

# THE ROLE OF ENTREPRENEURSHIP EDUCATION AND TRAINING IN SUSTAINING SMALL AND MEDIUM ENTERPRISES IN RURAL AREAS: A CASE OF SEKHUKHUNE DISTRICT IN SOUTH AFRICA.

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#### Approval of the Thesis

# THE ROLE OF ENTREPRENEURSHIP EDUCATION AND TRAINING IN SUSTAINING SMALL AND MEDIUM ENTERPRISES IN RURAL AREAS: A CASE OF SEKHUKHUNE DISTRICT IN SOUTH AFRICA

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#### Abstract

# THE ROLE OF ENTREPRENEURSHIP EDUCATION AND TRAINING IN SUSTAINING SMALL AND MEDIUM ENTERPRISES IN RURAL AREAS: A CASE OF SEKHUKHUNE DISTRICT IN SOUTH AFRICA

## Sakgea Elias Madire Unicaf University

South Africa has difficulty in addressing unemployment, poverty and shortage of skills in critical areas (Mzagwa, 2016). According to Ferreira and Rossouw (2016) the National Development Plan (NDP): vision 2030 has identified small and medium business sector as key to reducing these challenges. Leboea (2017) posits that in spite of the efforts to support the small business sector, rural entrepreneurship still struggle to make significant contribution to economic development and growth. The purpose of this study was to determine the role entrepreneurship education and training could play in sustaining small and medium enterprises (SMEs) in rural areas.

The study aimed to determine the importance of entrepreneurship education and training; critical focus areas for entrepreneurship education and training; appropriate approaches for implementation of entrepreneurship education and training interventions; role of government in entrepreneurship education and training; as well as the role of commercial banks in entrepreneurship education and training. The study was conducted in rural Sekhukhune District in South Africa. The sample was consisted of 24 participants that included SMEs owner/managers and government support officials selected through purposive sampling. Semi-structured interviews were adopted as data collection tool.

The findings revealed the need for knowledge of the business environment; basic literacy in entrepreneurship skills; differentiated learner-centred approach; review of government support approach; and finally, collaboration between commercial banks and government. The study has successfully established entrepreneurship education and training as critical role player in sustaining SMEs in rural areas. The results are expected to impact on community development programmes, government policy review, commercial banks' funding approach, as well as contribution to the academic body of knowledge. The findings were limited by the small sample selected from one district. Future studies should consider exploring the phenomenon with larger samples covering more districts, in a wider provincial area.

#### Declaration

I declare that this thesis has been composed solely by myself and that it has not been submitted, in whole or in part, in any previous application for a degree. Except where states otherwise by reference or acknowledgment, the work presented is entirely my own.

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#### Dedication

I dedicate this work to the following people:

My late father, Ngaletsa Madire, for ensuring that my future is secured even in his resting place.

My Mom, Molokane Madire, who single-handedly guided me accordingly to my success.

My late brother, Ephraim Madire, who always challenged me to strive for greater achievements

My late sister, Emely Madire, who showed unwavering belief in my potential to succeed.

You all have been instrumental in my success, and I will always cherish your contribution.

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#### **CHAPTER 1: INTRODUCTION**

Developing countries, to a larger extent, fight a survival battle against the most common challenges, being shortage of skills in critical areas, an upward-spiral unemployment rate and poor living conditions. Notwithstanding varying economic challenges, the Small and Medium Enterprises (SMEs) sector has been globally identified as one potential and viable economic pillar for any country. South Africa subscribes to the universal notion of giving recognition to SMEs in economic growth. In spite of this recognition, South African SMEs still contribute less than 40% of the gross domestic product (GDP), way below developing Brazil and Chile, both at an average of 60% (Leboea, 2017). Despite this shortfall, statistics justify the importance of SMEs on the South African economy.

The graph below presents the extent of economic role played by SMEs in four (out of nine) provinces in South Africa from 2017 to 2018. Gauteng and Kwazulu-Natal are urban and semi-urban provinces respectively, with relatively high economic activities, while Limpopo and Eastern Cape are rural provinces with less significant economic activities. The provinces are presented in terms of number of SME owners, contribution to national employment rate, as well as how each accounts for the national GDP.

