (1) Definition of entrepreneurship, (2) Entrepreneurship and rural development, (3) Business growth, (4) Rural development in SA, (5) Challenges faced by rural entrepreneurs, (6) Success enablers for rural entrepreneurs, and (7) Limpopo's economy. A summary of the sections will conclude the chapter.

## **2.2 Entrepreneurship definition**

Welter et al. (2017) encouraged scholars to be more explicit about what definition of entrepreneurship they have in mind, as this approach effectively eliminates the need to seek legitimacy and status by embracing some arbitrary assignment of proper entrepreneurship or associating it with wealth and glamour of a handful of outliers and celebrities. Welter et al. (2017) further suggest that that by being restrictive about what "real" entrepreneurship is, the richness of the empirical world is lost (Welter et al., 2017). There is much to gain by being more inclusive and even expansive about what is viewed as important to the entrepreneurial field (Welter et al., 2017). For the purpose of this study, the following expansive and inclusive definition will be used in order to allow for broad and valuable insights into the phenomenon.

Stathopoulou, Psaltopoulos and Skuras (2004) define rural entrepreneurship as new employment opportunities in rural areas via the generation of new ventures, the creation of a new organisation that introduces a new product, serves or creates a new market, or utilises a new technology in a rural environment. This is similar to the Kirznerian definition that states that the opportunities may very well be less innovative (Marcotte, 2013). These two definitions are not restrictive, for instance, to the novelty or innovativeness of the idea. This is because for rural economic development, novelty is less important than the provision of goods and services that are needed in that particular market. In support of these views is Korsgaard, Müller, and Tanvig (2015), who stated that rural entrepreneurship may not lead to the creation of innovative regions as such, nor should that necessarily be the ambition, but rather that the ambition of rural entrepreneurship should first and foremost lead to enhancement of the



quality of place and life in rural places. Consequently, rural entrepreneurship makes a positive contribution to the local community (Korsgaard et al., 2015).

Welter et al. (2017) did not advocate for a distinctive domain for entrepreneurship research in a manner that makes entrepreneurship largely a function of large corporate entities while excluding the vast majority of new business founders as not entrepreneurs. Studies of informal entrepreneurship have confirmed repeatedly that many more ventures than acknowledged have development potential – for example, as a stepping stone towards more substantial businesses (Welter et al., 2017). Therefore, for the purpose of this study, all rural entrepreneurs who met the research criteria were included.

### **2.3 Entrepreneurship and rural development**

Regional policies aim to stimulate development, especially for rural and remote areas to become sustainable and self-sufficient (Müller, 2016). Regional development is about changing human behaviour and socioeconomic contexts into desirable, beneficial and sustainable regional conditions (Müller, 2016). Entrepreneurial activities undertaken by entrepreneurs are a means to develop rural areas. The definition of rural development for the purpose of this paper has been taken from Brauer and Dymitrow (2014), who defined rural development as the process of improving the quality of life and economic well-being of people living in relatively isolated and sparsely populated areas. However, it is important to note that this is a traditional view of rural development. In modern times and in developed countries, rural development has become more closely aligned to urban development.

Modern transformations of rural areas involve changes not only in land, economic perspectives, connectivity, and livelihoods, but also in lifestyles, whereupon the traditional view of “the rural” and consequently of “rural development” no longer holds (Brauer & Dymitrow, 2014). In developing countries like SA, the traditional view of rural development is still much applicable due to many parts of the country being underdeveloped, and the 19-million South Africans living in rural areas according (World Bank, 2016). Of course, there are areas in SA that do not squarely fit into the definition of either rural or urban but have characteristics of both, and their development will take shape from their characteristics.

In the literature review on entrepreneurship, Müller (2016) found that entrepreneurs are key actors in the rural development process as they introduce new technologies, creatively combine resources, commercialise innovations, and create jobs and economic growth. Stimulating and supporting entrepreneurial intentions/activities is important for those who intend to engage in entrepreneurial activities or those who already are and want to grow their businesses as this will encourage them to create jobs and increase economic activities and consequently increase economic growth (Malebana & Swanepoel 2015; Malebana 2017).

Welter et al. (2017) cautioned against “valorising economic outcomes of wealth accumulation and job creation as the supreme and often the only goal” of entrepreneurship, these “invidious distinctions implicitly serve a functionalist notion of entrepreneurship” (p. 314). Beyond job creation and wealth accumulation, entrepreneurial activities have a greater role such as being a stepping stone to greater business, creating self-employment, emancipating women, improving chances of survival, providing a degree of autonomy, and could be used to study and investigate the entrepreneurial phenomena from different angles (Welter et al., 2017). Consistent with Welter et al. (2017) and central to this paper is the study of rural entrepreneurs’ intention and motivation to grow their business as a means to contribute to rural development.

## **2.4 Rural development**

### **2.4.1 Business growth**

It is important for small businesses to grow in order for them to make a contribution to economic growth (Blackburn et al., 2013) and consequently contribute to rural development. In order to realise meaningful economic growth and rural development, rural people’s entrepreneurship needs to be unlocked in order to lift them out of poverty (Kolawole & Ajila, 2015). Rural entrepreneurs were found to be extremely important players in China’s progress on rural economic development as the vast majority of the Chinese population lives in rural areas (Yu et al., 2013). Entrepreneurs in rural areas have just as strong aspirations to grow their businesses as urban entrepreneurs (Yu et al., 2013) (Shucksmith, 2012). Levie, Autio, White, and No (2013) advanced that in order to grow, entrepreneurs must have growth intentions because growth intentions matter. Levie et al. (2013) also found that the proportion of entrepreneurs with growth intentions in the population is a more significant predictor of economic growth than

general start-up rates or self-employment rates. This suggests that the quality of entrepreneurship is more important than the quantity (Levie et al., 2013).

Levie et al. (2013) argued that if entrepreneurs do not intend to grow their businesses, their businesses are less likely to grow as that achieving growth is difficult and demands effort, and if the effort is not there, growth is less likely to materialise. That means growth intentions alone are not sufficient. There are individual and business characteristics that are necessary to grow business. Individual characteristics that were found to have a positive relationship with growth are education, past management experience, achievement orientation, risk-taking propensity and innovativeness (Levie et al., 2013). On a country level, prevalence of growth-orientated entrepreneurs was slowed down by strict strong rule of law (Levie et al., 2013). Blackburn et al. (2013) found that whilst owner-manager characteristics and business style are important, the structural conditions within which the enterprise operates strongly determines the company's performance. Delalić (2014) concurred with the findings that infrastructure, governmental support, and soft skills were found to be important determinants of growth for rural small and medium enterprises.

#### **2.4.2 Business growth motivation**

The individual, business and country characteristics are as important as the individuals' motivation to grow one's business. It is indeed the quality of the entrepreneurs that sets one entrepreneur from another, and the quality is not determined by the type of entrepreneur nor their initial motivation to start their businesses. For example, Brunjes and Diez (2013) found that opportunistic, motivated entrepreneurs contributed more to rural economic development than necessity entrepreneurs because it is believed that opportunity entrepreneurs are better educated, and better trained. Brunjes and Diez (2013) further suggested that opportunistic entrepreneurs have acquired more years of schooling and, more often, acquire skills for the enterprise through vocational training.

Welter et al. (2017) argued that while both opportunity- and necessity-based entrepreneurship are important to predict and explain economic performance, their effects differ in emerging versus developed countries. In support of this view is Sserwanga and Rooks (2013) who also found that there is little systematic knowledge about the classification of entrepreneurs in developing countries. Williams and Williams (2012) further say that this distinction is misleading and it privileges

opportunity entrepreneurs and denigrates necessity entrepreneurs. Individuals learn and change their behaviour accordingly, and necessity motivations may not be specific to individuals but rather temporary for particular individuals during specific episodes of time (Welter et al., 2017).

Welter et al. (2017) went on to say even if specific entrepreneurial actions or events, such as creating a venture, are primarily driven by necessity or opportunity, it is inappropriate to place entrepreneurs as individuals into such categories. It is, therefore, more appropriate to distinguish entrepreneurs into high-potential entrepreneurs and low potential entrepreneurs (Sserwanga & Rooks, 2013). High-potential entrepreneurs have the ability to identify opportunities and effectively exploit them, whereas low potential entrepreneurs often start up street businesses, are driven into entrepreneurship to get by, and lack the motivation and skills to start up a business with growth potential (Sserwanga & Rooks, 2013)

Williams and Williams (2012) found that entrepreneurial motivations for many are born out of idiosyncratic life experiences, particularly with regards to employment history and opportunities in their locality. The locality of the entrepreneur, or potential entrepreneur, and the economic and social influences facing them, impacts on motivations and these motivations are complex, evolve over time, and are also contingent on place (Williams & Williams, 2012). In the same paper, Williams and Williams (2012) found that successful entrepreneurial role models were also a source of motivation. In another study, it was found that entrepreneurial motivations are related to the desire for autonomy, a new challenge or adventure, more money or income (Militaru et al., 2015). Self-efficacy and the need for personal achievement were another source of motivation to grow businesses as found by Levie et al. (2013). Clearly, there are myriad motivational factors for entrepreneurs to grow their businesses and these need to be explored and understood in relation to location in order to find ways to stimulate entrepreneurship.

### **2.4.3 Business growth measurement**

Regardless of the initial motivation of starting a business, high-potential entrepreneurs are motivated to grow their business; however, there is no one single way to measure business performance or growth (Blackburn et al., 2013). Levie et al. (2013) also found that the way researchers' measure growth varies widely and their recent review suggests that measures of relative and absolute employment and sales growth were

the two dominant measures. Employment and sales measures are reasonably comparable with each other, but other measures such as profit or asset growth are not (Levie et al., 2013). Blackburn et al. (2013) had similar findings, where the three measures used for business growth were increases in turnover, number of employees, and profitability.

Business growth measure was not restricted to the dominant two in this study, as the researcher took a broad view in researching rural entrepreneurship in order to assess and understand the full range and richness of variations that flourish around us (Welter et al., 2017). It is not known to what extent rural entrepreneurs' focus on business growth as this is the indicator of future contribution to rural development. The interviewer is set to discover if the participants had any growth intentions.

### **Research proposition 1**

The more motivated rural entrepreneurs are to grow their business, the more likely they will be interested in contributing to rural development.

## **2.5 Rural development in South Africa**

South Africa's rural areas are marked by high levels of poverty and joblessness, with limited employment in agriculture, and the commercial farming sector relying on poorly paid farm labour (National Planning Commission, 2011). Furthermore, the rural areas are impoverished, densely populated communities with limited economic opportunities and minimal government services (National Planning Commission, 2011). The rural areas face major challenges such as poverty, lack of access to socioeconomic infrastructure and services, public amenities and government services, coupled with lack of access to water or lack of water sources for both household and agricultural development (Rogerson, 2014). The major contributing factor to these challenges was the apartheid regime when it pushed the African population into the barren rural reserves and neglected the reserves and their residents (The Presidency, 2011). The new ANC-led government has done little to change the status quo and improve the lives of rural dwellers, due to lack of government income (Meyer, 2013). The rural areas have continued to be neglected compared to metropolitan areas, and rural areas have received lower levels of investment in existing and new infrastructure (Meyer, 2013)

Since the dawn of democracy in South Africa, the new growth path (NGP) was the first government policy that had a clear focus on rural development. The aim was to improve rural livelihoods for rural dwellers by upgrading farmworkers' conditions and organisations, and helping rural households increase production (Department of Economic Development, 2011). Other job drivers the policy focused on were the public sector and social economy, tourism and investment in the infrastructure (Department of Economic Development, 2011). However, the policy was criticised for excessive reliance on government intervention, a lack of collaboration with on-the-ground communities and a lack of specific implementable steps (Meyer, 2013). Despite the criticism, a number of successes were achieved but were not significant (Meyer, 2013), as evidenced by the current unemployment rate of 27% compared to the targeted 15% (Hendriks, 2013). This was the result of poor execution and implementation, to which the government admitted in the National Development Plan (NDP), a new set of government policies (The Presidency, 2011).

The policy also has a focus on rural development by aiming for an inclusive and integrated rural economy (National Planning Commission, 2011). The NDP's differentiated strategy is to focus on (1) agricultural development based on successful land reform, and employment creation; (2) providing quality basic services especially in education, healthcare and public transport; (3) development for industries such as agro-processing, tourism, fisheries (in coastal areas) and small enterprises. The South African rural areas are underdeveloped because "traditional top-down development strategies have proven ineffective in generating the required momentum for local development" (Rogerson, 2014, p. 214). If the criticism from Hendriks (2013) is true – that the NDP lacks substance on how these policies can be achieved in sustainable way – rural areas will remain underdeveloped. The idea of an inclusive and integrated rural economy will remain a dream and so will all the policies contained in the NDP.

## **2.6 Constraints faced by rural entrepreneurs**

The economic growth of a country depends largely on the progress of rural areas and the standard of people living in this area (Katekhaye & Magda, 2017). A rural entrepreneur is one of the great vital contributors in the economic development of a country (Katekhaye & Magda, 2017). However, these entrepreneurs are faced with more challenges compared to their urban counterparts. Many rural entrepreneurs face various problems due to non-availability of essential amenities in the rural parts the country (Katekhaye & Magda, 2017), mainly attributable to the remoteness of the

areas. Delalić (2014) found that the lack of support, infrastructure and access to finance are major growth constraints faced by rural entrepreneurs, preventing them from becoming valuable producers and service providers. These findings are similar to Malebana and Swanepoel (2015), who found similar constraints in their study of rural entrepreneurship in Limpopo and Eastern Cape provinces.

Vansandt and Stud (2012) argued that rural people must not be seen just as consumers but must also be recognised as valuable producers, employees, and service providers. The question is: What is inhibiting rural entrepreneurs from becoming valuable producers and service providers? Below are some of the challenges that are faced by rural entrepreneurs in their “everyday entrepreneurship”, a term coined by Welter et al. (2017) to refer to all other forms of entrepreneurship other than, the “Silicon Valley” type of entrepreneurship.

### **2.6.1 Physical constraints**

Alabi, Famakinwa, and Ogunjimi (2017) found that poor infrastructural facility was one of the constraints facing rural entrepreneurs. Katekhaye and Magda (2017) concurred, as they also found that infrastructural problems such as water, electricity, gas and transportation were hazards to running the business.

### **2.6.2 Market constraints**

Entrepreneurs may produce goods and services for sale but they are met with various market constraints that make it difficult for them to sell products. Alabi et al. (2017) found that entrepreneurs found it difficult to increase demand for manufactured goods among people in the locality, hence they made inadequate sales to sustain their businesses. Furthermore, Alabi et al. (2017) found that the availability of raw materials was a problem as well. This could be compounded by suppliers that are not very cooperative/supportive (Katekhaye & Magda, 2017).

### **2.6.3 Financial constraints**

In their research, Katekhaye and Magda (2017) found that access to finance was a real challenge for rural entrepreneurs, and Alabi et al. (2017) further found that there was a shortage of institutions that provide working capital. In the event that an entrepreneurs get access to capital, excessive interest is charged on borrowed money (Alabi et al., 2017).



#### 2.6.4 Social constraints

The role that society plays in the rural entrepreneurs' business cannot be emphasised enough. The community, in general, are the source of employees, business revenue, skills providers, major supporters of business and entrepreneurs, just to mention a few. Business development can be usefully viewed as inextricably intertwined with family goals, thus acknowledging and illuminating a specific role that (social) context plays in entrepreneurship (Welter et al., 2017). However the business itself may be threatened when there is role conflict between family and business (Alabi et al., 2017). Furthermore, entrepreneurs may not have the full support of the family as some would not have agreed with the decision to be an entrepreneur.

Business is affected when society fails to provide the skills required to manage the business or skilled individuals required to work in the business (Alabi et al., 2017). In agreement, Katekhaye and Magda (2017) found that there is a lack of a variety of skills, such as managerial or marketing skills required to conduct business. There is also a lack of necessary training or training course facilities. In addition, Alabi et al. (2017) found that there is a lack of access to training on the job.

In addition to skill shortages challenges, rural entrepreneurs are faced with higher levels of poverty and inequality (Rodriguez-Pose & Hardy, 2015) and unemployment (Williams & Williams, 2012). Williams and Williams (2012) found that areas also have levels of unemployment which are more than double the city's average, and there are similar inequalities in property prices, educational achievement, health and crime. In their independent study, BenYishay and Pearlman (2011) argued that microenterprise growth is dependent on the social context in which these enterprises operate, and entrepreneurs clearly respond to risks in this environment. Crime was named as one of the risks in the entrepreneurs' environment, and enterprises affected by crime have limited growth prospects (BenYishay & Pearlman, 2011). Slow growth is a shared cost between the business and the community: the former bears further costs in monetary terms and 30% of businesses shut down as a result of criminal activities perpetrated by internal and external parties crime (Bressler & Bressler, 2017).

Other social constraints facing by rural entrepreneurs are community obligations such as contributing time and money to community service that indirectly takes away from the business (Alabi et al., 2017). The researcher conducted a qualitative study to explore how successful entrepreneurs are in addressing the constraints they face in growing their businesses. Given all these constraints faced by the rural entrepreneurs,



the research aimed to establish if they are able to address these challenges and grow their business.

## **Research proposition 2**

The success or failure to address the challenges rural entrepreneurs experience impacts rural development.

## **2.7 Success enablers for rural entrepreneurs**

Entrepreneurship development is one of the key solutions for employment creation and sustainable economic growth (Katekhaye & Magda, 2017). In their paper, Malebana and Swanepoel (2015) found that entrepreneurial education and support programmes could help improve entrepreneurial activity rates by increasing the attractiveness of an entrepreneurial career and enhancing the perceived capabilities for starting or growing a business. Malebana (2017) recommended that government should intensify campaigns to raise awareness of and access to entrepreneurial support and educational programmes, especially in rural areas where these programmes are inaccessible. In another study on rural entrepreneurship in SA by Koyana and Mason (2017), it was found that training and educational programmes on business and finance management were necessary interventions to transform the rural economy without pushing rural people into towns and cities. There are viable ways of creating jobs and livelihoods for the rural poor in their own communities (Koyana & Mason, 2017). Therefore, it is imperative that necessary enabling factors for Limpopo rural entrepreneurship be studied and documented for the purpose of developing appropriate rural development policies in this region.

### **2.7.1 Business environment support**

Malebana and Swanepoel (2015) found that access to entrepreneurial support and access to markets were also bigger challenges facing rural entrepreneurs. Malebana (2017) defined entrepreneurial support as the provision of information, finance, training and education programmes, infrastructural facilities, counselling and mentoring services needed by entrepreneurs to start, grow and manage their businesses effectively. Katekhaye and Magda (2017) advocated for the creation of a supportive business environment where entrepreneurs are afforded a range of support activities such as educating and training, reducing regulatory burdens and assisting entrepreneurs to identify opportunities in the digital age. Furthermore, an environment

where honest entrepreneurs are afforded a second chance after their businesses have failed should be created and entrepreneurs should be supported in the crucial phases of the business lifecycle (Katekhaye & Magda, 2017) .

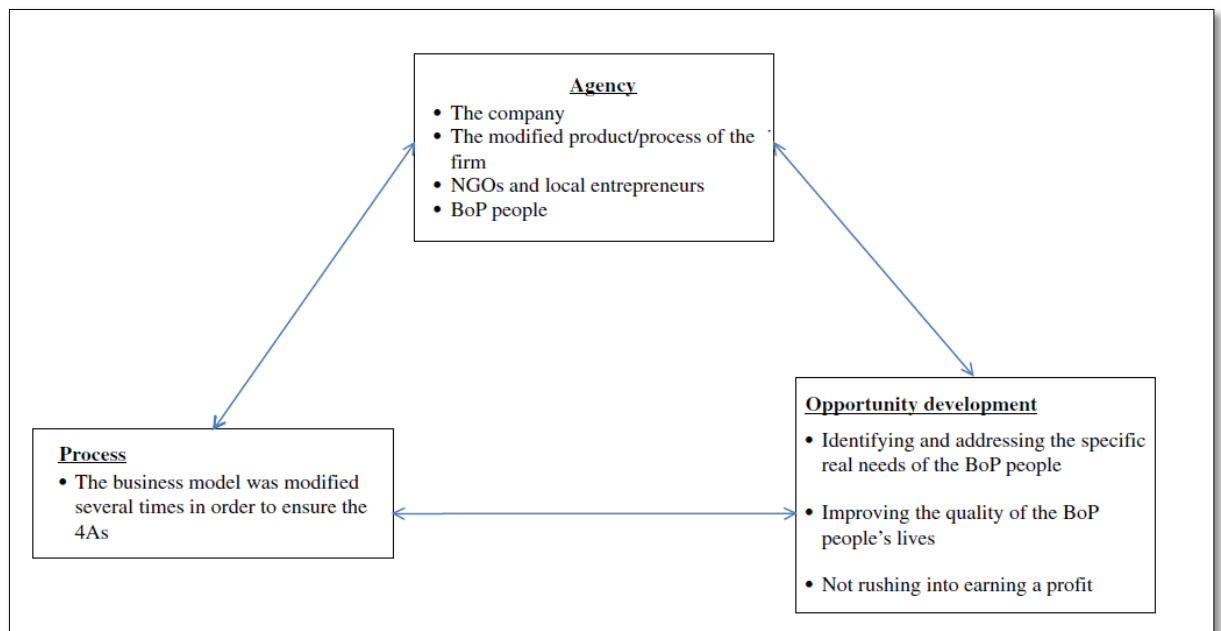
### 2.7.2 Financial support

Access to finance and the cost of finance was in the top five challenges facing entrepreneurs as found by Alabi et al. (2017). Katekhaye and Magda (2017) advocated for improved access to finance by entrepreneurs.

### 2.7.3 Infrastructural support

Poor roads and transportation, and access to electricity were the major challenges experienced by rural entrepreneurs as found by Lekhanya and Mason (2014) in their research on factors influencing success in rural small and medium enterprises. According to Tasavori, Zaefarian, and Ghauri (2015), challenges facing the bottom of the pyramid should be turned into opportunities. The illustration by Tasavori et al. (2015) below sets out the process, and shows the different stakeholders that need to collaborate and partner in order for the initiative to be successfully implemented.

Figure 1: Partnership and collaboration process



### Research proposition 3

Interventions are necessary to assist rural entrepreneurs' businesses grow.

## 2.8 Limpopo's Economy

The Limpopo province is the northernmost of the nine provinces in South Africa and it is bordered by Mozambique in the east, Botswana in the West, and Zimbabwe in the north (Saayman, Saaymaan, & Gyekye, 2013). In the south, the province shares borders with Mpumalanga, Gauteng and North-west provinces (Saayman et al., 2013). The population of the province is about 5,2-million, representing approximately 12% of the total population of South Africa (Saayman et al., 2013). The province contributes approximately 4% to South Africa's gross domestic product (Saayman et al., 2013). Unemployment is currently estimated to be about 21, 9%, which is lower than the national average of 25, 2% (narrow definition). The three pillars of Limpopo's economy are agriculture, mining, and tourism (Saayman et al., 2013). Therefore, Limpopo is an appropriate place to study rural entrepreneurship.

## 2.9 Conclusion

Economic growth and entrepreneurial activities are positively linked and the benefits of such activities have been stated by many authors (Vansandt & Sud, 2012; Müller, 2016; O'Laughlin et al., 2013). Poverty alleviation, decrease in levels of unemployment, and inclusive growth have been identified as benefits of entrepreneurial activities, be it on a national or regional level. Lekhanya and Mason (2014) posited that business creation is a vital tool to improve rural communities and underdeveloped countries. A lot has been written about the challenges experienced by rural entrepreneurs. Top of the list are the challenges that relate to the remoteness of the areas and the related underdevelopment. "Given the potential rural entrepreneurship represents for less developed and underdeveloped countries, more research on the topic is an imperative" (Pato & Teixeira, 2016, p.1) Yu et al. (2013) also argued that the study and understanding of rural entrepreneurship activities are an important research area.

Considering, Limpopo's economy and low levels of development in the rural areas, this research was necessary in order to understand the challenges faced by rural entrepreneurs, and their success or failure in addressing them. Successful addressing of these challenges has a direct impact on the business growth and ultimately the entrepreneurs' contribution to rural development. The researcher aimed to find out if the entrepreneurs intended to grow their business and what motivated them. In addition, the research sought to determine how successful they were in addressing the

challenges that hindered their business growth. This study aimed to contribute towards the body of knowledge on rural small businesses and small to medium enterprises, and aimed to recommend ways to promote and stimulate sustainable rural entrepreneurial activities. Future studies would do well to conduct a follow-up study on these entrepreneurs to determine if their growth intentions translated to realised growth.

## 3 Research propositions

### 3.1 Introductions

Based on the literature review, the following questions were asked to explore the three propositions in depth. These questions assisted the researcher to obtain some deep insights into the participants' experiences as small business owners in this area.

### 3.2 Research propositions

#### Research proposition 1

**The more motivated rural entrepreneurs are to grow their businesses, the more likely they will be interested in contributing to rural development.**

The first section aimed to establish whether the respondents intended to grow their businesses and the factors that would drive them to do so. This is an indication of how much more the respondents could contribute to rural development. The starting point was to get an understanding of recent growth in their business and how they measured this growth. Business growth measures could be in the form of revenue or profit increase, or an increase in the number of employees, or workspace. Furthermore, the research aimed to obtain an understanding of what business growth means to the entrepreneurs. Lastly, this section explored the interviewees' plans to achieve the desired growth. The following questions were posed to the respondents:

- How has your business developed since you started? Has it grown? How quickly? What have historically been the factors driving growth in the past?
- To what extent have you experienced growth in the past three years?
- What does business growth mean to you and how do you measure it
- Do you intend to grow your business in the future? If so, how?
- How do you plan to achieve the envisaged growth?

#### Research proposition 2

**The success rate of entrepreneurs in addressing the challenges they experience impacts on rural development.**

This second section dove deep into the challenges experienced by interviewees and how they address these challenges. The important part in this section was the success rate of addressing the challenges, as this is an indication of their further contribution to rural development. The following key questions were posed to participants in order to delve deeper into their insights.

- What challenges are you currently facing in growing your business?
- How have you attempted to address these challenges?
- What worked, and what did not work?

### **Research proposition 3**

#### **Interventions are necessary to assist rural entrepreneurs businesses grow.**

The third and final section of the investigation looked at the type of interventions required by respondents in order to grow their businesses. The interventions could have been of a financial or non-financial nature and could be from the communities, public or private sector. The awareness of the intervention and accessibility is very important for entrepreneurs in growing their businesses. The following two questions were posed to the participants to obtain a better understanding of growth enablers in this area.

- Are you aware of any current interventions to assist entrepreneurs to grow their business?
- What interventions would assist you in growing your business?

### **3.3 Conclusion**

The responses to these questions provided an in-depth understanding of the challenges experienced by the participants and the success factors required to grow their business. The study also aimed to reveal what motivated entrepreneurs to grow their business and how successful they were in addressing their constraints. Their responses are the basis for the findings in Chapter 5 and are discussed in comparison to existing literature in Chapter 6. Lastly, conclusions and recommendations based on the discussion in Chapter 6 and the literature review will be presented in Chapter 7.

## **4 Research methodology**

### **4.1 Introduction**

This chapter covers the choice of methodology used for conducting the research. An exploratory qualitative study was undertaken by interviewing participants face-to-face using pre-set questions as a guide, to remain consistent. The researcher studied rural entrepreneurs' motivations to grow their businesses and the challenges they face in managing those businesses. Furthermore, the research also investigated the motivation of entrepreneurs to grow their businesses. An exploratory qualitative study was undertaken on 14 rural entrepreneurs operating in Limpopo. The initial respondent was identified through the researcher's network, after which a snowballing sampling was utilised to identify other entrepreneurs in the area. Data gathered from participants was analysed using the Atlas.ti coding system. All participants participated on a voluntary basis and their data has remained confidential and their identities anonymous.

### **4.2 Philosophy and approach**

The researcher adopted an interpretivist philosophy whereby the author gained an understanding of rural entrepreneurs, found interesting and useful insights from the interviews and in-depth responses to the "how" and "why" questions (Saunders & Lewis, 2012). According to Saunders and Lewis (2012), interpretivism is an established, elaborated and adapted research paradigm for this type of research. The study was cross-sectional in nature as the data collected to study rural entrepreneurship phenomenon was at a particular point in time (Saunders, Lewis, & Thornhill, 2009). An inductive approach was taken, whereby the collection, examination and process of continual re-examination of data determined the research findings literature (Saunders et al., 2009).

### **4.3 Choice of methodology**

An exploratory qualitative study was deemed appropriate for this study as the questions posed to the participants required in-depth explanations (Goldkuhl, 2012). Furthermore, there is limited literature on this subject. The investigation involved interviewing local entrepreneurs to understand their motivation and entrepreneurial journey, and explore the challenges they face and what factors could make their businesses successful. An exploratory study was undertaken because the literature on

this topic is limited and the study intended to seek new insights on rural entrepreneurship and regional development (Saunders et al., 2009). Data collection for this nature takes time and makes qualitative research methodologies powerful for studying this (including history), as it goes far beyond “snapshots” of “what?” or “how many?”, to just “how” and “why” things happen as they do (Guercini, 2013).

Molina-Azori, Lopez-Gamero, Pereira-Moliner, and Pertusa-Ortega (2012) found that, out of the 955 entrepreneurship articles, 870 articles used qualitative methods. This was due to the nature the questions which are usually concise and open-ended, beginning with words such as “what”, “why” or “how”. The above research has revealed that qualitative methods are popular due to the type of questions that are asked in an entrepreneurial study.

#### **4.4 Population**

The population for this study was rural entrepreneurs in Limpopo and the sample was selected by virtue of a respondent being an entrepreneur in a rural area of Limpopo who is currently in business. The study covered entrepreneurs in different industries such as construction, fuel retail, food retail, hardware and building material retail, entertainment and cosmetics.

#### **4.5 Unit of analysis**

The unit of analysis was the individual entrepreneur’s opinions and insights into their own businesses and what they believed were the challenges they faced, and the success factors required to enable their businesses to grow. Furthermore, the success or failure of their efforts to address the constraints they came across was analysed.

#### **4.6 Sampling method**

A non-probability purposive sampling method was used to select the sample as the entire population of entrepreneurs was not known (Saunders & Lewis, 2012). The participants selected were from small businesses from a variety of industries and of different ages. The study aimed to assess if any of the respondents were high-potential entrepreneurs whose businesses were likely to grow and employ additional people, thus contributing to reduction in unemployment, poverty and inequality. A snowball sample was used by asking identified entrepreneurs to identify other rural entrepreneurs they know to participate in the research.



## 4.7 Sample size

In their book, Corbin and Strauss (2017b) addressed the issue of sample size by saying that it is an easy and complex question at the same time. Corbin and Strauss (2017b) said it is simple in the sense that a researcher continues to gather data until reaching the level of data saturation. However, it is complex in the sense that arriving at saturation is not that easily attained (Corbin & Strauss, 2017b).

Saunders and Lewis (2012) recommend a sample size of 15 to 25 where the sample is heterogeneous. The researcher aimed to conduct 12 interviews, but 14 individuals were ultimately interviewed. The sample size of 12 was chosen as they came from the same area and were likely to have similar insights from their experiences thus reaching a saturation point faster. The list of participants was identified through a network of family and friends. According to Thorpe (2014), participants' can withdraw from the investigation whenever and for whatever reason they wish. Participation in this study was voluntary.

## 4.8 Measurement instrument

A set of questions was prepared from the literature reviewed and the questions were covered in the interviews (Saunders & Lewis, 2012) – refer to Appendix 2. The set of questions was derived from the literature and was broken down into three main sections. The first section was about the motive or intention to grow the business and included the past, current and future growth patterns. The second section related to the challenges faced and experienced by the entrepreneurs in starting and growing their business and how they tried to address those challenges, and importantly, whether or not they succeeded. The final section addressed factors that entrepreneurs believed would make their business successful, and asked about interventions that already existed that they were aware of. The interview guide allowed the interviewer to be consistent in the questions posed by the interviewer.

## 4.9 Data gathering process

Data gathering was conducted via face-to-face semi-structured interviews in order to understand the reasons for the decisions that the entrepreneurs made, and to understand the reasons for their attitudes and opinions (Saunders et al., 2009). The researcher probed entrepreneurs where an explanation was required or where the participant was required to build on their responses (Saunders et al., 2009). The

interviews were recorded and transcribed immediately after the interview. A list of questions covered in the interview was prepared in advance based on the literature review (Saunders & Lewis, 2012). The interview was conducted in English; however, some entrepreneurs preferred to use their mother tongue at times during the interview. In these cases, the services of a translator who knew and understood xiTsonga very well was used.

#### **4.10 Analysis approach**

Once the interviews were conducted and transcribed, Atlas.ti, computer-aided qualitative data analysis software (CAQDAS) was used to analyse the data (Saunders & Lewis, 2012). The data collected from the interviews was raised to a conceptual level through coding, in short deriving and developing concepts from data (Corbin & Strauss, 2017a). Key themes or patterns were identified and coded while reading and analysing the data gathered. For example, access to funding came up as a theme when participants responded to questions on their businesses' constraints. Saunders and Lewis (2012) recommended that coded data be assigned to a category.

Two most important analytical strategies recommended by Corbin and Strauss (2017a) was used to analyse data: (1) asking questions; and (2) making comparisons. These are useful tools for understanding and shaping one's analysis. Atlas.ti has a function where it records the number of times certain codes have been identified and noted, and also allows one to make notes and highlight words and sentences that are considered to be important. In the example above, access to funding was mentioned many times by different participants. The number of times certain codes came up allowed the researcher to identify patterns and to interpret and analyse the research results. Where there was a sharp pattern, the researcher went back to the transcribed interviews to find explanations or make sense of the results.

#### **4.11 Validity and reliability**

Morse, Barrett, Mayan, Olson and Spiers (2002) argued that validity and reliability are overarching constructs that can be appropriately used in qualitative research as they ensure rigour. Rigour is the desired goal, that should be met through specific verification strategies (Morse et al., 2002). Morse et al. (2002) stressed the importance of maintaining rigour throughout the research process by ensuring that verification mechanisms are built into every step of the study instead of relying on post-study completion procedures to establish that rigour was maintained. In maintaining validity,

Maxwell (1992) split the construct of validity into five different categories of understanding: descriptive, interpretive, theoretical, generalisability and evaluative validity. Maxwell (1992) argued that this understanding reduces qualitative researchers' discrepancy in the logic used and addresses shortcomings in the validity construct.