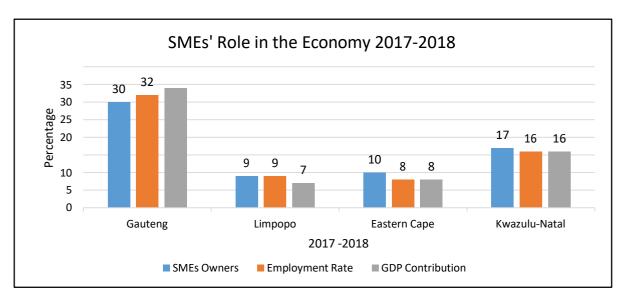


Figure 1.1: Role of SMEs in the South African Economy 2017-2018

Source: Statistics South Africa 2017 – 2018 (2018)

In the graph above, it is noticed that Gauteng has registered the highest number of SME owners in the country at 30%. Kwazulu-Natal has the second highest national number of SMEs owners at 17%. Limpopo and Eastern Cape provinces account for 9% and 10% of SME owners

respectively. Affirming the universal perception on the importance of SMEs in the economic growth, Gauteng contributes 32% on the national employment rate, followed by Kwazulu-Natal at 16%, Limpopo at 9% and Eastern Cape at 8%. Gauteng contributes 34% to the national gross domestic product compared to its counterparts. Kwazulu-Natal contributes 16%, Limpopo 7% and Eastern Cape 8%. Given the statistics as they are, it should be enough to draw a conclusion that urban provinces have the highest number of viable SMEs, while rural provinces boost a lower number of successful SMEs. Therefore, rural communities are the hardest hit as far as SME failure rate is concerned.

The failure of SMEs has serious implications for rural communities, where employment opportunities, if available, are very competitive in terms of education, skills and experience. The reality is that the more people become unemployed, the more they become dependent on the government for survival. In the case of South Africa, government social grants have become the only source of hope for people's livelihood. These grants are offered in categories. The first category is for people of 60 years and above (old age grant); second category is for people with disability (disability grant); and the third and last group is for children aged 0-18 (child support grant) (Gadisi, 2017). The question is: how long will the government be able to sustain this mode of dependence?

Household members, who don't qualify for the above-mentioned grants, already migrate to urban areas in search of employment opportunities. The impact of this trend manifests in poverty, lower production in farming, as well as poor rural development, as migrant resort to residing permanently in urban areas (Sabinet, 2018). Government further experience increased erection of informal settlements by migrants who seek temporary and cheaper residential alternatives. Since informal settlements were not planned for, the burden to regulate occupation of land becomes unbearable for local municipalities. The latter also experience higher volume of demand in services like water, electricity, sanitation infrastructure, educational as well as health facilities. The primary objective of this migration is to secure job opportunities. Therefore the government is faced with a mammoth task to instil knowledge and skills required for the viable creation, operation and growth of sustainable enterprises in rural areas.

According to Fatoki (2014) the government has a role in ensuring that SMEs operate in a viable business environment. In line with this assertion, the government is committed through the role given to the Department of Trade and Industry (DTI) to facilitate SME development in the country. Subsequent to that, several government service agents were established to provide support for SMEs under watchdog of the DTI (Niemann and Niewenhuizen, 2014). This

department and its subsidiary agencies, like Small Enterprise Development Agency (SEDA) and the National Youth Development Agency (NYDA) have a mandate to promote economic viability, as well as to enhance youth employment (Hlophe, 2014). These government institutions and agencies have clearly articulated mandatory roles and responsibilities to support small business sector growth and development. The support include drawing viable business plan; facilitation of enterprise registration; facilitation of access to funding; identification of viable markets, skills development in information and communication technology, as well other management competencies related to entrepreneurship.

While the government efforts are appreciated, equally important is the need to assess their impact on the growth and survival of SMEs. SME Quarterly 2018-Q1 (2018) reported a 1.4% annual decline in the number of SMEs in South Africa, majority being new entrants. According to the Global Entrepreneurship Monitor (GEM) (2015), South Africa has been found to be struggling at 9.2% in terms of entrepreneurship in Africa, compared to Botswana and Senegal at 33% and 38,6 % respectively. Several government and privately funded community or private cooperatives were abandoned, the majority of them being in rural areas. This state of affairs, as far as SMEs performance is concerned, is not proportional to the government support described earlier. The survival rate in terms of the number of SMEs in South Africa does not paint a good picture of the work done by institutions mandated to support the small business sector.

Several studies conducted reveal quite a number challenges facing SMEs. These include both internal and external environmental factors (Fatoki, 2014). Internal environmental factors refer to lack of knowledge and understanding in matter related to customers, suppliers, distributors, competition and the market. External environmental factors refer to knowledge and understanding of factors related to politics, economy, society and technology. In spite of all efforts to create a supportive environment for SMEs, the latter continue to falter dismally. According to Mashombo (2014) South African support services do not prioritise critical business areas that could enhance SME growth. Rungani and Potgieter (2018) assert that the failure rate has sparked a desire for researchers to discover measures to sustain SMEs survival. While several studies were conducted to this effect, the higher failure remains a cause for concern.

The importance of SMEs could no longer be overemphasized. Literature has it on record that government support agencies are criticised for failing to address critical business areas. The question that remains unanswered is: are support agencies aware of those critical areas? It is

therefore sufficient to conclude that skills capacity of both enterprise owners and government support agencies need to be appropriately enhanced. Capacity enhancement in this context calls for education and training in entrepreneurship. What remains to be discovered is the extent to which this phenomenon could impact on SME growth and sustainability. This study is geared towards investigating this phenomenon.

#### 1.2 Problem Statement

Various institutions have made remarkable research strides to find critical and viable ways to grow and sustain Small and Medium Enterprises (SMEs). All provinces in the country were served with networking offices for support agencies for the sole purpose of achieving small business sector development (Nieman and Niewenhuizen, 2014). According to Chimucheka and Mandipaka (2015) this step was fulfilment of government's mandate to the Department of Small Business Development to work towards growing and sustaining the SME sector. In spite of these efforts, it has been established that the majority of the SMEs continue to fail, thus exacerbating unemployment and poverty. Inability to deal with the two challenges remains a great concern for every country that seeks to achieve economic, social and political stability.

The Business Environment Specialists (2014) and Ngcobo and Sukdeo (2015) reported that an average of 70% of South African SMEs collapse in their earliest years of establishment. This higher percentage is worrisome, given all the commitment and efforts to grow the economy. The worst scenario is that the same failed SMEs owner/managers and their employees increase the number of the unemployed. Motsetse (2015) and Chimucheka and Mandipaka (2015) also rated South Africa high in terms of SME failure compared to other developing African states. These findings are affirmation of Leboea's (2017) report that five out of seven SMEs fail within twelve months period of existence. The author further asserts that this failure has dire consequences for efforts aimed at economic growth and development.

Several factors that contribute towards failure of these SMEs were reported. Fatoki (2014) holds the view that from the onset SMEs owners focus much on the returns, overlooking the risks involved. This obsession has the potential to derail the owner/managers' attention from dealing with the real enterprise challenges. Ramukumba (2015) view lack of technological facilities as critical factor that robs rural entrepreneurs of opportunity to adapt to the needs of the business environment. Wolmarans and Mentjies (2015) attribute the failure to incapacity to manage finances, which is a concern given the need to account accurately for all transactions effected. Government policies in their current form are also reported as a hindrance, due to

their restrictive administrative nature (Chimucheka and Mandipaka, 2015). According Lekhanya and Visser (2016) the demand for collateral security by banks is a major challenge for SME funding. Lampadarios (2015); SEDA (2016) and Dladla and Mutambara (2018) attribute the higher failure rate to lack of entrepreneurship and management skills in the sector.

Recommendations to address these challenges provide a narrow and exclusive approach. The challenges might appear diverse, but they are complementary. They therefore call for an integrated approach. In the guest to finding a comprehensive solution to the problem, the study was undertaken within the framework of the following areas of interest: the importance of entrepreneurship education and training; critical focus areas for rural entrepreneurs; approaches of implementation; the role of government; as well as the role of commercial banks. Previous studies have, so far, treated each challenge in isolation rather than to be seen as mutually inclusive. This oversight has led to fragmentation of support services for SMEs. Building on earlier studies, this project is intended to fill the void by advocating an all-inclusive approach.