According to Morse et al. (2002), verification is the process of checking, confirming, making sure, and being certain which contributes to the validity and reliability, and thus rigour of the study. Validity and reliability are determined by the investigator's responsiveness and the verification strategy (Morse et al., 2002). The investigator is the main threat to validity and reliability, unless the researcher remains open, uses sensitivity, creativity and insight, and is willing to relinquish any ideas that are poorly supported (Morse et al., 2002). The researcher was also central to the quality of the verification process. The investigator ensured that the verification strategies: (1) had a coherent methodology that was appropriate and sufficient; (2) developed a dynamic relationship between sampling, data collection and analysis; (3) thought theoretically – moving between micro and macro and confirming emerging ideas with new data; and (4) had theoretical development at a micro and macro level (Morse et al., 2002). It is noteworthy that there is an overlap between validity categories and components of the verification strategy according to Morse et al. (2002). Adhering to both views during the study process increased the level of validity and reliability of the study.

#### **4.12 Ethical considerations**

Respondents were provided with informed consent forms to sign that served as an acknowledgement that the participant partook in the interview voluntarily (Saunders et al., 2009) and no interview was conducted without this letter. The interviewees had the right to withdraw at any time and no incentives were offered to convince/coerce participants for their participation (Saunders et al., 2009). The participant's data remained confidential and their identity anonymous (Saunders & Lewis, 2012).

#### **4.13 Research limitations**

The research cannot be generalised to all South African rural areas or rural areas across the world as each rural area is unique and will be faced with a set of different challenges. Ideally, more than one rural area should be covered to identify a common thread among them. This will be more useful, therefore other researchers are invited to extend this research to similar areas for the benefit of rural entrepreneurs and rural development.

#### 4.14 Conclusion

The study was conducted in an ethical way and the validity and reliability of the research was maintained at all times by ensuring that the verification strategies are adhered to. This also reduced the threat posed by the researcher in this process due to different biases. The exploratory method chosen provided the researcher with an opportunity to get explanations and probe further where deeper insights were required. The interview guide ensured some level of consistency on the questions posed to the entrepreneurs and consequently the responses. A copy of the interview guide has been included in appendices. Data collected was analysed on Atlas.ti by employing two strategies suggested by Corbin and Strauss (2017b), asking questions and making comparison. Maxwell's (1992) categories of validity were also considered to ensure consistency and close gaps in the validity construct. The ideas emerging in the study was the basis for developing theory on the findings.

## **5 Results**

### **5.1 Introduction**

This chapter brings together the findings from the interviews based on the research questions introduced in Chapter 3. The findings were used to understand the participants' experiences and insights on growing businesses in rural areas. In addition, the challenges they face, their source of motivations and the interventions required to enable their businesses to grow were assessed. This introduction section is followed by participants' business area description, summaries of the participants and the interviews, the transcription analysis, the results presented per research question, and then the chapter will be concluded.

### **5.2 Area description**

The Limpopo Province is found in the northern part of South Africa and has shared borders with Zimbabwe and Botswana, and has five district municipalities, namely: Waterberg, Capricorn, Sekhukhune, Mopani and Vhembe. The villages studied are located in the Vhembe municipality. Eight of the 14 interviewees' business are based kaBungeni – a large sprawling rural settlement situated at the lush sub-tropical green foothills of the Soutpansberg mountain range in the former Gazankulu homeland. The remaining participants' businesses are based in villages surrounding kaBungeni: eMaroleni, ka-Nwaxinyamani, ka-Njhakanjhaka and ka-Magoro. Figure 2 shows a map of kaBungeni, the village where many of the participants' businesses are located.

Figure 2: Ka-Bungeni, location in the Vhembe District of Limpopo



### 5.3 Participant’s summary

The 14 participants interviewed had varying years of experience in running businesses in different industries. Table 1 summarises the interviewees, their business type and age. They have been classified into three categories youngster, middle-age, and senior for additional information. Their names have been anonymised.

Table 1: Summary of interview respondents

#	Name	Business type	Business age	Broad age category
1	“Sambo”	Fuel retail and commercial property	5 years	Senior
2	“Sgora”	Fitness centre – Gym	1 year	Younger
3	“King”	Internet café	2 years	Younger
4	“Rezza”	Restaurant	15 years	Middle-age
5	“Kunene”	Motor spares	10 years	Middle-age
6	“Mazi”	Welding	4 years	Middle-age
7	“Welcome”	Construction	0.5 years	Younger
8	“Phepa”	Entertainment	13 years	Senior
9	“Hanya”	Hardware and building material	7 years	Middle-age
10	“Lunga”	Hardware and building material	9 years	Middle-age
11	“Thando”	Hair salon	13 years	Middle-age
12	“Gambi”	Supermarket, car wash and tyre patching	9 years	Younger
13	“Manyi”	Entertainment	24 years	Senior
14	“Fana”	Supermarket	6 years	Middle-age

## 5.4 Facts about the businesses

The respondents were asked to provide factual information about the age of their business, number of employees, location, customers, suppliers, and whether the business employed any family members. These questions were used to obtain background knowledge of the businesses. The average age of the businesses was eight years and the oldest business was 24 years, with the youngest being six months. The size of the businesses by the number of employees ranged from three to 28 with an average number of employees of five after adjusting for two businesses that had the largest number of employees of 20 and 28.

Employment of family members was common with approximately 60% of entrepreneurs employing family members. This made sense considering the context of six businesses which were family businesses. Some of the respondents mentioned that they preferred not to employ family members due to trust issues and the risk of family members taking advantage of the business.

*“...and family members for sure. I have my family here who help me when I am facing challenges, especially with the pressure of people coming sometimes, though it is not always, it’s partial. There are times in which you can find there is a lot of pressure when I involve the family though I also have other people who are helping me from outside.”*

The local communities were central to all the businesses as they were the source of labour and they are the main customers, while passers-by from different places added to the customer composition. The businesses depended mainly on the working class as targeted clients, made up of teachers, nurses and police officers. Local businesses, such as taxis, hardware shops, and buses were also targets of some businesses.

*“...Of course, my customers are the community itself. These are people whom I got connected with. They know the products that we are making, they also appreciate the quality, so we have become so connected that whatever job they need they also communicate with me.”*

Most of the businesses did not have the advantage of sourcing their supplies locally. They bought their stock in Gauteng approximately 600 km away. The fact that the suppliers were located far away is a problem in itself as this impacted negatively on stock availability and lead times for suppliers.

## 5.5 Advantages of doing business in the area

Participants' views were sought on what they believed were the main advantages of doing business in the area. Some participants said they found it easy to be innovative and to bring convenience to the community by providing a range of goods and services to the community due to the fact the place is underdeveloped. Furthermore, the lack of intense competition was another advantage that came up many times during the interviews. Some businesses were enjoying high-profit margins due to the lack of intense competition.

### 5.5.1 Convenience brought to the community

Participants saw different opportunities to bring products and services to the area that were not there or were scarce. For example, before Simba opened his petrol station, community members used to travel far to buy certain fuel products. It was his desire to bring these products to the community and help them, especially those who are not well-off and those who live in RDP houses:

*“In fact, the first thing is to assist our people, instead of going far we are basing our business where the people are, mostly far. You can see surrounded by households and particularly those who are well-to-do and those who are not well-to-do, we have got an RDP houses, and when they need petrol they don't go far, it's in their proximity.”*

Sgora also brought gym facilities that did not exist in the area because he wanted to help people improve their health. The people in the area seemed to appreciate this and herein lay Fana's motivation to grow his business. Welcome, on other hand, focused on providing packaged construction quality services to her customers and saves them time and money.

*“The locals appreciate our business. They had to travel very far to buy certain things such as bread, cool drinks.”*

### 5.5.2 Competition intensity

When asked about the advantages of doing business in the area, four of the participants said there was little competition, in contrast to the majority of interviewees who felt that there was a lot of competition. They said that intense competition had a



negative effect on their margins. Competitive intensity is high or low depending on the nature of the business. For instance, an observation by the researcher was that certain fuel products commanded a high selling price compared Johannesburg and urban areas close by. This premium is on fuel products that are not regulated and Simba is able to take advantage of this due to low competition.

*“Ja, we do have little competition, this Malavi next door, but otherwise our competition is very, very little.”*

Due to the underdevelopment of the area, some respondents said they found it easy to try new business in the area as it is fertile ground for new ideas. Also, they said they not have to “reinvent the wheel” – one could use business ideas that had worked somewhere else but did not exist locally. For example, a luxurious gym was a first in this area but there are many of these in urban areas with same level of luxury. Due to the quality of the service and state-of-the-art gym equipment, it was easy for customers to switch from a far-away gym to Sgora’s one.

*“Where my competitor is because I already took most of his members, 90% of the members are from there.”*

### **5.5.3 Location**

The Hlanganani district is a developing area and one’s business is likely to grow as the area develops. Hence, Fana thought it would be a good area with high demand, and he was able to make money to support himself and his employees. In addition, he said that there were fewer robberies in his parts of the village. As a foreigner, he was also grateful for the fact that there were no xenophobic attacks. Rezza and Kunene, who were based in the same part of the village, concurred. They believed that their businesses are located in the right place and this contributes to the success of their businesses.

*“Around kaBungeni, we cannot talk much about disadvantage because this is a developing area; we believe that in the coming years we are getting there.”*

### **5.5.4 Other advantages**

The other advantage Lunga mentioned was the ability to serve his customers in languages in which they are proficient.

*“Ja, because they know that when they come to Build-It they are going to get me, you understand? And I speak their language; understand, so it is going to be simple for me to assist because I know exactly what they want. Whenever I respond to them they will understand exactly what I am saying, so that’s the thing.”*

Furthermore, the simplicity of life is what Mazi considered to be a real advantage. He liked the fact the he could plant vegetables in his garden and does not have to buy them, thereby reducing the family’s cost of living.

*“Of course life here, it may be very simple, if you just plant your vegetables you won’t need to buy them, even those wild – those staples – you can use them. They are also available so it reduces buying. That’s the good part of the rural areas and the life is simple.”*

## **5.6 Business growth**

Respondents were asked questions regarding past business growth and their intention to grow the business in future. Twelve of the respondents affirmed that their business had indeed grown in the recent past; however, the rate of growth was different. Some said their business growth had been slow and some had managed to grow their business by diversifying into different sectors. For instance, Gambi has since added tyre patching and car washing businesses to his initial supermarket business. Business owners understood business growth can’t be the same year-on-year. Kunene said he sees a lot of volatility in his business, but overall the business is growing. On the other hand, Lunga saw the highest growth in 2016 due to land claims. Some community members were paid out lump sums from the government’s land claims programme. Some used these pay-outs to buy building material.

*“Ja, in the past three years, last year we registered a significant growth compared to the previous year and then this year we haven’t grown, we have been trading just under last year. But we understand that years can’t be the same.”*

One of the two remaining participants said he had not seen any growth as they were still addressing the issue of how to transform their business to another level. The other participant said business growth had been deteriorating recently due to the high level of

crime. Replacing of stolen stock and repairing of damaged assets has made it difficult for him to grow the business further.

*“Because, for example, if they break in what must you do? You must fix what is broken, you must replace what has been taken and where do you get the money? Don’t forget, the very same money profit that you are making you must also support your family. So if they break it means that they are taking the profit. They come again, they break, and then where to go now?”*

More than half of participants were excited about their growth plans despite the challenges they faced. They understood that business takes a long time to grow but said their passion for community advancement keeps them going. Sgora had a plan to grow his business in the long run by ensuring that his clients are healthy, thereby protecting and enhancing the business eco-system. “A positive attitude and hard work are key to growing the business”, said Mazi.

*“So it takes me time actually to make my money back, but because we are doing it for the community we will take time actually and we don’t mind actually taking time in making the money back.”*

Business is expected to continue growing; five of the participants were currently implementing their plans to grow their businesses into the future. Simba was venturing into residential accommodation rentals and Lunga was busy demolishing the current building so they can build a bigger structure.

*“We would like to open more branches and another thing; we would like to extend the building. Actually, we are in the process of demolishing this one and building a bigger structure.”*

## **5.7 Business growth measurement**

The participants were asked how they would know that their businesses are growing; in other words, how they measure business growth. The measurement tools depended on the size of the business and how long it had been in operation. Older businesses were focusing on business expansion, while the younger businesses were focused on increasing the number of their customers.

### **5.7.1 Enquiries of services and products**

The younger businesses' marketing and promotion activities were centred on product awareness and considered enquiries about their products and services as an important measure of growth. Respondents viewed an increase in enquiries as a sign that their marketing and promotional activities were effective, as enquiries do lead to customer acquisition. This was particularly true for the gym business and the construction business. The gym business focused on the increase in number of people that attend the gym and time spent at the gym.

*“Ja, we are growing because we do find customers through advertising. Advertising is on radio so, yes, we are growing. When people come and inquire what we do, that’s another way of growing because they know us, they know our services.”*

### **5.7.2 Increase in the number of employees**

Due to the fact that the construction company is fairly new, it had not increased its employees since it started the business. However, other older companies had managed to increase the number of employees. This was one of their growth measurement tools and they managed to increase their employees over time. Simba, whose business was about five years old, had managed to increase his employees from 12 to 20 in the five years.

*“When we started we were about 12 but now it’s almost 20.”*

Increase in number of employees was the third biggest measure of business addressed by the participants. In the second place was employees benefiting when business grows.

### **5.7.3 Benefits to employees**

A significant number of respondents mentioned how the employees benefitted when the business grew. The ability to pay employees timeously without struggling was one measure advanced by Phepa. Furthermore, employees' increases in salary and sharing in the profits of the company were measures of business growth to five participants.

*“It’s an open thing. You tell your workers, ‘Okay, I have opened this business to assist you and you also have to assist me. At the end of the day when it grows you are growing’.”*

Mazi agreed with this view, stating that when his business grows, his workforce would be more stable because he could have people working for him regularly or on a full-time basis, thus benefiting them. He wanted to be able to provide stable employment opportunities to more people. For employees to be able to share in the profits of the company, growth in profits is important. A few participants measured their business growth by the increase in profits over time.

#### **5.7.4 Business diversification**

Six of the 14 interviewees had grown their businesses by adding different business lines. They measured their business's growth by venturing into diverse business. For instance, Simba owned a fuel station but he had ventured into commercial properties.

*“It means if the business is doing well, we have a lot of things that we need to do, you will see we will be able to do a lot of things. That’s when business is growing.”*

#### **5.7.5 Business expansion**

Thando and three other participants’ measured business growth by how much they were able to expand their businesses. Thando had managed to open a hair salon in another area while Manyi had opened a second brick making business in another area.

Some, like Lunga, were in the process of opening another store in another area while King and Gambi planned to do so in the near future, to fulfil the created demand.

*“For the development of the business, I have seen it through the increase of customers which drove us to the increase of employees and then we also managed to open another branch. Then from then, I could see now if this business has given birth to the next then it means our business is growing.”*

#### **5.7.6 Increase in revenue or demand or customers**

Increase in demand, sales/revenue and customers were the popular measures for measuring growth. Eleven of the participants gave this measure as their tool to measure growth. Lunga compared and analysed revenue growth year-on-year.

*“Actually we – it depends on customers, right? Then we have more sales, more things we are selling, that’s when we say we are growing... Growth, it*

*was in my tariff value, the revenue. We outperformed almost all the years when you compare year to year. So we could see that there's a change... Actually this development has brought us to a stage where we employed a lot of people and we have more workers because the demand actually rises with time."*

### **5.7.7 Increase in workspace**

In addition to business expansion, Lunga was also increasing his working space as he wanted to increase his stock and house his material to avoid the material getting damaged by weather conditions. Increasing stock and adding new stock regularly was also advanced as a measure of business growth. Hanya was also increasing the size of his warehouse.

*"Sometimes we do increase the salaries, we do increase. And we also increase some of the roofs, the building."*

### **5.7.8 Less business volatility**

Three other participants were in agreement that business stability was one of their important measures of growth. Mazi and Kunene's businesses were relatively volatile. Business stability would enable "Mazi" to have a stable workforce.

*"So that's what I would call business growth: when we have more customers, we are running like constantly, there is no ups and downs like long downs and short ups."*

## **5.8 Motivation to grow the business**

The respondents were asked about what drove them to grow their businesses and many different motivations were cited. Two main themes that came up in the discussions were the ability to meet their customers' increased demand; and the ability to continuously solve identified problems within the community.

### **5.8.1 Customer demand**

King, who operated an internet café, said people had become aware of his products and they understood and appreciated his service offering. Consequently, the demands for his services had increased and fulfilling customer demand became important to him.

*“Like I was saying, the issue is the demand like I was speaking about the student being my customers. Now when students, they have to do their applications and research from school, and then they come to me and then I have realised that around – my competitors – they do not have internet. They just have the printing machines, so all students they come to me for research and all these things.”*

### **5.8.2 Continuously solve identified problems**

Simba found pride in being a pioneer in bringing new products to the local community, making it convenient for the community to access the products they otherwise wouldn't be able to as a result of poor socioeconomic conditions and the distance they would have to travel to obtain the products.

*“In fact, the first thing is to assist our people. Instead of going far we are basing our business where the people are, mostly far. You can see we are surrounded by households and particularly those who are well-to-do and those who are not well-to-do, we have got an RDP houses, and when they need petrol they don't go far, it's in their proximity.”*

He had recently added 50 ppm diesel to his products offering and this was the first time this product could be found in the area. These ideas were innovative in nature and he wanted to keep bringing first-time business ideas, thus bringing convenience to the locals. He said it was relatively easy to pioneer products and services in this village due to the area being underdeveloped.

*“Because here, ja, I think that was a problem. But today our people from Gauteng they come straight here and fill up their tanks, here at the garage.”*

This also applied to Sgora who had brought a luxurious gym facility to the area with state-of-the-art gym equipment.

*“That's mostly pushing me is that we actually – I have discovered that there's no facilities like that around here and we have actually helped a lot of people that have high blood pressures, a lot from the hospitals and everything, so now my drive is that I have seen a lot of people actually stopping to use medication since they have actually joined the gym. So the health part of it is actually my drive as I am interested mostly in bettering people's health.”*

He found motivation to grow his business in the customers he has helped to cease taking medication due to improved health. His passion lay in seeing people getting healthier.