#### 1.3 Purpose Statement, Research Aims and Objectives

#### 1.3.1 Purpose Statement

The purpose of this study was to explore the role of entrepreneurship education and training in sustaining Small and Medium Enterprises in rural areas. The study sought to elicit the value attached to entrepreneurship education and training as a role player in entrepreneurship skills development. Entrepreneurship skills are regarded as essential for all efforts to identify opportunity, start the enterprise and successfully operate. The objective was to affirm or refute the assertion by Fatoki (2014) that immigrant firms succeed due to the appropriate level of entrepreneurship education and skills possessed by owner/managers. The assumption held is that the more people are exposed to skills development programmes, the higher the performance in their areas of operation. Lackeus (2015) supports this assertion by postulating that entrepreneurship education and training interventions have the potential to improve the quality of performance. This study sought to establish this viewpoint from the perspective of empirical evidence.

Since an intervention addresses specific gap, identification of critical focus areas is essential. This is a needs analysis activity with the objective of assessing the current 'less viable' and the future 'much needed' state of affairs (Abdul, 2015). In the context of this study, the current less viable state of affairs is the higher failure rate among SMEs in rural areas. This current status was of great concern, as it was counteracting measures towards the realisation of

economically viable small business sector. The future much needed state of affairs was an increment in the growth and survival percentage of rural SMEs. This dream could be achieved if the most pertinent skills development areas have been identified for intervention. The needs analysis process referred to here is an acknowledgement of the need to strike a balance between existing knowledge and new knowledge to be provided through a particular learning intervention.

The study sought to identify appropriate approaches as a measure of applying relevant techniques of transferring required skills. The approaches to be identified were expected to consider the differences between adult education settings and childhood education settings (Ekoto and Gaikwad, 2015). Adult learners already possess particular experience relative to the area of intervention. Their experience determines what they need to learn, the purpose of learning; the scope of the learning content; as well as the context under which the learning process should take place. They already face actual and practical problems, so the approaches should respond to their challenges. Thus, identification of appropriate approach ensured that target learners' needs in terms of experiences and preferences are catered for.

Given the fact that the government is the custodian of economic growth, its role is a priority as far as business viability is concerned (Nieman and Niewenhuizen, 2014). The government role had to be clearly defined in relation to commitment to support and transform the small business sector into economic development contributors. While government commitment could be established, the failure of SMEs to live up to the expectation was a cause for concern. Government role had to be reviewed based on SWOT (strengths, weaknesses, opportunities and threats) analysis to establish areas of strength that need to be retained; areas of weaknesses that need to be improved on; opportunities for alternative strategies to be adopted; as well as potential threats to be mitigated.

The role of commercial banks, as government partners in funding SMEs, had to be established. Sachikonye & Sibanda (2016), note that commercial banks are committed to support SMEs by promoting access to funding. In spite of this commitment, these financial institutions are cautious in their lending approach in an effort to minimise risks associated with the small business sector. The purpose of this study was to establish these institutions' role in interventions aimed at enhancing the capacity of rural SMEs. The banking sector, as government' strategic partner in economic development, was thereby brought closer to active participation in SMEs learning programmes. This step would ensure that identified risk areas are dealt with appropriately, and majority of rural SMEs qualify for funding as required.

Since SMEs have been earmarked to play a significant role in promoting economic growth, the phenomenon was of public interest. It was expected to benefit key stakeholder in the SME sector, local communities, government and academic institutions. Participants envisaged for the study included key SME stakeholders in entrepreneurship engaged through interviews and participant observations. The study was an extension of earlier researches conducted to find solutions that could contribute towards small enterprise growth and survival. The purpose of the study was based on the aim and objectives that follow.

#### 1.3.2 Research Aim

The aim of the study was to establish the role of entrepreneurship education and training in sustaining rural SMEs in Sekhukhune District. The following objectives were formulated to address the main aim:

#### 1.3.3 Research Objectives

**O1**: To determine the importance of entrepreneurship education and training for rural entrepreneurs in Sekhukhune District.

**O2**: To establish critical areas of entrepreneurship education and training for rural entrepreneurs in Sekhukhune District.

**O3**: To establish approaches of implementing entrepreneurship education and training interventions for rural entrepreneurs in Sekhukhune District.

**O4**: To determine the role of government in entrepreneurship education and training for rural entrepreneurs in Sekhukhune District?