### 5.8.3 Financial well-being

Other motivating factors that participants mentioned for growing their businesses was that growing their businesses would result in financial security. As a result, their employees and families would benefit. With the finances, they said they would be able to provide for their families, pay their employees more and discharge their responsibilities.

*“It’s an open thing, you tell your workers, ‘Okay, I have opened this business to assist you and you also have to assist me. At the end of the day when it grows you are growing’.”*

### 5.8.4 Assisting local people

Some participants said they were motivated by the need to assist local people so they started businesses to the benefit of the community. The view was that people need not travel far to get daily necessities such as bread or cool drinks, or assistance with health-related issues that can be curbed by going to the gym.

Some had identified needs that customers were not aware that they had. Welcome said that it pained her to see people part with large sums of money for sub-standard products and services. She decided to bring quality construction services to the community to fill the identified gap in the market. She was driven by the desire to provide quality services to the community at reasonable prices.

*“The thing that motivated us or pushed us to start this business is we wanted people to know the right thing and to do a right thing to build beautiful houses for people because it’s very hard and very sad, or very painful to see someone invest their money to build a house and then to find out that people just go build something which is not what the client wanted.”*



### 5.8.5 Personal achievement

Gambi and Mazi cited personal achievement as their drive to grow their businesses. Gambi said he continually thought of business ideas and he would be satisfied if he could reach the highest level in business. He started off with a supermarket and then ventured into tyre patching business and car washing business. He said he was a very patient and disciplined person. He planned save money from his existing businesses and invest into new business ideas. He said he was not willing to borrow funds from the bank to grow his business, as borrowing money comes with certain level of stress.

*“My dream is if I can be able to reach the highest level in business, then I will be satisfied. In actual fact that is my drive, I need to do serious business.”*

## 5.9 Business growth strategy

This area sought the participants' views on their future growth plans. The growth plans are indicators, somewhat, of the developments in the area that are likely to happen in the short-term. On travelling to Limpopo, the researcher noticed that in recent years, there had been noticeable developments in the area, evidenced by new commercial and residential buildings, as well as new tarred main roads. The business people interviewed were some of the change agents, championing the developments, and they had plans to further contribute to the development in this area.

### 5.9.1 Business diversification

Some repondents wanted to grow their businesses by diversifying into other businesses. Simba, Thando and Fana were prime examples. Simba, whose primary business is fuel, had plans to venture into building residential accommodation for renting. He was in the process of building rental apartments adjacent to his fuel station.

*“You can see it outside, that building is ours. So we want people to do rental”*

Fana, a supermarket owner, wanted to start selling building material and hardware.

*“We want to add to the business by adding a building material and hardware section and try it.”*

### 5.9.2 Business expansion

Three of the respondents planned to grow their businesses through expansion. Lunga was busy building another store in another village. Sgora also had plans to expand his business into another area. Thando, the hairdresser, had experience in business expansion. She had already opened a new branch somewhere else and she aimed to open another one.

*“We would like to open more branches and another thing, we would like to extend the building...I am actually planning to open the second gym, a second gym probably in Elim.”*

### 5.9.3 Increasing of current workspace/warehouse

Addition of workspace is what some participants were planning to do to grow their business like Fana, Simba, and Lunga. Lunga was in the process of demolishing the existing building and so he could build a bigger warehouse to store additional building material.

*“Actually we are in the process of demolishing this one and building a bigger structure.”*

Three other participants were also looking into growing their enterprises by increasing the current working space to either accommodate more of the same products and services, or to add completely new products and service lines. Thando, a hairdresser, wished to increase her workspace and offer masseuse services to her clients.

### 5.9.4 Increase stock and new products

Some participants who were planning to increase in workspace or warehouses were planning to increase current stock and add new product lines. Rezza could not keep up with demand and it concerned her that she could not satisfy her customer's demands.

*“Increase in in stock and adding new stock regularly.”*

### 5.9.5 Marketing and promotion

A theme that arose through the research process was the implementation of marketing and promotional activities in order to increase the customer base and grow the business. Sgora and Welcome said that the growth of their businesses depended on

how much they engaged in activities, and that would take their businesses to new potential customers.

*“Okay, through marketing and through offering a great service, because when they come to see a house of somebody or we build a beautiful house or we do the best tiling, and then when you go ask who has done this job, if we offer the perfect quality job then it’s easy to grow, because that’s where we will find a reference.”*

Word-of-mouth was listed as an important way to market the business, hence Welcome emphasised that her company did not compromise on the quality of their services and products. Offering great service was seen as an important way of taking businesses to customers.

#### **5.9.6 New blood**

Phepa had reached a stage where he believed that he needed to inject “new blood” into the company in order to grow it with their fresh ideas. He said that he is old and he needs new, younger people to take the company forward as he prepared for retirement.

*“My intention is to shift the responsibility to the new generation because they will be coming with a new mind. I can just support them here and there, but my plan is in 2020 I will retire from the business.”*

#### **5.9.7 Vertical integration**

Rezza planned to vertically integrate her business once she has access to additional funding. Her plan was to starting rearing chickens for her restaurant and for sale to the public. She believed this would give her control of the supply of chickens to her business and she would be in a position to better meet her customers’ demand.

*“We sometimes have serious demand... If we could just keep these chickens for ourselves, we pick the right size for selling and we keep the rest for up-growing up until - it was going to be better.”*

#### **5.9.8 Sustainable eco-system**

Sgora understood the importance of looking after his customers. If they are looked after and are healthy, then there is hope that they would continue to use his facilities. That

way, his business would make more money in the long-term and that was in line with his strategy. During the interview, he often emphasised that this business was long-term in nature; therefore his strategy was to enhance and protect the business ecosystem.

*“The most important thing is to make sure that people live long... people live longer, it simply means that businesses will grow.”*

### **5.9.9 Overcoming mental limitations**

Mazi believed that once he and his circle of influence could break down the psychological barriers relating to his business, he would be able to do grow the business to a larger extent. Self-efficacy is the biggest problem with this entrepreneur and there is a lot of negativity in his business and social networks about growing businesses than can serve market bigger markets out of this area. circle of influence. Furthermore, they believe that their business His strategy was to conduct research on how to break down these barriers.

*“It may not be like moving out of the place but all I mean is we are doing researches on how we can get out of the limitations mentally so that we can have a liberated mind whereby you can think broad and not be limited by our local community’s patterns.”*

## **5.10 Challenges faced by the business**

### **5.10.1 Crime and crime consequences**

One of the biggest challenges facing business owners was crime, which was said to be pervasive due to the level of lawless in the area. There were no consequences to people who committed crime. In Phepa’s words:

*“To me, the main thing is our laws are so loose in a way that whoever want to do something he can do it the way he likes because if there was laws, if they found someone doing this they should be brought to book, but they are not doing that.”*

The nature of crime that business owners experienced varied from theft, burglary and fraud. Most of it came from individuals outside the business but in some cases, employees are also the culprits. The presence of cash on business premises was

names as the main reason why businesses and business owners were targeted. Business owners were not only targeted at their work premises, they said that criminals watched them, and their homes were prime targets as well. Two of the four respondents who were affected by crime said that the interaction with the police was so poor; it makes their efforts to address crime worthless. For example, feedback of reported crimes was said to be virtually non-existent.

*“For instance, I will give you an example with this: the guys who take fingerprints. Forensic something. I mean they find the fingerprints, he have identified some of the fingerprints but he won’t get answers from that, you see.”*

Crime caused emotional distress and trauma to the affected, and it resulted in financial losses to the owner, as they have had to replace the stolen stock and spend money to repair the damaged properties on the building. Many said that he was forced to get a loan to either replace stock or repair damaged property. Loans come with additional costs in the form of interest expenses.

*“Then you must also get new stock. So it’s a drawback.”*

In extreme cases, where businesses were repeatedly targeted and robbed, business owners abandoned their businesses, consequently hampering the progress of development in the area.

*“That is why you see most of the buildings are vacant. It’s because of burglary.”*

### **5.10.2 Pricing**

Another common theme that came up was that of pricing, albeit from different perspectives. For instance, King said that although he perceived his services to be valuable, he could not charge them the market price as the people in the rural areas are poor and they could not afford his services. However, he said that he was careful not to be influenced by his competitors, as it might hinder his business.

*“Like I was saying that we are still in a rural place, it is not easy to have the machines you are looking for, the equipment and all these things and like I was speaking about pricing.”*

On the other hand, Rezza said she has had to watch her competitors carefully; otherwise she would lose customers to cheaper options. The price wars made it difficult for her to price her products correctly or try to keep prices stable. The sourcing of chickens from different suppliers at different prices contributed to the pricing problem she experienced.

*“These are the challenges that we are facing. Here in rural areas we are many people who are doing the same business in one place and our prices – we cannot develop a standard price because people are getting their chickens from different places.”*

### **5.10.3 Failure to meet customer demands**

Three of the respondents spoke about the failure to meet their customers' demands as one of the challenges they faced. The reasons for failure to meet demands differed among the participants. Some did not have working capital to inject into the business and increase stock, and others were limited by stock shortages from suppliers. Others failed due to high seasonal demand.

*“Challenges are about customer demanding, something which I don't have, something which I do have, you understand? Those challenges there.”*

*“These are like seasonal activities, seasonal things, there will just come a season whereby people need to do things, whether it is controlled from anywhere I don't know, but I have seen that there are times in which there are floods of people coming but it's for a season, it's not constant.”*

### **5.10.4 No bargaining power**

Small businesses in rural areas must compete with large, well-established businesses, and respondents found this difficult. They found themselves losing out to big businesses that were able to sell at lower prices because they have the bargaining power to get massive discounts. Lower prices are not sustainable for the small businesses.

*“Ja, it comes to that and we don't have financial muscles like Tops because with Tops they buy in bulk and they get a better discount. So with us, we just*

*top it from our pocket and buy whatever we want, and if you buy few stocks you don't have a word to say that can you please give me discount because ..."*

#### **5.10.5 Expiry of grocery items**

Respondents who owned supermarkets were faced with the risk of grocery items expiring, particularly dairy products. The fact that they could not exchange expired dairy products made the situation worse. The heat in Limpopo and the slow moving of goods contributed to grocery items expiring.

*"Expiry of food is a problem, especially dairy products. You can't exchange it."*

Other challenges raised by the participants were high energy costs and rental expenses. The expenses ate into the business's profits. Fana had to decrease employees due to high running costs.

*"It's a lot of money because it goes to Eskom, all your profit goes to Eskom... the decrease in employees due to high expenses such as rent and electricity."*

#### **5.10.6 Competitive intensity**

The second biggest challenge that the interviewees spoke about was the high level of competition. Certain businesses had low barriers to entry and many people had decided to enter those markets. For example, the researcher observed that there were many new hardware and building material stores in the area. Interestingly, more participants were in the process of adding this line of business to their own businesses. Simba wished that people would start businesses that do not exist or are scarcer in the area. He was interested in individuals starting diverse business to bring a variety of services and products to the people.

*"The other thing is that we find today there is competition in one of them, for instance, next door there is this type of business, up there still type of this and all over. Instead of venturing into new things. I mean if people are selling bananas there make sure you get say avocado, although they are seasonal. But if you find the whole thing is one thing, this is why sometimes you find their businesses are not growing."*

Respondents whose businesses had a low barrier to entry agreed that they were struggling to make a decent profit. For example, Rezza said it was difficult to price one's products due to price wars in her line of business. This mostly affected respondents that were in businesses such as restaurants, hardware, building materials, and entertainment.

*"We have quite a number of competitors; we have a supermarket here and another one down there, and another one up here. We also have other small businesses in the same vicinity."*

The majority of interviewees had been stressed about competition; however, two of them felt that one should not pay attention to competitors but concentrate on one's own business. King and Hanya's business actions such as pricing and choice of stock was not influenced by competitors. They adhered to their own business strategy.

*"But actually we are not taking too much care of it; we just concentrate what we are doing. That's all, we are not actually in competition, we don't look after how much this guy is selling this or what, what. We didn't need any type of these things because competitions I think there is no competition because everything what a person do, any business, there is other people also doing. So if you are concentrating for competition then you are not concentrating on your business."*

#### **5.10.7 Skill shortage**

Skill shortages were a real challenge facing the rural entrepreneurs that were interviewed. Six of them agree that this was a problem that emanates from the fact that people had no form of training, be it formal or informal. This hindered their work performance. The interviewees found it difficult to find skilled people that they could employ in their businesses. Sgora, the gym owner, had to manage the business as well as be a personal trainer to his clients. This could have a negative impact on service delivery but he said he was coping at the moment.

*"At the moment I am running it myself because I don't have anybody qualified because they need to go to the Varsities for that, to come and actually work with people in that way."*



The lack of skills also affected the quality of the products and services and, consequently, the price one could charge. Mazi, an experienced welder, found it difficult to educate his clients about this.

*“So if I come to your place and then someone who is quarterly skilled has passed through that place they say this job is R10, I get to this place and they say, give us a quotation, I say this job is R20, then there is a challenge. So the most difficult part is addressing the community, you cannot be able to break down this information before the community that the quality of the product depends on the quality of the workers, should I say.”*

*“I think it’s one of the challenges that we face as a rural business because most of the people that we work with don’t have formal training, they are not formally trained. And it is quite a challenge, and even the trainings, like the trainings that the company should do. Yes, they used to do them but now they are no longer being done, and I think that one is one of the big challenges that we have in terms of business.”*

#### **5.10.8 Underdevelopment problems**

Three of the 14 participants felt strongly about a number of issues that were inherently a challenge due to the location being underdeveloped. The infrastructure was underdeveloped and this made it difficult to access certain services that were essential to their business, for example, police services. King said it was the reason why they did not have government offices that offer support services. He also said that even in other rural areas where one could find these offices, the number of services offered was much lower compared to counterpart offices in urban areas. Police services were also said to be poor because the nearest police station was far away and was ineffective.

*“So with our police stations you can see one police station is 80 km’s away from another way.”*

Overall, the infrastructure in this area was very poor; the roads into the villages were dusty, the water supply was bad and clinics and hospitals were not in good condition. The other disadvantage that related to the remoteness of the area is that it was difficult to access big capital equipment require by participants to grow their businesses.

*“Like I was saying that we are still in a rural place, it is not easy to have the machines you are looking for, the equipment and all these things and like I was speaking about pricing.”*

#### **5.10.9 Socioeconomic issues**

Socioeconomic issues – specifically poverty, unemployment, crime, low income and poor education – came up strongly in the interviews. These issues were at the core of why it was said to be challenging to do business in this area. Unemployment, crime and poverty were the top three. Phepa said the high level of unemployment left business no choice but to depend on a few individuals in the community that work, and the majority of them were in low-paying jobs as teachers, nurses, and police officers. Pensioners and children who earn grants also added to the customer pool that businesses depended on.

*“You can see surrounded by households and particularly those who are well-to-do and those who are not well-to-do, we have got an RDP houses.”*

*“So you cannot make much profit like in town because of the poverty and other things.”*

*“Sometimes the disadvantage of doing business in the rural area is when you have to price your services or the product you are selling because number one you must look at the people and their income and everything like that. So you cannot make much profit like in town because of the poverty and other things”*

Manyi concurred and added that depending on a few people that earn a living limited the business growth in the area. He further said that if the unemployment problem is not dealt with, businesses would continue to suffer. It was the high level of unemployment that fuelled criminal activities as people fight for their survival, according to Manyi. More than half of the participants concurred that these socioeconomic conditions contributed to the low growth in their business.

*“So it’s only very few people that we are depending on, that is why the kind of development that you can make somehow strange because it’s limited because we don’t have enough people who are earning...And the unemployment is another part of it, contributory factor. If people are*

*unemployed how can you develop a place? You start developing a place and then here comes some thugs, like...”*

Hanya concurred with Manyi that crime was very high in the area and it was exacerbated by the fact the police stations were very far, making it very difficult to deal with crime. This was a big disadvantage as it rendered the business owners' efforts to combat crime fruitless. For example, if the police could not respond to criminal activities taking place timeously, criminals got away and are never caught. Furthermore, the police's response and interaction were said to be unhelpful. This has been elaborated on further in the section on the challenges facing the businesses.

#### **5.10.10 Strategic issues**

The respondents were also faced with strategic challenges in their businesses. For some, this had to do with the continuation of the business, considering that the owners were about to retire. For others, it was about where to relocate given that, although in a prime location, the business had become smaller. These challenges need careful planning and analysis or they could result in the particular businesses dying or growth slowing down.

*“Unless if I had someone or one of my kids was a copy to me, to come and run the business but you know the youngsters they are not willing.”*

*“It's difficult for me to build a huge building, it is really, really difficult. But I spoke to the Chief's for space, telling them I am tired of renting and they said, ah, there's no more space around. The places they are showing me, these are not business places.”*

#### **5.10.11 Capital-related issues**

The participants found it very difficult to access capital to grow their business hence they were interested in information on where and how to access capital required for their businesses other than from the bank. Manyi found bank finance to be very expensive and he claimed that banks did not educate their clients about how the interest charged on their loans or how the payment terms work. Respondents said they found themselves taking money out of desperation, only later to bear the brunt of the high cost of capital. This was a point that Rezza and Gambi agreed on. They felt that the cost of capital is very high and the finance comes with financial stress. Gambi said

he would rather save on his own than take on the financial stress associated with borrowing.