**O5**: To determine the role of commercial banks in entrepreneurship education and training for rural entrepreneurs in Sekhukhune District?

#### 1.4 Nature and Significance of the Study

#### 1.4.1 Research Approach and Design

#### 1.4.1.1 Research Approach: Qualitative

Qualitative research approach was selected based on interpretative paradigm that entails understanding a phenomenon from the perspective of participants by analysing their respective experiences (Kothari, 2004). The assumption underlying this paradigm is that the social world is continuously being constructed by the meanings and interpretations attached to it. The belief

is that these meanings and interpretations are subjective in nature (Blumberg, Cooper and Schindler, 2014). Thus, in alignment with interpretative paradigm, proponents of qualitative research hold the view that it is impossible to separate human experience from the person experiencing the phenomenon. The main objective of qualitative research is to explore a particular phenomenon from the actual humans that experienced it in a natural environment that suits participants (Bryman *et al*, 2014). The natural setting advocated by proponents of qualitative research made it more appropriate for this study. Is spite of its appropriateness, Cresswell (2014) is critical of this approach for its subjectivity. Triangulation adopted in data collection and analysis was the mitigating factor to the concern.

#### 1.4.1.2 Research Design: Phenomenology

Phenomenology will form the basis for the study in order to interpret the phenomenon from the perspective of people's observation, experience and description. The aim, in Leedy and Ormrod's (2013) view, is to understand the situation being studied from people's viewpoint. The researcher is interested in the meaning participants attribute to the phenomenon under study. According to Vagle (2014 phenomenologists reject the notion of studying human beings independent of their social the world. Bryman *et al* (2014) postulate that phenomenology entails understanding how individuals experience their life-world. Thus, human reactions are based on the meaning attached to a variety of situations.

#### 1.4.1.3 Population and Sample of the Study

#### **Population**

Blumberg, Cooper and Schindler (2014) define population as the total unit of participants about which the researcher intends making inferences. Population gives full description of a target segment that the researcher intends studying. The target population number for the study was 137. The study population from which 1/3 of the sample was drawn was 72. The choice of a study population was informed by the perceived experience they possess about the phenomenon under investigation, as well as being duly/formally registered and actively operational during the start of the study. Based on the description above, the target population for this study was stakeholders in the SMEs sector in rural areas. Issues of accessibility, years of experience, education level and gender are among those considered for the choice.

#### Sampling Type and Study Sample

Potential respondents were sampled through non-probability sampling. Blumberg, Cooper and Schindler (2014) assert that a non-probability sample that confines to particular predetermined criteria is called purposive sampling. A purposive sampling type was employed to draw participants from different levels of the sector. Participants were selected on the basis of their attributes relevant to the study. Participants' demographics were considered for purposes of striking a balance in terms representation. A purposive sampling technique is criticised for being potential to acts of biasness (Alvi, 2016). The researcher mitigated this concern by applying variety of aspects in the in the inclusion criteria. The study sample was comprised of three distinguished groups: SMEs owner/managers, Local Economic Development coordinators and Limpopo Economic Development Agency facilitators. The total number of samples was 24, which is 1/3 of the (72) population under study. All sampled participants were believed to possess the required information to assist in the study.

#### 1.4.1.4 Data Collection Tools and Analysis

#### Semi-structured Interviews, Participant Observation and Documents Review

Semi-structured interviews were used to collect primary data. This data collection tool was appropriate because the study was intended to solicit perceptions of stakeholders in SME sector based on their actual experiences. Participants were expected to respond to main open-ended questions, as well as probes and follow-ups. The researcher also embarked on observations by attending SMEs workshops, meetings and seminars. The aim was to observe how participants understand and make meaning of support services provided. Secondary data was collected by exploring sources in the form of documents. This approach had the potential to address the issue of triangulation.

#### **Data Analysis: Content Analysis**

According to Leedy and Ormrod (2013) content analysis entails rigorous and intensive examination of material in order to identify patterns, themes, or biases. The objective is to eliminate large quantity of information into a manageable material. It was appropriate for this study because of its relevance in analysing various forms of human communication that include transcripts of unstructured interviews.