*“Found sometimes only to discover that after you receive the help it cannot develop your business in the terms that the interest can be very high.”*

*“They don’t inform you about the calculating of an interest, they will simply tell you that, okay, maybe the interest is 20% or 18%, you just accept, no, as long as I have got the money it’s fine. But the question is, how is the 18% calculated, because they might be calculating it for five years or they say, let’s calculate it for five years but that interest should depend on the what, you calculate it on the drop of the amount.”*

#### **5.10.12 Psychological barriers**

One of the participants felt strongly about the psychological barriers that were holding them back in growing their businesses. He believed he and his circle of influence were held back by this problem in such a way that no-one was able to lift the other out of bondage. This apparent lack of a supportive network was a huge challenge for him:

*“Like as we are speaking I talked of a bending machine, I talked of door frames, door frames need a bending machine and now we talk to the people around about such a development, such an idea, you would hear comments and they would tell you, ‘Hawu, that one, forget about it, you won’t make it, it’s very difficult, it’s challenging.’ They talk to you all kinds of discouragement then at the end of the day when you are seated there, because the words they speak also carry their own life, so as you try to digest it, meditate on these words in comparison with your project with your dream it keeps pulling you back instead.”*

#### **5.10.13 Seasonal high demand**

During peak season, participants were faced with high demand in their businesses. Four of the respondents said they failed to meet the demand thereby losing on sales they could have otherwise made. They were unable to meet the high demand due to various reasons. Some lacked short-term capital to inject in the business and increase their stock. For Rezza, most of her suppliers ran out of stock and there was nothing she could do about it, hence her desire to rear the chickens herself.

*“... and these times of Christmas you may find that we fail to meet the demands of the people because it’s the time when people need a lot of food and they spend a lot on food.”*

*“... and another thing, we depend on holidays, if the guys from the South are coming this side, coming to visit this side, there’s a bit of a business. More especially in the holidays, we got this business but other than that there’s dead weeks, more especially between the first week of the month to the 15<sup>th</sup>.”*

#### **5.10.14 Business support**

The theme of the lack of business support came up strongly from the participants. Firstly, the interviewees lamented the lack of public or private sector support, be it financial or non-financial. Secondly, some businesses claimed that there was no support from the local community because some community members still go to town to use the same services and products they could find in their local area.

*“Another thing is as we are trying to support a government that we must employ more people we don’t get a hand from the government, because to me the government was supposed to give us something because we are helping them to feed other families, you see, so that’s the bad side of our business.”*

*“Ja, the community I think the thing they have to do is just to support us as the entrepreneurs. Because you know sometimes some other people they just look at a person because you grow together, they know us, and they will better run to do their things instead of supporting the local businesses. But I think if we can try by all means to make sure that the community they support the local businesses and then it will help us to grow as well.”*

#### **5.10.15 Pay-day driven business**

Four out of the 14 participants’ businesses performed better over pay-days and grant payment days, with business quiet on other days. They did not make much money on the normal days, understandable given the type of working class found in the area. Professions such as teaching and policing do not pay well, hence this pattern is more pronounced in underdeveloped areas. Manyi and Kunene agreed with these observations.

*“... but other than that there’s dead weeks, more especially between the first week of the month to the 15<sup>th</sup>.”*

*“... Business is mostly good when it is month-end.”*

## **5.11 Addressing challenges faced by the businesses**

### **5.11.1 Save and accumulate funds for business growth**

Participants were asked about their efforts to address the challenges which hindered business growth. Some business owners opted not to seek outside help but tried to find solutions inside the business. For instance, Gambi and King had ideas to grow their businesses but they did not have funds to invest into the new ideas.

*“No, I did not communicate to anybody. The thing I did it was just to try by myself to accumulate the money by myself.”*

Gambi was not open with what he would like to expand into, but said he had other business ideas he would like to invest in. He started off with a supermarket and then added a tyre patching and car wash business. Both Gambi and King had not tried to seek outside help but preferred to save the required finance. Gambi was wary of borrowed finance as it comes with financial stress.

*“I don’t want it to like borrow some money because it will give me more stress.”*

On other hand, Rezza wanted to move down the supply chain but due to financial constraints, she could not. However, she said if she could find affordable finance, she would borrow the money and do her best to develop her business and the community.

### **5.11.2 Breaking psychological barriers**

Some respondents mentioned psychological barriers as the reason why they could not grow their business. Mazi mentioned that the village mentality is one of the reasons he could not grow his business. He was in the process of doing research to break this barrier so he could “liberate his mind”:

*“It may not be like moving out of the place but all I mean is we are doing researches on how we can get out of the limitations mentally so that we can have*

*a liberated mind whereby you can think broad and not be limited by our local communities' patterns."*

### **5.11.3 Increasing work space**

Three of the participants whose workspace had become too small were busy adding to the business to accommodate more of their current stock and new stock ranges. Some interviewees were renting their current premises; they needed to speak to owners about extending the premises. Martha, the hair salon owner who would like to add a masseuse to her business, said she had sought the chief's help to get land where she could live, as well as extend her business.

### **5.11.4 Marketing and promoting the businesses**

King said that when he first started his internet café business two years ago, the community did not understand or appreciate his business. He had to do a lot of marketing and promotional activities to make the community aware. Slowly his business grew and now he is looking to expand his business to accommodate the created demand. He wanted to save and accumulate funds to expand the business.

Sgora and Welcome were in the same position. Their businesses were in the infantile stages and their main challenge was taking their businesses to their customers. They believed that one of the interventions their businesses required at this stage was marketing and promotional activities in order to acquire customers. For instance, Sgora ran an activity that allowed him to promote the business and keep his members interested in his services. Invoking loyalty from his members through incentives to existing members was also important to him and he encouraged members to recruit new members.

*"I have events that I am actually running and then I bring them and then maybe we will give them the present that they are the longest serving in the industry, in the gym, and then sometimes we will give them the presents, we will have what they call aerobic marathons and then they stick around. And then we also make sure that we run the idea of if they bring about five people in the gym they get a free membership for a year."*

### 5.11.5 Educating the community about products and services provided

Furthermore, Sgora and Welcome said they have to educate their customers about the benefit of their services. Welcome's company had a mammoth task of making customers understand the quality of their services and why customers had to pay a premium for the services. Their company offers convenient, quality construction services and customers did not understand why they must pay just a little bit more for it. She has found a way to engage customers and educate them about her services.

*"We have found a way because we try and try so hard to explain if you want a better quality, better service and then you will have to pay for that. Because for example, we give you the quotation and then when we give you the quotation and then you come to us and negotiate for less price. We do try to negotiate and try to give you discount, but then we even explain and give the example. For example, someone will come want plumbing whole system and then we will give them the quote or give her the quote, and then she will said, you guys are expensive. We do give them chance."*

She said that educating the customers works sometimes but what really tips the scales is word-of-mouth from satisfied customers who had experienced her services. In addition, when potential customers saw the work they have done, they were more comfortable to procure her services.

### 5.11.6 Dealing with crime

*"But we need to emphasise the issue of how do we deal with crime because it's something that I cannot say it can be dealt with overnight."*

Crime was rife in this area and business owners have had to respond by installing various forms of security measures to safeguard their assets and employees. To address the crime challenge, they have had to install surveillance cameras, burglar bars and alarm systems. Furthermore, some have employed security personnel to man their stores as a deterrent to theft and burglary. Phepa and Manyi both reported crime incidences to the police but the latter said it was a last resort as the police are generally not helpful in this regard. Respondents said that people are not scared of being arrested as they have never had to face consequences of their criminal activities due to ineffective law-enforcement police.



*“Ja, we also put some alarm systems but those are delay tactics, they are just delay tactics. As long as the police that you are liaising with do not react quickly then it means that they will finish their job.”*

Because police stations are very far from business, criminals usually get away before armed response arrives. This was a real challenge for business owners as it has become nearly impossible to solve. This contributed negatively to the pace of development as some businesses gave up and abandoned their businesses.

Manyi said that the most important way to deal with crime was to engage the community and its leaders and try to find ways of combating crime. He believed that it is not only the business' responsibility to deal with crime. Community members should be involved as well as it is their business as well, hence they got involved in solving the problems because they benefit when the business is doing well.

*“But it's a matter of business people coming together with their business forums, engaging the community and then trying to hold meetings and come up with a mechanism that will entice our businesses and something that will conscientious community members to say, when you see these businesses in your community tell yourself that they belong to you... and then you consult the community members where you make a meeting, discuss about this issue of drugs and the stealing of the burglary.”*

Engaging stakeholders was an approach that has found favour with Manyi, and he said he took the same approach with employees to deter them from stealing from the business. “They must know that they have a stake in the business, if the business is successful they will also be and if and when it fails the will also fail.” He said it is important that employees align their actions to the success of the business.

*“...and another thing, it's a matter of how do you relate with your workers, you must be able to work together... tell them why you are here and why they are here. And the main thing is we are here to work, we are here to make profit, and out of that profit that's where you get your wages or your salary.”*

### 5.11.7 Business continuation plan

Business continuation was at stake in some of the businesses run by individuals who were past their retirement age such as Simba, Rezza and Phepa. One of the challenges they faced is about who will take the business forward and how will it be developed into the future. This was one of questions that Phepa is wrestling with and he intended to start shifting the managing of the business and its growth to youngsters with fresh ideas to take the business forward.

*“My intention is to shift the responsibility to the new generation because they will be coming with a new mind. I can just support them here and there, but my plan is in 2020 I will retire from the business.”*

### 5.12 Success and failure in addressing challenges

Participants were asked if their attempts to address challenges were successful or not. For the few who responded to this question, the majority of their efforts worked. For others, it worked to a certain extent, and for some the efforts were fruitless.

Welcome found that engaging her customers worked to a certain extent because when she engaged customers and educated them about her quality services and why they were priced at a premium, she won some. She also won customers who had heard from those who experienced her services and from those who saw her finished product. She was satisfied with how her business was progressing. Lunga believed that his interventions were working – slowly, but surely.

*“Ja. Some do understand and then give us the project. Some they continue to do their things and then – because what we have seen, some people do continue with their project and then at the end, they will come ask for service, like for maintenance. Because what we do, I don’t want to lie, we don’t compromise on quality. So we will give them the quality service and then the other one will go look for someone who is not even perfect or accredited, they only know the job from seeing someone doing it and then he will go chance the work and then one, two, three there’s a problem of which they will come to us, ask for assistance.”*

Another means that worked were partnerships, as experienced by Simba. He found that partnering with two other companies enabled him to meet high seasonal demand which he would not have otherwise been able to satisfy. Furthermore, he said that being open and friendly has helped him when working with many stakeholders such as chiefs and indunas.

Manyi also believed in partnership and collaboration in an attempt to address the issue of crime, and he claimed that it had worked to some extent. However, Phepa and Manyi were certain that the interactions with the police when dealing with reported crime were not working.

*“Ja, for instance, I will give you an example with this, the guys who take fingerprints. Forensic something. I mean they find the fingerprints, he has identified some of the fingerprints but he won't get answers from that you see. So that's why I say we got a government and we got cops but they are not doing their job properly. Because if you took a fingerprint you should come back and give us answers that we have got fingerprints, we are still busy on investigation, we have got one, two, three, and four. Most of the people – because I once go and consult my doctor, he had a similar problem, they burglar to his house several times until he bought a dog, so she got a vicious dog in the yard now, so everything have stopped. So you know, it's not all of us who like this.”*

They both said that the police were ineffective on handling reported crime. They said police did not investigate criminals even though they had been provided with evidence, and the police did not provide feedback. In addition, the police had also told the business owners that the video evidence they provided to the police was insufficient. However, Fana said that the crime measures he had put in place had worked. He installed an alarm system and this has resulted in a high response rate when there have been criminal activities.

Two respondents said they had no challenges at the time of the interviews. One of the two, who had the newer business, said he would re-assess at the end of first 12 months of running the business

*“...challenges, there is no challenge.”*

## 5.13 Success factors

All respondents, barring one, had intentions to grow their businesses. They had experienced challenges and had put in place measures to address the challenges that were hindering business growth. They were asked what kind of interventions would enable them to grow their businesses and the necessary interventions varied across the participants. Some did have the means to implement interventions required and some did not need assistance. The form of assistance required could be financial and non-financial support.

### 5.13.1 Marketing and promotional activities

Two of the newer business owners cited an increase in marketing and business promotional activities as necessary interventions to grow their business. They understood that their businesses were in infantile stages and the only way grow would be to invest in massive marketing and promotional campaigns.

*“I have events that I am actually running and then I bring them and then maybe we will give them the present that they are the longest serving in the industry, in the gym, and then sometimes we will give them the presents, we will have what they call aerobic marathons and then they stick around. And then we also make sure that we run the idea of if they bring about five people in the gym they get a free membership for a year”*

### 5.13.2 Funding required to grow business

Seven of the respondents wanted to increase their current workspaces (with workshops, warehouses, etc.). Others wanted to invest in bigger and better machinery and equipment in order to increase their service offering. However, they did not have funds to invest in the required space or equipment. Funding was ranked as the second intervention that the interviewees required to grow their businesses.

*“ I think the intervention we need around here is like funding, number one. Number two is skills, if you can find people who can empower us and tell us how to grow the business, train us in that industry, I think it is going to help us.”*

Rezza, who owns a restaurant, said she is strong and wants to grow her business, only if she could access affordable funding. The cost of finance was a challenge that various

participants mentioned as hindrance to business growth. They said that banks charge exorbitant interest rates, and do not educate them on how interest is calculated. Some respondents said they would rather try to accumulate money themselves, rather than borrow from the bank. On the other hand, foreign business owners said they were fortunate to have a social network of friends and family from which they could borrow funds at no cost. When borrowing money from their network, some respondents said they did not have to pay interest on borrowed funds due to religious reasons. However, it was still listed as a frustration that they could now borrow money from banks.

*“We need finances to grow our business for expansion but we can’t get credit as foreigners. The family networks is helping and we get the funds interest free, In Islam religion, one is not allowed to charge interest.”*

King said that finance is indeed the number one intervention the business owners seek to grow their business. For those who wanted to satisfy increased demand for existing products, they lacked working capital to fund this demand, and also to fund addition of new products.

### **5.13.3 Partnerships and collaboration**

Some respondents had addressed their challenges by partnering with other companies to fulfil their customers’ demand. Partnership and collaboration came out strongly as an intervention that could help foster business growth.

*“You must be friendly and try to work with all the structures, chiefs and these other indunas, it helps.”*

Interviewees said that partnerships between business, social groups and the community would result in their business growing. Simba believed that in order to grow his business he had to participate in many initiatives in his communities, be it supporting smaller business, or sponsoring school trips. This was listed as a form of marketing and promotion for his business.

### **5.13.4 Breaking psychological barriers**

One of the participants felt strongly about the psychological barrier preventing businesses growth. He believed he and his circle of influence were held back by this problem in such a way that no-one was able to lift the other out of the bondage. He said he required mentorship and training that would assist him to break the “village

mentality” that is hindering business growth. The other psychological issue that required intervention was the alleged preference of local black people to support businesses of non-indigenous black or white business.

*“I think like I said, we need to get out of the cage. Our surrounding has played a major role in the way we think right now so we really need information that will like take us out of the box so that we are not limited by the locality, should I call it ‘village mentality’. Ja, it creeps in because you are always with the brothers and the sisters that are from the village and you just find yourself thinking local.”*

#### **5.13.5 Support of local business**

The issue of support was raised by five participants interviewed, who believed that their businesses required different forms of support in order to grow, be it from the public or private sector. Furthermore, they also needed their own communities to support their businesses by buying their products and making use of their services.

*“Ja, the community I think the thing they have to do is just to support us as the entrepreneurs. Because you know sometimes some other people they just look at a person because you grow together, they know us, and they will better run to do their things instead of supporting the local businesses. But I think if we can try by all means to make sure that the community they support the local businesses and then it will help us to grow as well.”*

#### **5.13.6 Constant supply of stock**

The restaurant owner believed that a constant and stable supply of stock to her business would assist in growing her business. The broken supply of stock was the major reason she could not meet her customers’ demand and consequently grow her business.

*“In actual fact our dream is to have a constant supply of chickens. If we can have a constant supply of chickens that’s what we are dreaming of, we will be able to maintain our business, we don’t have many people that are doing like fresh chicken products and selling here”*

### 5.13.7 Skilled staff to increase productivity

A skill shortage was listed as one of the biggest problems in this area and had negative impact on staff productivity. Lunga, the manager of a hardware store, believed that employee training was very important to upskill employees, and would consequently increase productivity. The required training could be done internally or externally. The little training employees received internally was said to not be adequate.

*“If we could get a more productive staff and then even if we don’t get new people but the ones that we have if they can get formal training, some training, some skills, maybe can be better skilled, I think yes we can go forward as a business. Because these people they know the culture of the business, they know our customers, but the skill part is a challenge.”*

### 5.13.8 Awareness of entrepreneurial support

The participants were asked if they were aware of any entrepreneurial support provided to rural entrepreneurs of from either the public or private sector. Eight of the respondents had never heard of any support for entrepreneurs. Many of these eight said they were on their own as they did not know of any support and had never received it. Sgora believed that he did not need support as his business was a sole proprietor and they and were not getting funding from the government. This was a misunderstanding that could be cleared once people have access to information and know where to get it. Support is not reserved for certain types of businesses or those who get funding from the state.

*“I know nothing, we are just come here and do for ourselves, we don’t ...”*

Access to such information is a small change that can assist entrepreneurs to grow and manage their businesses better. Only four respondents had heard of some form of entrepreneurial support from public and private sector. Of the four, one did not know what was required from her in order to get the support. Furthermore, only one participant received support from the private sector, in the form of finance. That is how King got seed capital to start his internet café business two years ago. He has subsequently tried seeking help from the government but he was met with challenges. Kind said that the government’s lead time for responses is very frustrating and they were not helpful. King also believed that smaller offices in the rural areas do not have the same suite of support services as the offices in the bigger cities.