#### **Phase 1: Transcription and Familiarisation**

This phase entailed recording of participants' responses of interview sessions by written verbatim. This step was followed by intensive reading with the purpose of familiarisation with

the details and making sense of the interview as a whole before breaking it into parts (De Vos *et al* 2011).

#### Phase 2: Coding

According to Blumberg, Cooper and Schindler (2014) the process of open coding is aimed at combining data to small sets of same themes and ideas. Margins of the transcripts bore written memos in the form of code notes. Data was segmented and classified in accordance with meanings attached.

#### **Phase 3: Generation of Categories**

This phase entailed the process of generating categories for themes, recurring ideas or experience with similar patterns. Codes with identical meanings linked to the same phenomenon were reorganised and grouped together through the process of categorisation. The purpose was to identify recurring similarities and differences. Similar incidents were given labels, categorised and given a name.

#### **Phase 4: Generation of Themes**

This phase entailed delimitation of categories through the process of selective coding. In this process the main categories were selected, and relationships were established and verified. Related sub-categories were grouped together. Based on the sub-categories, final themes were identified and validated, and subsequently overarching concepts were generated.

#### 1.4.2 The Significance of the Study

#### 1.4.2.1 Societal contribution

The study was a heed to the South African Government's call for society to join hands in addressing the challenges of poverty and unemployment. The latter is recorded to be the highest at 70% among the youth living in rural areas (De Lannoy, Storme, Mudiriza, & Smith (2018). The issue of unemployment is prevalent in spite of educational level attained. College and university graduates continue to increasingly swell the ranks of unemployment. The frustration of unemployment exacerbates other challenges like poverty. This has the potential to lead to political instability; increased acts of crime; financial hardships; disintegration of families; increased leaner drop-outs; as well as social isolation. Prolonged unemployment has negative impact on economic development, as the sector is robbed of the potential talent required to contribute significantly towards economic growth.

#### Improvement of job opportunities

The study was expected to play significant role in contributing towards measures aimed at addressing unemployment, poverty and shortage of skills. One of the notable government measures is to promote entrepreneurship among community members, who in turn are expected to contribute significantly towards creating job opportunities. Enombo (2015) hold the view that individual success in entrepreneurship should be viewed in the light of economic development for the entire community. The reason is that the achievement gained in entrepreneurship has both economic and social impact by virtue of job creation and poverty alleviation. Dragomir and Panzuru (2015) support education and training interventions for the role they play in unlocking individuals potential to become functional community members. In support of this assertion, Lackeus (2015) assumes that these intervention programmes assist individuals to find middle ground in striking a balance between education and work-life. The youth are therefore expected to be major beneficiaries through small scale employment, thus eliminating poverty.

#### Improvement of SMEs success rate

The study had the potential to spark a debate that would benefit the Small Enterprise Development Agency in the realisation of its mandate of 'giving birth to entrepreneurs' (Nuyten: 2015). The dream of giving birth to entrepreneurs implies embarking on campaigns to encourage individuals to consider identifying, exploiting and managing business opportunities. The dream could not be achieved without coupling the campaigns with education and training programmes aimed at preparing and advancing knowledge and skills in entrepreneurship. The process should also be aligned with the level of need in terms of potential entrepreneurs, emerging entrepreneurs, as well as established entrepreneurs. The debate would also address issues of creating an environment described as conducive for entrepreneurship. This statement is aligned with Greene *et al* (2018) who emphasise the need for a supportive environment that would support implementation of skills learned in a short space of time. Thus, in the process of articulating what conducive business environment entails, findings of this study would feature to support in decision-making based on empirical evidence.

#### Influence on government policy review

The study had the potential to influence government strategies to engage other stakeholders with interest in entrepreneurship. Government would benefit in its endeavour to improve collaboration and communication with relevant business partners, like the commercial banking

sector (Neiman and Niewenhuizen, 2014). The banking sector is singled out by virtue of their direct interaction with the small business sector through provision of funding schemes. Collaboration would also be extended to include broader stakeholders like business groups, academics, specialist trainers and consultants that provide services in the sector. This mutual collaboration would assist to influence policy development, review and implementation, such as government's non-compliance in honouring a 30-days timeframe policy on payment of service providers (Motsetse, 2015).

#### Improvement of stakeholder relations

The expected review of government and banking sector roles would also avert the dire consequences of SMEs failure rate. The two institutions play supportive roles in their respective mandates. In spite of their differences in approach, one aspect that binds them together is achievement of economic growth by supporting the small business sector towards sustainable entrepreneurship. According to Leboea (2017) the much needed growth and sustainability of SMEs would imply credible return on investment by owners. All these expectation manifest in terms of, among others, market expansion; increased gross domestic product; higher employment rate; improved living conditions; improved social cohesion; as well as decreased incidents of crime. All these aspects have what it takes to achieve political stability in the country. These envisaged benefits are aligned with the assertion by Rungani and Potgieter (2018) that it is worth channelling resources in SMEs development to yield positive results for the population.

#### Response to academic recommendations

The problem of SMEs failure rate has received considerable attention in the academic circles. Several studies have made immense contribution in identifying the root cause of the phenomenon. One major challenge identified relates to lack of appropriate skills required for enterprise growth and survival (Lekhanya and Visser, 2016 and Osano and Languitone, 2016). The study was a response to the earlier research recommendations to craft measures aimed at enhancing capacity of small and medium entrepreneurs in rural areas (Meyer, Meyer and Molefe, (2016), Abbasov and Alizada, (2016) and Bushe (2018)). The recommendations were aimed at elevating the small business sector to the next level by designing intervention programmes geared towards skills development.

#### 1.4.2.2 Academic Contribution of the Study

#### **Theoretical Contribution**

It has been noted that previous studies have made considerable effort in exposing challenges facing rural entrepreneurs. This study was expected to bring forth a new theoretical dimension in dealing with the challenges. Based on this expectation, propositions with the potential to make positive impact on addressing SME challenges were formulated. Critical competencies, skills and knowledge required to sustain the sector were brought forward for consideration and validation. The study also reflected on assumptions held by the human capital theory that attributes significant economic growth to large investment in education and training (Barney, 1991). This contribution would serve the purpose of crafting education and training model for rural entrepreneurship programmes aimed at enhancing capacity.

#### **Empirical Contribution**

Due to the approach selected to undertake study, the researcher had observed and interacted directly with participants. The latter, by virtue of their actual experience, were expected to give full account of the situation under which the sector is operational. This reality would change how the phenomenon was previously perceived and understood. The study would influence the choice of appropriate interventions required to address the situation. Crucial policies at local, provincial and national would be realigned and coordinated as informed by reality on the ground. The study would also serve as a frame of reference in ensuring that policy development process follows a participative approach. Active and aspiring rural entrepreneurs would be afforded opportunity to make valuable submissions, based on actual experience. The study was therefore expected to contribute to the academic body of knowledge by working on the previous recommendations, filling the gaps identified, as well as providing suggestions for application and further investigations. All these factors have what it takes to make unique contribution to the body of knowledge.

#### 1.5 Research Questions and Research Hypothesis

#### 1.5.1 Primary Question

What is the role of entrepreneurship education and training in sustaining rural SMEs in Sekhukhune District? The secondary questions that follow were formulated to address the main question.

#### 1.5.3 Secondary Questions

**Q1**: What is the importance of entrepreneurship education and training for rural entrepreneurs in Sekhukhune District?

Q2: What are the critical areas of entrepreneurship education and training for rural entrepreneurs in Sekhukhune District?

Q3: What are the approaches of implementing entrepreneurship education and training interventions for rural entrepreneurs in Sekhukhune District?

**Q4**: What is the role of government in entrepreneurship education and training for rural entrepreneurs in Sekhukhune District?

**Q5**: What is the role of commercial banks in entrepreneurship education and training for rural entrepreneurs in Sekhukhune District?

#### 1.5.3 Research Hypothesis

*Hypothesis:* Entrepreneurship education and training will lead to a higher number of sustained small and medium enterprises in rural areas.

#### 1.5.4 Justification of Research Questions

The first question was relevant in the determination of specific essentials of entrepreneurship education and training as vehicle for capacity building in entrepreneurship. This was informed by the findings by the Global Entrepreneurship Monitor (2014) that South African SMEs fail, partly, due to lack of capacity. These findings give a direct link between the first and second questions in terms of identifying target critical skills.

The second question was critical in prioritising the most pertinent entrepreneurship skills for sustaining rural SMEs. The question was informed by earlier findings that SMEs owner/managers should make entrepreneurship skills a learning priority (Mtshali, Mtapuri & Shamase, 2017). This question would inform relevant approaches to be adopted, as required in the third question.