*“...but up to now I am still waiting for their answer, they could not answer me, I don't know what's wrong... It might have been more than six months, or more than eight months now.”*

King was not the only respondent with this challenge. Another participant said that he knew about the government support but financial assistance was awarded along tribal lines. Manyi said that all the tribal-related problems were a result of the divide and rule system that was used under the old regime to control black people and also make them fight among each other along tribal lines.

The need for help came across very strong from the participants. They agreed that they needed some form of help when it came to entrepreneurial support. They wanted to know the full suite of entrepreneurial support and who could assist them. Mazi said they had inadequate information, and wanted to know where and how to get the information. Other than awareness of support, forms of assistance required were actual interventions. Respondents said they would like to get financial and non-financial assistance to grow their business. They talked about getting funding, business training, coaching, and mentorship.

*“Lack of information is also hindering, I don't know how we can create a world whereby people are well-informed about everything because I know it may not be possible to be well-informed about everything. But these basic things, information, like how you can grow a business, how you can connect with yourself, networks that can help you see your job in a different way, have another picture of what you can do and what you can also become. Like motivational things, that kind of information is really lacking in that.”*

## **5.14 Conclusion**

The results of the research provided valuable insights into the entrepreneurs' challenges and their efforts to deal with those challenges. The top three challenges were remoteness/underdevelopment of the area, crime, and socioeconomic challenges. The results also revealed that the participants had experienced growth in the recent past and that they had intentions to grow their business in future. They measured growth through various measures. Business expansion, business diversification and increase of warehouse space were among new ways of measuring growth. The others were increase in sales/revenue/demand or increase in employment,



increase in profits, and increase in existing stock quantities ordered, or addition of new stock lines. Customer acquisition and enquiries of the company's goods or services were the last two measures listed.

It was also found that the success rate in addressing the challenges was not very high, with some respondents choosing not to seek help with their funding challenges. Some had sought help. Funding, partnership and collaboration, support of local business by the community, and awareness of available interventions were among the success factors deemed necessary for the participants to grow their businesses. The crucial challenge that remains is how and where to access the necessary support services.

## **6 Discussion of results**

### **6.1 Introduction**

This research chapter aims to discuss the findings in Chapter 5 for each proposition in relation to the literature reviewed in Chapter 2. The analysis will demonstrate that the research questions have been answered and that existing literature was either confirmed, contradicted or extended. A conclusion to the chapter will follow.

### **6.2 The more motivated rural entrepreneurs are to grow their businesses, the more likely they will be interested in contributing to rural development**

#### **6.2.1 Rural entrepreneurs are motivated to grow by community development**

Contrary to the popular belief that entrepreneurs start their businesses for financial gain, the findings of this study found that there was more to starting/growing a business than financial rewards. Only three of the 14 entrepreneurs cited financial rewards as their motivation to grow their businesses. For example, Mazi and Manyi clearly stated that financial rewards were part of the reason they wanted to grow their business, while Mazi and Phepa wanted the ability to provide for their families. The other 11 participants were motivated by non-financial rewards such as the desire to develop the community they live in. They were driven by solving the community's problems and bringing convenience to the area. Furthermore, the results of the study suggest that one can easily be a pioneer or be innovative in these kinds of areas due to the underdevelopment of the area. There are many opportunities to bring first-time products, or provide basic goods and services, which could make a real difference to the community. For example, Simba's garage was the first to sell 50-ppm diesel and so far the only one that retails this type of fuel.

George, Corbishley, Khayesi, Haas, & Tihanyi (2016) found the emphasis on social structure and the importance of social capital, family ties, and communal orientation as a motivating force for entrepreneurship. Williams and Williams (2012) support this finding, as they found that the locality of the entrepreneur, or potential entrepreneur, and the economic and social influences facing them, affects the entrepreneurs' motivations. Williams and Williams (2012) found that entrepreneurial motivation is complex and changes over time and are contingent on place. Levie et al. (2013) elaborated on this and advocated that in order for entrepreneurs to grow, growth

intentions precede motivations. Therefore, without intentions, growth will not be realised (Levie et al., 2013).

In their study on rural entrepreneurship, Militaru et al., (2015) found that an entrepreneur's motivations are related to the desire for autonomy, a new challenge or adventure, more money or income, the sudden appearance of a good opportunity, and even the loss of a job or a farm. They also found motivations of newer entrepreneurs to be quite different, as they are individuals who own and operate a business without focusing solely on profits. In other words, the way they run their businesses closely aligns to their personal values, interests and passions (Militaru et al., 2015). The evidence presented showed that eleven participants in this study fall into the "new entrepreneurs" category, which align their businesses to their personal values, interests and passions. Evidently, financial rewards were secondary motivators for these interviewees.

Their motivations mirror that of social entrepreneurs, only differing in that they would like financial rewards to follow their efforts. Social entrepreneurs are defined as individuals who create value by combining different resources in an innovative way, and particularly in exploring and exploiting opportunities to create social value by stimulating social change and meeting social needs (Lan, Zhu, Ness, Xing, & Schneider, 2014). The evidence presented suggests that entrepreneurs have intentions to grow their businesses and consequently develop their community. This is in line with the findings by Militaru et al. (2015), which stated that rural entrepreneurs have the role of a catalyst for the economic development of the rural area.

The findings of this research confirm the literature on rural entrepreneurship entrepreneurs' motivations. The participants were influenced by the economic and social influences they faced, hence they were motivated to grow their businesses. Furthermore, these findings extend the literature on the motivations of rural entrepreneurs. There is limited literature on entrepreneurs whose motivation is to grow through community development. These entrepreneurs specifically want their businesses to drive community development; hence some are only interested in starting businesses that bring new products and services. These products must fill an identified gap that will make a difference to the community when filled. Other motivations advanced by participants were the fulfilment of customer demands, and the satisfaction of personal achievement. This finding confirms the literature on motivational factors.

### **6.2.2 Business growth by expansion and diversification**

In this research, the participants' businesses had grown in the last three years, albeit at different rates. They grew their business by expanding, diversifying, increasing the number of employees, and increasing employee benefits. For example, Simba started with a petrol station; and had since diversified into commercial renting of both residential and business premises. Some respondents had simply increased the number of employees, and some saw an increase in revenue like Lunga. Lunga was in the process of building another store in another village further away. At the same time, he was demolishing the existing building so he could build a bigger or warehouse to accommodate increasing stock demand, and new stock lines. Three other participants were intending to grow their business by increasing the size of their business premises. This would allow them to increase existing stock to satisfy customers' demands, and add new stock. Based on the growth strategies advanced by the interviewees, these growth trends are expected to continue into the future.

Muller (2016) found that entrepreneurs are key actors in the rural development process as they introduce new technologies, creatively combine resources, commercialise innovations and create jobs and economic growth. This finding would have been more meaningful through a longitudinal study, where the entrepreneur's intentions would have been recorded. It would have been easier to measure realised growth and confirm that interviewees intended to grow their businesses (Levi et al., 2013).

The finding is a confirmation of existing literature that recognises the important role played by rural entrepreneurs in respect to rural development through their businesses. There is limited literature written on how rural business owners grow their business by diversifying into different sectors and business expansion in multiple locations as per the evidence presented. Adding diverse businesses to a rural entrepreneur's portfolio, and expanding business based on identified needs of the community is an extension of literature on business growth in rural areas.

### **6.2.3 Increase in marketing and promotion will grow business**

Rural entrepreneurs in this study understood the importance of taking their goods and services to their target market. Interviewees were marketing their businesses either through direct media, or indirectly through activities such as corporate social investment (CSI), and participation in community forums and community initiatives. Furthermore, they understood the importance of word-of-mouth advertising; hence

Welcome claimed that she does not compromise on the quality of her services, as her work is an advert for potential customers. She said she sometimes sent potential customers to see her completed work and talk to existing customers. Indirect marketing activities included sponsoring community projects or school events, and educating customers about products and services. Simba takes it further by supporting start-ups and participating in community activities.

Polo-pen & Frı (2012) highlighted the importance of marketing by rural enterprises and argued that the use of marketing that is adapted to the aims, capacities and resources of such enterprises is a mechanism for improving their performance.

This finding confirms the existing literature on marketing of rural enterprises. Marketing and promotion is indeed crucial in increasing the sales and consequently the growth of a business.

#### 6.2.4 Various methods are used to measure business growth

In this study, the indicators used to measure businesses differed among the entrepreneurs, as each entrepreneur held a different view on what was considered growth in their businesses. Another factor influencing the measurement methods was the size of the business and how long it had been in operation. For example, the focus for fairly new businesses was on increasing the number of customers. Table 2 shows a number of ways the targeted entrepreneurs measured business growth.

Table 2: Business growth measurement tools

Measurement method	Explanation
Increased enquiries of the business's products and services	An increase in enquiries means that marketing and promotional activities are effective, as enquiries may lead to customer acquisition. This was particularly true for the gym and construction services businesses.
Increase in the number of employees	An indication that the business is growing is that it requires more employees. For example, Simba increased the number of employees from 12 to 20 within five years of starting the business.
Increase in benefits to employees	Stable and increasing benefits to employees were found to business growth measure. This could be in the form of salaries, profit share, employment opportunities etc. Phepa emphasised that

	salaries have to be paid timeously without struggling.
Business expansion and diversification	Opening of branches in different areas and adding new lines of business were considered markers of business growth. For example, Manyi and Lunga were among those who had opened branches in multiple locations, while Simba has added new business lines.
Increase in revenue, demand or customers	These measures were used by 11 of the 14 entrepreneurs to measure business growth. Lunga compared year-on-year revenue figures to determine business growth.
Increase in workspace	Expansion of warehouse or workspace to accommodate increase in stock range or increase in existing stock was a growth marker.
Less business volatility	Constant stable sales were an indication that a business was growing for the entrepreneurs who were experiencing volatility. Mazi and Kunene had experienced high levels of business volatility.
Increasing existing stock and adding new stock	The addition of new stock and increase in quantities ordered for existing stock is a growth indicator as advanced by Fana and Hanya.
Increase in profits	Manyi measured his business growth by the amount of profits generated by the business.

Blackburn et al. (2013) found that the popular methods used for business growth measurement were growth in revenue/sales and increase in the number of employees. Levie et al. (2013) found that some studies provided multiple measures of growth ambition or realised growth, resulting in as many as 19 measures. Therefore, it is not unusual that the entrepreneurs interviewed had nine measures of realised growth. In other studies, profits and increase in assets were explicitly mentioned as measure of business growth (Levie et al. 2013).

As demonstrated, entrepreneurs consider many different measures for business growth. This confirms existing literature on business growth measures and extends the literature. In addition to the popular measures of business growth, new measures were found to be used by the entrepreneurs in this study, such as: business diversification,

business expansion, and increase in employee benefits, less business volatility, increased in enquiries about the company's goods and services, and increased workspace.

### **6.3 The success rate of entrepreneurs in addressing the challenges they experience impacts on rural development**

#### **6.3.1 Crime and crime consequences hinders business growth**

The high level of crime in South Africa has been put in the spotlight in the villages in this study, as it was highlighted as one of the major growth constraints for entrepreneurs. The crime problem experienced by participants was exacerbated three problems: (1) the cost of security, (2) the cost of repairing damages and replacing stolen inventory or equipment, and (3) the high levels of lawlessness. In the location studied, there is no fear of the law due to lack of consequences. Crime reportedly crippled rural business and led some owners to abandon their businesses.

Business owners have had to respond by installing various forms of security measures to safeguard their assets and employees. To address this challenge, they had to install surveillance cameras, burglar bars, alarm systems as discovered in the interviews with Phepa and Manyi. Furthermore, some like Fana had employed security personnel to man their stores to deter theft and burglary. However, these measures have not been adequate as crime incidences remain high. Criminals are able to bypass the security measures and still engage in criminal activities. Both Phepa and Manyi lamented the delayed response time by the police, mostly due to the police stations being located far away from their business and the community. Slow response times meant criminals could get away. Furthermore, when crimes are reported to the police, nothing comes of it – even when evidence is provided. Criminals do not fear the law, as they never have to face consequences of their actions.

There is limited literature on how crime affects rural businesses and the cost thereof. In a study conducted in the United States by Bressler & Bressler (2017) it was found that crime has a negative impact on business. Bressler & Bressler (2017) addressed how criminal activities from within and externally can cost entrepreneurs their business. In this study it was found that at least 30% of small business failed as a result of crime such as theft, robbery, fraud, embezzlement and burglary, to name a few.

The findings on crime confirm existing literature on how crime impacts businesses. Furthermore, it extends the literature by adding the additional challenges that makes the problem worse in the rural areas.

### **6.3.2 Business depends on a handful of people who work and people living in poverty.**

Socioeconomic issues – specifically poverty, unemployment, low income and poor education – were high in the studied area. Small businesses found themselves in a situation where they could not charge market prices due to the socioeconomic issues. As a result, it was difficult for these small businesses to make a profit. Businesses have found themselves having to depend on a handful of people who earn in income, as most people are unemployed. This dependency drives business performance peaks during pay-days and grant days, with a return to slow business on normal days, as found as observed by five of the 14 participants. The socioeconomic conditions also influenced the pricing of goods and services.

Limpopo is the second poorest province (Vid, 2014), with 21,9% unemployment rate (Saayman et al., 2013), has the highest levels of inequality, and is the most underdeveloped province. It has a population of 5,2-million (Saayman et al., 2013), of which 77% live in rural areas (WorldBank, 2017). The province has been ranked third and fifth in the low-income category and no income category respectively (Statistics SA, 2015). Considering the statistics, it not surprising that business depends on a select few people who work and the majority of the people are poor.

This finding extends literature on challenges faced by rural entrepreneurs and their growth limitations. Given, the above circumstances it is not hard to see why rural development is slow in these villages.

### **6.3.3 Entrepreneurs do not want to use bank money for their businesses**

Entrepreneurs in this study did not want to borrow money from the banks. They would rather save and accumulate the required funds themselves. The reasons varied among the participants. Without the benefit of leveraging their businesses, it would take them longer to grow their businesses. The entrepreneurs also struggled with where and how to access capital required for their businesses other than from the banks.

Participants were asked whether their efforts to address the financial challenges were successful. Some business owners opted not to seek outside help but tried to find



solutions inside the business. For instance, Gambi and King said they had ideas to grow their business but they did not have funds to invest into the new ideas. Neither of them had tried to seek outside help but preferred to save the required finance. Gambi was not interested in borrowed finance as he said it comes with financial stress. On other hand, Rezza wanted to move down the supply chain but due to financial constraints, she could not. However, if she could find affordable finance she would borrow the money and do her best to develop her business and the community.

*“In Africa, entrepreneurial small- and medium-sized firms are frequently unable to access financial resources due to risk aversion by domestic banking institutions. As a result, entrepreneurs often rely on resources present within their family or community context” (George et al., 2016, p. 9).*

George et al. (2016) stated that African firms are constrained not only by financial factors but also by human capital, owing to lack of education and inadequate technical skills. Access to capital and affordable cost of was found to be in the top five challenges faced by rural entrepreneurs (Alabi et al., 2017).

Contrary to the literature, the participants had consciously made the decision not to seek financing from banks due to a number of reasons: the exorbitant cost of capital; the stress that comes with borrowing funds; and lack of understanding of repayment terms work and how the bank calculates finance costs. They would rather save and accumulate funds the funds they require. Furthermore, their family and friends network were largely not a source of business funds.

#### **6.3.4 Explicit and implicit tribal fights are slowing down development**

The infighting and the divisions' effect are evident in the interviewees understanding of why they cannot get funding or certain tenders. They believed that tribalism is a major contributor to why certain tribes receive funding over others. This also applies to employment opportunities and awarding of tenders. Manyi and Phepa found that it was not easy for them to obtain finance because financing was made accessible to tribes other than his. Manyi said that the different tribes did not want to co-exist as they did not like each other. He spoke of tribalism in ANC politics and leadership choices. Lunga supported these views and mentioned the ongoing fights in Vuwani. He said these are fuelled by tribal divides. They all lamented the lack of solutions to these

divides as this has been going on for long. These divides must be deeply entrenched, as it is almost 25 years into democracy and tribes are failing to peacefully co-exist.

George et al. (2016) advanced that Africa is a continent of extreme ethnic and linguistic variety, dating back to before colonial rule when it comprised up to 10 000 different states and autonomous groups with distinct languages and customs and how business is done. This is supported by Luiz (2015) who found that extensive ethnic and linguistic diversity affects how individuals, groups, and organisations relate to one another and has a bearing on how business is done as well as the costs of doing business in Africa. In a study on retaining leadership talent, conducted in South Africa and other African countries, it was found that tribalism affects every decision in life and work, like who to hire, or to promote or give benefits and favours to (Davis, 2016). Tribalism is the tendency of individuals to favour other individuals from their tribe with regard to work practices such as hiring, promotion, compensation, and firing, and contributes to organisational ineffectiveness (Zoogah & Peng, 2015).

What is happening in the villages in the study confirms the literature on the subject matter. Tribalism affected decisions on who received funding or entrepreneurial support from public sector. It also affected who were awarded tenders for government jobs. This fuelled tribal tensions and fighting such as the recent fights in Vuwani that resulted in property destruction. This is equal to reverse development and slows down rural development as it limits the number of change agents.

#### **6.3.5 Skill shortage is a constraint to rural business development**

Skill shortage had negative impact on staff productivity in the businesses in this study. For example, Lunga, the manager of a hardware store, believed that employee training was very important to upskill employees and consequently increases productivity. He said that external and internal training was required in order to increase productivity in their stores. The little training employees receive internally was deemed inadequate. Sgora shared this sentiment because he could not find a qualified personal trainer for his gym, so he has to train his clients himself. Skills shortage is pervasive in rural areas because of the migration of the few educated people to urban areas to seek employment opportunities, thereby eroding the little skills base from the rural areas. Businesses then struggle to get skilled personnel to manage and work in the businesses. This also hampers business growth in this area. There is a lack of technical colleges in the area where people can be taught technical skills and the

problem is heightened by the poor quality of education in the rural areas. The poor quality of education is a national problem especially for the majority of black learners.

George et al. (2016) state that African firms are constrained not only by financial factors but also by human capital, owing to lack of education and inadequate technical skills. Katekhaye and Magda (2017) found that there was a lack of a variety of skills, such as managerial or marketing skills required to conduct business in rural areas. Their findings were supported by another independent study by Alai et al. (2017) which highlighted that failure to secure the necessary skills leads to business failure.

The finding confirms existing literature on how skills shortages negatively affect business in the rural areas.

## **6.4 Interventions are necessary to assist rural entrepreneurs businesses grow**

### **6.4.1 Funding is an enabling factor for rural entrepreneurs to grow their businesses.**

All respondents, barring one, had intentions to grow their businesses. They had experienced challenges and had put in place measures to address the challenges that are hindering business growth. They were asked what kind of interventions would enable them to grow their businesses. The interventions required varies from one interviewee to the next. Some had the means to implement interventions required, while others didn't, or felt they did not need assistance. The assistance required could be in the form of financial and non-financial support.

Seven of the 14 respondents wanted to increase their current workspaces i.e. workshops, warehouses and etc. Others wanted to invest in bigger and better machinery and equipment in order to increase their service offering. However, they did not have funds to invest in the required space or equipment. Funding was ranked as the second intervention that the interviewees required to grow their businesses.

Katekhaye and Magda (2017) advocated for improved access to finance by entrepreneurs. Access to capital and affordable cost of was found to be in the top five challenges faced by rural entrepreneurs (Alabi et al., 2017), therefore an improved access to capital and affordable finance cost would enable entrepreneurs to grow their businesses.

These findings confirmed existing literature on access to capital and the related costs.

#### **6.4.2 Partnerships and collaborations are required to enable business growth**

In this study, partnership and collaboration came out strongly as an intervention that could help foster business growth. Simba believed that in order to grow his business, he must participate in many initiatives in his communities, be it supporting smaller businesses or sponsoring school trips. He even collaborated with local chief and indunas on many levels to the benefit of the community and other stakeholders.

In his study on neo-endogenous rural development, Bosworth et al. (2016) concluded that when focusing on local rural development, local knowledge, local resources and the engagement of local people should be central to the development processes that give rise to solutions that address the local needs. Stone (2015) argued that when stakeholders decide to collaborate and partner towards a certain goal or solution, it is important that all stakeholders' needs and aspirations are taken into consideration; otherwise, this will not achieve the desired as stakeholders will not be motivated to participate or contribute.

The findings confirm the literature on collaboration and partnership in rural and adds to the body of knowledge on rural development literature. Local business, chiefs, local government and the community should partner and collaborate to solve the problems of the community or work towards certain goals that will uplift the community. It is through partnerships between business, social groups and the community that will result in the effective combat crime or solutions to community problems. This will result in a positive contribution to rural development.

#### **6.4.3 Challenges facing rural areas presents opportunities**

In this study, the supermarket owners face the risk of grocery items expiring, high seasonal demand, high-energy costs, and rental costs. These expenses ate into the business' profits. Fana has had to decrease employees as result of high running costs. These challenges show how underdeveloped the area is, and is the main reason why investors and businesses are not attracted invest to in the area. However, this very nature of this area presents endless opportunities to invest and do business, and contribute to its development.

Simba and Sgora are examples of community developers at heart: they saw opportunities, and they know what goods and services should be brought to community in order to make their lives better. Simba cautioned against starting businesses that are

fully saturated in the area as the competition is intense, the margins are low, and they would not add value to the community. For example, he suggested that the area could do well with a big motor spare parts business as they struggle to get spare parts as most people in the area cannot afford new cars or good quality cars due to socioeconomic conditions. Sgora, on the other hand, sees opportunities based on location. Limpopo is very hot and he says businesses that take advantage of this will do well. He suggested something as simple as opening swim schools or water-based entertainment facilities.

There are inherent challenges and opportunities that are associated with this area being in a remote place. A lot has been said about challenges facing rural business, from infrastructural problems such as water, electricity, gas, and transportation that are hazards to running the business (Katekhaye & Magda, 2017). According to Tasavori, et al. (2015), challenges facing the bottom of the pyramid should be turned into opportunities. This process depends on “bottom-up” activities that integrate external influences to increase local potential (Bosworth, et al., 2016).

The finding confirms literature that states these areas should be invested in due to underdevelopment. The secret is to identify industries that are non-existent or where there is little competition and invest in them. For example, Simba spoke of big motor spare businesses or businesses considers the heat in the area, as per Sgora. However, investors or business people tend to shy away from doing business in the rural areas due to them being underdeveloped, and this needs to change if rural development is to be taken seriously.

#### **6.4.4 Rural entrepreneurs are not aware of business support services**

This study revealed an overwhelming need for coaching, mentorship and training to enable the entrepreneurs to grow their businesses. They also wanted to know where they could get access to information on business support services. Thirteen of the 14 entrepreneurs interviewed had never used such services and only three knew about the services. Off the three, one was not interested in using the support services because he is a sole proprietor. This is a clear misunderstanding that can be cleared once people have access to information and they know what support services are available.

Malebana and Swanepoel (2015) found that access to entrepreneurial support and access to markets were also bigger challenges facing rural entrepreneurs. Malebana

(2017) defined entrepreneurial support as the provision of information, finance, training and education programmes, infrastructural facilities, counselling and mentoring services needed by entrepreneurs to start, grow and manage their businesses effectively. In another study on how small enterprises can increase productivity, it was found that managerial capacity through training is essential for the achievement of organisational goals and human capital development. Even basic-level management training has been shown to improve business practices and performance in the African context (Mano, Iddrisu, Yoshino, & Sonobe, 2012). Malebana (2017) recommended that government should intensify campaigns to raise awareness of and access to entrepreneurial support and educational programmes, especially in rural areas where these programmes are inaccessible.

This finding confirms the literature on the requirement of support services for rural entrepreneurs. Access to training, coaching and mentorship will assist enable to grow their businesses better as it will also assist them acquire some business skills.

#### **6.4.5 Curbing crime will result in increased business growth**

In this study, Manyi said the most important way to deal with crime was to engage the community and its leaders and try to find ways of combating crime. He believed that it is not only the business' responsibility to deal with crime: community members should be involved as it affects them too, hence they get involved in solving the problems because they benefit when the business is doing well. Fana, on the other hand, employed a security guard to guard the store. Some who could not deal with the trauma and repeated crime incidents have abandoned their businesses in this area.

“Growth among these enterprises may thus remain limited in settings with high crime, even when public programmes offer these enterprises training on business practices, improved access to credit, or other services aimed at enterprise expansion” (BenYishay & Pearlman, 2011, p. 31). Therefore, serious efforts are needed to combat crime, as other interventions afforded to the community will be rendered useless. “When small businesses survive and thrive, the economy is stronger as the business expands and jobs are created” (Bressler & Bressler, 2017, p. 27). Therefore it is important for small business owners to develop sound management processes and controls to prevent crime as recommended by Bressler and Bressler (2017).

The limited literature available has confirmed the findings; however, there are gaps that still need to be covered. For example, the role of local government in assisting

entrepreneurs to combat crime in rural areas needs to be explored further. The government needs to intervene to decrease crime in remote areas by increasing police visibility through police stations and ensuring that those who commit crime face the consequences. Currently, in the area studied, criminals and potential criminals see that there are no consequences for criminal activities; therefore, they do not fear the law.

## **6.5 Positive contribution by foreign-owned businesses**

### **6.5.1 Businesses owned by foreign nationals have contributed to rural development.**

The presence of business owned and operated by foreign nationals and the contribution they have made towards rural development cannot continuously be ignored. Seven foreign nationals' businesses were visited for the purposes of this research, but only three agreed to be interviewed. The interviews were not compulsory, and the three they were happy to talk off-the-record about their businesses and their contribution to the community. Of the three interviewed, two had no problem being recorded and the other one, Fana, stopped the recording just after the interview started. Foreign nationals with businesses in this area mainly own bigger building material and hardware shops and supermarkets. They have also brought convenience to the local community and also provided employment to community members. Some employ as much as seven local people in their businesses.

Fana, a supermarket owner, said he had made basic foodstuff such as bread, milk and cool drinks easily accessible to his village. Before he started his business, people had to walk a long distance to obtain these goods and services. Fana has seven local people employed in his business. Foreign nationals appeared to be good at raising money from their social networks to start businesses. For instance, Fana said he is going to borrow funds from his relatives and friends to add hardware and building materials section to his supermarket. The interviewees had both negative and positive things to say about foreign nationals but they do create employment and also contribute to rural development. Gambi claimed that foreign nationals repatriate all their money and they have no further interest in their employees and the community they live in. They are in the area to make money.

“As in other developing countries, the South African informal business landscape in general has, and to a large degree, been infiltrated by informal immigrant entrepreneurs” (Ntema, 2016, p. 47). In his study, Singh (2015) found that 51, 5% of their large samples of spaza-shops were run by Somalis, Ethiopians and Bangladeshis

and that 70% of South African operated shops closed down over a 14-month period. The success and competitive advantage by non-South African traders has manifested itself further in the significant number of former South African traders who have quit and rented out their business premises to non-South African traders (Ntema, 2016).

This finding is fully supported by literature as evidenced above. Yes, there is controversy and mistrust about the presence of foreign nationals in the country but there is always a hidden benefit that can be capitalised on. Their presence needs to be managed carefully to prevent xenophobic attacks and find ways to integrate them into society and work with them well.

### **6.5.2 Lessons from foreign nationals that operate businesses in this area**

Phepa spoke about how well foreign nationals are able to collaborate and partner in business and get better results. He said they come together and form groups, put their money together, and buy stock in bulk from suppliers. This qualifies them for huge discounts as they have bargaining power: the discounts enable them to buy at lower prices and sell at affordable prices to the community. Their ability to raise money within their family and friends is an advantage over local business people. According to Manyi, local business people fail to do this simple practice and he believes partnerships of local business people do not work, nor end well. He says local people's partnership is very difficult and dangerous, some end up killing each other. He blamed this on the loss of "Ubuntu" by the local people, a principle that foreigners seem to live and use very well to their advantage. "Ubuntu is a pervasive spirit of caring and community, harmony and hospitality, respect and responsiveness—that individuals and groups display for one another" (Mangaliso & Mzamo, 2001, p. 24). "Ubuntu is the foundation for the basic values that manifest themselves in the ways African people think and behave toward each other and everyone else they encounter" (Mangaliso & Mzamo, 2001, p. 24). Manyi said that foreigners living in the area continue to live in an Ubuntu way even outside business. This is evidenced by how they respond when tragedy has fallen upon one of them. Manyi gave an example of how they supported each other when one of the foreign nationals was shot. He says the foreign community was quick to respond and help the deceased, and the deceased's family. He says indigenous black do not respond in a similar way.



Singh (2015) found that foreigners become endeared to the South African population due to their skills in trading that lay in their swift abilities to adapt to local preferences, to know how to purchase and stock, and how to keep prices low on fast-selling items in order to sustain their customer base. Both Singh (2017) and Ntema (2016) found that foreign nationals have good customer care, keep their shops close to their customers, and their prices are affordable. It is, therefore, argued that the immigrant entrepreneurs are more competitive and thus more successful than their local counterparts, and that their success could largely be attributed to their unique and sound business skills and personal characteristics (Ntema, 2016). “Many foreign traders have built their reputations around these perceptions and expectations and many local residents have positive comments to make about their services” (Singh, 2015, p. 236). “This is a skill that South African skills training programmes have not understood as yet and are therefore not training local citizens who have a flair for such work” (Singh, 2015 p. 236). “South Africans ignore the value of these unexplored skills to the detriment of employment of more South Africans, resulting in the persistence of a trend of attracting more foreigners who land here and create more opportunities for themselves” (Khosa & Kalitanyi, 2015, p. 134).

The finding confirms the existing literature and has extended the body of knowledge on how rural entrepreneurs can learn from foreign nationals. Capitalising on their presence and asking them to train and equip South Africans will benefit South Africa in the long run. This could be part of the coaching, mentorship and training for local entrepreneurs.

## **6.6 Conclusions**

Contrary to popular belief, entrepreneurs are not motivated by financial gain to grow their business. The evidence presented demonstrates that the majority on the participants in this study are motivated to grow their business by developing their community. The interviewees’ common methods of growing their business are through business diversification, business expansion, increase in workspace, and increase in existing stock, adding new stock items regularly and through marketing and promotion. Growth by expansion and diversification is an extension in existing literature on business growth methods in rural areas. Further addition to literature was the business growth measures. Growth measure such increase in enquiries about the business’s goods and services, business expansion and business diversification are new growth measures that were found in addition to the dominant measures as increase in revenue, employees and profit.

The rural entrepreneurs interviewed are however, faced with various challenges in growing their businesses. Crime and the cost of crime, skills shortage, tribalism and access to funding are the top challenges they face. Furthermore, the entrepreneurs' businesses depend on the community that is mainly poor, unemployed and earn low incomes. It was interesting to note that some of the entrepreneurs interviewed did not want bank finance to grow their business due to various reasons. Based on the challenges they experience, the entrepreneurs listed the following as interventions required to grow their businesses:

1. Curbing crime in the area
2. Partnership and collaboration
3. Access to finance
4. Awareness of support services and access to the services will make a big difference
5. Turning the challenges faced by the community into opportunities

The entrepreneurs' success in addressing these challenges is low; hence they require the listed intervention. On their own they are not prosperous hence they need assistance.

The contribution made by foreign entrepreneurs cannot continue to be ignored, they own and operate a number of businesses in the area and they also employ local people in their businesses. In addition, the evidence presented suggests that they have better business skills in the country. Legal foreign entrepreneurs' business should be tapped into for the benefit of the local people.

## 7 Conclusions and recommendations

### 7.1 Introduction

This chapter presents the conclusions, based on the findings detailed in Chapter 6 and the literature presented in Chapter 2. Summaries will be presented as per the three propositions of this study. In addition, it will present recommendations to different stakeholders and suggest areas for future research.

### 7.2 Conclusions

#### 7.2.1 **The more motivated rural entrepreneurs are to grow their businesses, the more likely they will be interested in contributing to rural development**

It was found that entrepreneurs in this study were not motivated by financial reward to grow their businesses, but by developing the communities in which they live. These entrepreneurs had experienced growth in the previous three years and they intended growing their businesses in future. In addition to the popular measures of business growth such as an increase in revenue, number of employees and profits, it was found that the interviewees measure business growth in various ways such as: business diversification, business expansion, increase in employee benefits, increase in existing stock and addition of new stock lines, increase of workspace/warehouse, less business volatility, an increase in customers, an increase in demand of the company's goods and services. These are measures that have not been covered in literature before. The rural entrepreneurs in this study intend growing their businesses mainly by increasing their workspace/warehouse, business expansion, business diversification and by increasing direct and indirect marketing and promotional activities.

Williams and Williams (2012) found that rural entrepreneurs' motivation is influenced by the locality of the entrepreneur, or potential entrepreneur, and the economic and social influences facing them. Furthermore, Militaru et al. (2015) found newer entrepreneurs' motivations to be quite different, since they are individuals who own and operate a business without focusing solely on profits; in other words, the way they run their businesses closely aligns to their personal values, interests and passions. This is what motivated them to convert their growth intentions to realised growth. Levie et al. (2013) argued that growth intentions matter for business growth. Levie et al. (2013) found that in other entrepreneurial studies, there were as many as 19 measures of business growth.

This means a community development approach should be used to motivate rural entrepreneurs, not financial rewards.

*“By enshrining simplistic economic goals as the primary functionalist imperatives of entrepreneurship and therefore of our research, we encumber ourselves with blinders that keep us from seeing all of the rich and heterogeneous motivations that actually drive entrepreneurs to create new ventures” (Welter et al., 2017, p. 315).*

Therefore, business growth measures should not be restricted to popular measures such as increase in revenue or employees or profits. Otherwise, other business growth activities such as business diversification and expansion will be left out, and other aspects of the rural entrepreneurship phenomena will be missed.

### **7.2.2 The success or failure to address the challenges they experience impacts rural development**

Rural entrepreneurs in this study experienced various challenges in growing their businesses. The remoteness and the underdevelopment of the area posed challenges to entrepreneurs and was the basis of many business constraints such as delayed response to crime and lack of support services. Other challenges faced by entrepreneurs in this study were the dependency on few people who earn an income and those who depend on social grants for their survival. The majority of the remaining community members live in abject poverty and are unemployed and unskilled. Skills shortage is part of the reason why the unemployment rate is so high in this area. Some of the entrepreneurs were struggling to get funding for their businesses and some have made a conscious decision not borrow money from the bank due to various reasons.

Last but not least, tribalism is deeply entrenched in these communities. It is rife in this area (Zoogah & Peng, 2015) and it affects decisions about who gets funding, tenders and support services. Access to bank funding is also a challenge in rural areas (George et al., 2016, p. 9), but some entrepreneurs in this study did not want bank money due to various reasons. Bressler and Bressler (2017) found as much as 30% of small businesses close down due to crime and crime has a monetary cost it. The high levels of crime are not surprising, given the high rates of unemployment (Saayman et al., 2013) and poverty (Vid, 2014) in the area. The unemployment rate is exacerbated by the shortage of skills (Malebana & Swanepoel, 2015).

The participants' success in resolving these constraints will have a positive effect on the growth of their businesses and in turn on rural development. Entrepreneurs require assistance to address some of these challenges, particularly crime, which has layers of challenges that are beyond the control of the entrepreneurs in this study. Addressing crime requires the local government to increase police visibility in the area by building police stations or having mobile police station containers that regularly visit the areas. Partnerships and collaboration between different stakeholders is required to deal with the skills shortages in the area and to increase the pool of employable people. With regard to funding, awareness of alternative funding opportunities should be increased in addition to educating people about the benefits of leverage in their business. Transparency and fairness need to be increased in how tenders and support services are awarded. In an atmosphere of increased transparency and reduced tolerance of corruption, ethnicity might cease to be a deciding criterion.

### **7.2.3 Interventions are necessary to assist rural entrepreneurs businesses grow**

Taking into account the challenges discussed in the preceding chapter, the following interventions were deemed necessary to assist the entrepreneurs in this study to grow their businesses. It was found that partnerships and collaborations are required between community members, chiefs, the business and public sector in order to deal with crime and other social ills that are prevalent in this area. They also need to come together and find ways to turn challenges experienced by rural entrepreneurs into opportunities. For skills shortages, foreign nationals could be encouraged to assist with training local business since that have better business skills. This is, of course, to supplement local efforts undertaken to increase the pool of skilled people. Other interventions mentioned by entrepreneurs were lack of access to funding to invest in their businesses and the lack of access to business support services.

Katekhaye and Magda (2017) advocated for improved access to finance by rural entrepreneurs to enable them to grow their businesses. Furthermore, Malebane and Swanepoel (2015) found that improved access to support services was an enabling factor for rural entrepreneurs. Malebana (2017) defined entrepreneurial support as the provision of information, finance, training and education programmes, infrastructural facilities, counselling and mentoring services needed by entrepreneurs to start, grow and manage their businesses effectively. Bressler and Bressler (2017) posited that it is important for small business owners to develop sound management processes and controls to prevent crime to enable their business to grow. This is because growth

among enterprises in settings with high crime remain limited (BenYishay & Pearlman, 2011). According Tasavori et al. (2015), these challenges facing the bottom of the pyramid should be turned into opportunities by partnering and collaborating with relevant stakeholder in the community.

For example, partnerships and collaboration could be initiated between indigenous rural entrepreneurs and foreign entrepreneurs running business in the same areas, where they can do business together. Ignoring the value of foreign nationals' unexplored skills is to the detriment of employment of more South Africans, resulting in the persistence of a trend of attracting more foreigners who arrive and create more opportunities for themselves (Khosa & Kalitanyi, 2015). The success and competitive advantage by non-South African traders has manifested itself further in the significant number of former South African traders who have quit and rented out their business premises to non-South African traders (Ntema, 2016). Evidently, there are business skills to be learnt from foreign entrepreneurs. It could be done through partnership and collaboration or through coaching and mentorship.

Foreign nationals should also be involved in the partnerships and collaboration as they have positively contributed to the community development and they have the required business skills. There is ample scope and opportunity for entrepreneurs, chiefs, local government, private sector and the community to come together and solve community problems. The solutions may lead to business opportunities or crime prevention. Both are important for business growth in the area and, consequently, community development. It may also lead to alternative funding other than borrowing from the bank, where local communities member, friends and family invest in businesses that benefits them.

### **7.3 Recommendations to stakeholders**

#### **7.3.1 Entrepreneurs**

Rural entrepreneurs should be proactive in finding the necessary business support services required to grow their business. They can form entrepreneurs' networks where they can meet and share information and conduct research to get more information where there are informational/educational gaps. These networks should be placed at the heart of development, and should become the dynamic mechanisms through which actors can draw on combinations of local and extra-local knowledge to respond to local need (Bosworth, Annibal, et al., 2016). Their networks could include other

entrepreneurs from successful regions of Limpopo like Makhado, and foreign nationals to facilitate skills transfer. As long as local partnerships build social and institutional capital, they are ideally placed to communicate local needs within those networks and also to add value to local resources, especially those unique, immobile resources that can convey comparative advantage to their rural regions (Bosworth, Annibal, et al., 2016).

Government business support agencies should be invited to present and educate entrepreneurs about the existing support services. In addition, the invitation should be extended to private business such as banks to educate them about their funding products and options. This way, local entrepreneurs will understand the benefit and the terms of funding. They may be encouraged to borrow funds from the bank to invest in their business and accelerate growth.

### **7.3.2 Government**

Local government also needs to take an active role to enforce the law in this area, as it is their responsibility. Business owners have done what they can; they have installed security measures such as alarm systems, burglars and surveillance cameras. Local government should increase police visibility in the area by building police stations or having mobile police station containers that regularly visit the areas. Furthermore, collaboration between police services and business owners in community police forums could decrease crime in the area. Curbing crime in this area would contribute to business growth.

Foreign nationals have certain business skills that lack in local entrepreneurs; it would be good for local entrepreneurs to be incentivised to collaborate with foreign nationals to learn these skills. It would improve the locals' business skills and also increase their business acumen and increase the rate of growth of their businesses. Government could play a role in starting this initiative.

### **7.3.3 Support agencies**

Private and public support agencies have an important role to play in this area. Some entrepreneurs in this study did not know that there were business support services that could assist them to grow their businesses. They need to increase awareness of available support services and educate people about where and how to access these services through different types of media.

### **7.3.4 Businesses**

Local businesses, chiefs, local government, and the community should partner and collaborate to solve the problems of the community or work towards certain goals that will uplift the community. “One approach is to engage local communities more strongly in shaping local development, including its evaluation, so that material impacts of any policy interventions are recognized and promoted from within” (Bosworth, Rizzo, et al., 2016, p. 457). Further examples are given where local people and decision-makers are brought together to share their visions and discuss possible actions through small sustainability projects, and themed innovation workshops (Bosworth, Rizzo, et al., 2016).

Banks should increase customer education in a simplified manner, to explain the different types of funding, the terms and conditions involved, and how finance costs are charged. If customers understand the risks and benefits of leveraging their business, they are likely to make informed decisions that will benefit their businesses. Other private funders should increase awareness of their products and make them accessible to rural entrepreneurs.

### **7.3.5 Communities**

The communities play a central role in the success of rural entrepreneurs in this study, they should support the local businesses by buying local and goods and services. They also need to participate and contribute in initiatives to develop the community. Members of the community that are willing and able to work need to get training and equip themselves so that they are employable.

## **7.4 Limitations and future research**

This kind of study could be made more useful through a longitudinal study on the entrepreneurs 12 to 24 months later, to determine whether the entrepreneurs' growth intentions were realised. The findings of this research cannot be generalised to all rural areas as each place has unique challenges and circumstances affecting the area.

A suggestion for future research is to replicate similar studies in other rural areas in order to understand the drivers of rural development as a whole. This understanding and appreciation is a prerequisite when researchers seek to assist rural entrepreneurs and policy makers in creating more sustainable rural ventures (Korsgaard et al., 2015).



## 7.5 Conclusion

Despite the challenges they face, rural entrepreneurs in this study managed to grow their businesses, consequently contributing to rural development. They attempted to address their challenges but some were beyond their control. In other instances, entrepreneurs did not know where to get help. They have put forward success factors that could help address their challenges. Their success or failure in addressing these challenges will have direct impact on business growth.

The presence of foreign nationals in the area should be used to the local people's advantage. The role they play towards community development and the skills they have cannot be ignored. Doing so is detrimental to the local businesses and local employment. Government, business, the entrepreneurs themselves, the community members and chiefs all have a role to play in enabling entrepreneurs to realise their growth intention. Everybody has a role to play; rural development is not a single stakeholder's responsibility.

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## Appendices

### Appendix 1 – Consistency matrix

**TITLE:** The constraints and enabling factors of rural entrepreneurship

Propositions	Literature review	Data collection tool	Analysis
1. The more motivated rural entrepreneurs are to grow their businesses, the more likely they will be interested in contributing to rural development	Militaru et al. (2015) George et al. (2016) Militaru et al. (2015) Levie et al. (2013) Polo-pen & Fri (2012) Muller (2016) Bressler & Bressler (2017) Blackburn et al. (2013)	Questions 7 - 11	Rural entrepreneurs in this study are not motivated by the financial gain of their entrepreneurial activities but by developing the community they live in. Main form of growth is business diversification and expansion. They measure their business growth by how much they have expanded and diversified.
2. The success rate of entrepreneurs in addressing the challenges they experience impacts on rural development.	George et al. (2016) Bressler & Bressler (2017) Luiz (2015) Zoogah & Peng (2015)	Questions 12 - 14	Despite the challenges the participants face such as crime, lack of access to finance, poor access to support information and services, the entrepreneurs' businesses have grown.
3. Interventions are necessary to assist rural entrepreneurs business to grow	Katekhaye & Magda (2017) Tasavori et al. (2015) Malebane &	Questions 15 - 17	The interviewees require interventions to successfully address the challenges they face to increase

	Swanepoel (2015)  Bressler & Bressler (2017)		the low success rate. Some of the interventions they said they need are more partnership & collaboration, funding, curbing of crime and access to support information and services.
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## Appendix 2 - Interview guide

### Introduction

- Introduce myself,
- Review purpose of study, explain method of data capture and analysis
- Confidentiality and anonymity, contract
- Estimated completion time
- Benefits to respondent

### Facts questions about the business

1. What type of business are you in and where it is based?
2. How long, has it been in operation?
3. How many employees do you have? Who are they (family members, locals)?
4. Who are your customers?
5. Who are your suppliers?
6. Who are your main competitors?
7. Tell me about doing business in a rural area? What are the advantages? Disadvantages?

### Business growth questions

8. How has your business developed since you started? Has it grown? How quickly? What have historically been the factors driving growth in the past?
9. To what extent have you experienced growth in the past three years?
  - Increase in the number of customers
  - Increase in revenue/profits
  - Increase in number of employees
  - Increase in size of premises
10. What does business growth mean to you and how do you measure it
11. Do you intend to grow your business in the future, how?
  - Nature of motivation to grow the business expected outcomes (financial, independence)
  - Personal traits, need to achieve, inner drive
  - Social factors (job creation, community development)
  - Enabling factors
12. How do you plan to achieve the envisaged growth?

### Challenges experienced

13. What challenges are currently facing in growing your business
  - Resources, finance, people
  - Knowledge and experience
  - Infrastructure issue roads, transport, space
  - Demand
14. How have you attempted to address the challenges?
  - Government support
  - Social
  - Innovation/creativity, doing things differently.

- Increase in number of employees
15. What worked and what did not work?

#### Interventions/success factors

16. What interventions would assist you to grow your business
- National/provincial/local government support
  - Social/community
  - Innovation/creativity, doing things differently.
  - Increase in number of employees
  - Personal development
  - Market access, skills development
  - Financing
  - Advice from coaches, mentors, consultants
17. Are you aware of any current interventions to assist entrepreneurs to grow their business?
- National/provincial/local government support
  - Social/community
  - Innovation/creativity, doing things differently.
  - Increase in number of employees
  - Personal development
  - Market access, skills development
  - Financing
  - Advice from coaches, mentors, consultants
18. Do you have any other comments to make?

### Appendix 3 – List of codes used

<ul style="list-style-type: none"> <li>• Age of Business</li> <li>• Allows to try different businesses</li> <li>• Area is in the developmental stage</li> <li>• Assist the community to their benefit Breaking Psychological Barriers</li> <li>• Business Continuity plans</li> <li>• Business expansion</li> <li>• Business has grown in the recent past</li> <li>• Business Management</li> <li>• Business Performance</li> <li>• Business support problems</li> <li>• By offering great service</li> <li>• Capital-related problems</li> <li>• Challenges with Entrepreneur Support</li> <li>• Coaching Mentorship &amp; Training</li> <li>• Community support of our businesses</li> <li>• Competing against big business is not easy</li> <li>• Engaging our customers works to a certain extent</li> <li>• Engaging Stakeholders</li> <li>• Enquiries about our products &amp; services</li> <li>• Family members employed</li> <li>• Financial well-being of business &amp; business owner</li> <li>• Government support is required to grow business</li> <li>• Growing business through start-up support</li> <li>• Have heard about entrepreneurs support</li> <li>• Have used entrepreneurial support</li> <li>• Increase current workspace</li> <li>• Increase in in stock and adding</li> <li>• Increase in number of employees</li> <li>• Inject new blood to take business forward</li> <li>• Interactions with this police</li> <li>• Knowing your customers well</li> <li>• Legacy of the old regime</li> <li>• Less Fluctuations in demand</li> <li>• Location of suppliers</li> <li>• location of the business is an advantage</li> </ul>	<ul style="list-style-type: none"> <li>• Competitive Advantage</li> <li>• Connections &amp; Social Network</li> <li>• Constant supply of stock</li> <li>• Convenience brought to the community</li> <li>• Crime-related difficulties</li> <li>• Current business growth activities/signs</li> <li>• Customer switched was easy because we have quality services</li> <li>• Customer types</li> <li>• Day to day management of business issues</li> <li>• Demand, Sales, Revenue and Customer Increase</li> <li>• Difficulties in starting this business type</li> <li>• Don't "worry" about competitors, worry about your own biz</li> <li>• Educate community about products &amp; Services</li> <li>• Employees benefit when business grow</li> <li>• Foreigners do business better</li> <li>• Funding is required to grow business</li> <li>• Future growth plans</li> <li>• Get rid of mental limitations</li> <li>• Giving back to the community</li> <li>• Good demand in the area</li> <li>• Legacy of the old regime</li> <li>• Less Fluctuations in demand</li> <li>• Location of suppliers</li> <li>• location of the business is an advantage</li> <li>• Long-term nature business</li> <li>• Look for funding to grow business</li> <li>• Lots of competitors affects margins</li> <li>• Lower monthly fees &amp; increase contract duration</li> <li>• Marketing &amp; Promotional activities</li> <li>• Meeting clients at their pain points</li> <li>• Motivated by life partner</li> <li>• Multiple income streams</li> <li>• Never heard of support for entrepreneurs</li> <li>• No xenophobia attacks</li> <li>• Not willing to share future growth plans</li> </ul>
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<ul style="list-style-type: none"> <li>• Long-term nature business</li> <li>• Look for funding to grow business</li> <li>• Lots of competitors affects margins</li> <li>• Lower monthly fees &amp; increase contract duration</li> <li>• Marketing &amp; Promotional activities</li> <li>• Meeting clients at their pain points</li> <li>• Never heard of support for entrepreneurs</li> <li>• No xenophobia attacks</li> <li>• Not willing to share future growth plans</li> <li>• Number of employees</li> <li>• One is able to discharge one's responsibilities</li> <li>• Opportunities for business</li> <li>• Other comments</li> <li>• Own land, you can develop it</li> <li>• Partnerships and Collaboration</li> <li>• Partnerships and Collaboration Works</li> <li>• Paydays driven business</li> <li>• Security measures employed</li> <li>• Security measures employed work</li> <li>• Serving our Customers</li> <li>• Simplicity of life</li> <li>• Skilled staff increase productivity</li> <li>• Skills shortage</li> <li>• Socio economic issues</li> <li>• Source of Capital</li> <li>• Staff training works</li> <li>• Strategic issues</li> <li>• We have little competition</li> <li>• We have no challenges to address</li> <li>• we need help with entrepreneurial support</li> <li>• Work hard for myself because no-one</li> <li>• we are support our employees &amp; ourselves</li> </ul>	<ul style="list-style-type: none"> <li>• Number of employees</li> <li>• One is able to discharge one's responsibilities</li> <li>• Opportunities for business</li> <li>• Other comments</li> <li>• Own land, you can develop it</li> <li>• Partnerships and Collaboration</li> <li>• Partnerships and Collaboration Works</li> <li>• Paydays driven business</li> <li>• Pearls of wisdom Shared</li> <li>• People here are good &amp; cool</li> <li>• Personal Satisfaction in growing business</li> <li>• Presence of foreign nationals starting/running businesses in the area</li> <li>• Problems relating to status of development</li> <li>• Profit Increase</li> <li>• Psychological issues</li> <li>• Reliability of customers</li> <li>• Reporting crime to the police</li> <li>• Require machinery &amp; equipment</li> <li>• Revise Prices/Offer low Prices</li> <li>• Right/Positive attitude is needed to build a business</li> <li>• Robberies are not that much</li> <li>• Satisfy increased demand</li> <li>• Save and accumulate funds</li> <li>• Seasonal high demand</li> <li>• Suitable for long term business</li> <li>• Supplier types</li> <li>• Sustainable business ecosystem</li> <li>• Through marketing and promoting the business</li> <li>• Time &amp; Attendance Increase</li> <li>• Ubuntu</li> <li>• Venture into diverse business</li> <li>• Vertical Integration</li> </ul>
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## Appendix 4 – Ethical Clearance Acceptance Letter

**Gordon  
Institute  
of Business  
Science**  
University  
of Pretoria

03 November 2017

Masumbe Sally

Dear Masumbe

*Please be advised that your application for Ethical Clearance has been approved.*

*You are therefore allowed to continue collecting your data.*

*We wish you everything of the best for the rest of the project.*

*Kind Regards*

GIBS MBA Research Ethical Clearance Committee