The third question was important in ensuring that support agencies adopt appropriate intervention approaches, considering context and target group. Ngcobo and Sukdeo (2015) found that 75% of their respondents possess less information on how to access funding. Therefore, approaches adopted by support agencies do not address SMEs' specific needs. Given this challenge, what role should the government play?

The fourth question was meant to put the role of government into perspective as far educating and training SMEs was concerned. According to Dlalda and Mutambara (2018) the government has delivered on its commitment to support SMEs. Despite this, SMEs continue to falter. The question was expected to contribute towards reviewing government role.

The fifth question sought to bring the commercial banking sector on board in the guest to educate and train rural SMEs. This was in accordance with the Global Entrepreneurship Monitor (2014) and Sachikonye and Sibanda (2016) who found that reliable financial records are prerequisite for SMEs funding by commercial banks. This sector could play a role in ensuring that SMEs comply in all material and procedural aspects.

#### 1.5.5 Justification of the Research Hypothesis

The research hypothesis was based on human capital theory coined by Gary Becker (Mutamba, 2016). Advocates of this theory highly regard education and training as investment in human development (Becker, 1964). According to Barney (1991) competencies developed through education and training are critical determinants for higher individual performance. In support of this statement, Mutamba (2016) view education and training as prerequisite for economic growth. Muda and Rahman (2016) value human capital as determinant of SMEs' performance compared to structural capital and relational capital.

#### 1.6 Summary

#### Orientation

This chapter provided an overview of the topic under study. It was highlighted that the study was undertaken in the Republic of South Africa. The country, like other developing counterparts, was found to be struggling in the fight against poverty, shortage of employment opportunities, as well as lack of skills required in the economic sectors. The target setting of the study was rural areas, due to the rampant impact of the three challenges indicated. Strategies crafted by the government to counteract the challenges include support for the small business sector as potential drivers for economic growth. In spite of this pronouncement, it was reported that the small business sector contribution to the country' GDP was way less compared to other countries (Leboa, 2017). The failure of this initiative was reported to impact negatively on rural communities, whose households rely on government grants for their livelihood (Gadisi (2017).

Government was found to be in the right path as far as creation of a viable business environment was concerned, as argued by Fatoki (2014). It was highlighted that government pronouncement

to support small enterprises was followed by measures adopted as commitment to realise the dream of economic growth through small enterprises. This is evident of the various institutions established to implement the project (Niemann and Niewenhuizen, 2014). The institutions include government departments under the Department of Trade and Industry; support agencies like Small Business Development Agency; and other subsidiaries with clearly defined mandates.

#### Problem Statement

The problem was introduced as the high failure rate experienced by SMEs in rural areas of South Africa. Institutional research strides undertaken, at both private and public sectors, to find ways to support small business sector development resulted in the provision of support offices in all provinces (Nieman and Niewenhuizen, 2014). The purpose was to offer support to SMEs at local level. In the guest to strengthen this commitment, government took another step to establish the Department of Small Business Development Chimucheka and Mandipaka (2015). The mandate was to facilitate growth and sustainability of SMEs. In spite of these efforts, the country experienced remarkable failure of SMEs notably in the first three years of operation.

#### Purpose Statement

The purpose of this qualitative study was to explore the role of education and training in sustaining Small and Medium Enterprises in rural areas. The main aim was to establish the prevalence of this phenomenon in the rural Sekhukhune District. The purpose was addressed based on the aim and objectives in pursuit. The aim of the study was to establish the role of education and training in sustaining rural SMEs in Sekhukhune District. The objectives formulated to address the main aim were the stated to determine the importance of education and training for rural entrepreneurs; establish critical areas of education and training for rural entrepreneurs; establish approaches of implementing education and training interventions for rural entrepreneurs; determine the role of government in education and training for rural entrepreneurs; and determine the role of commercial banks in education and training for rural entrepreneurs.

#### Nature and Significance of the Study

The study was reported to be qualitative in nature, based on the need for direct interaction with the primary sources in natural setting, as opined by Leedy and Ormrod (2013). Phenomenology

formed the basis for the study. The aim was to understand the situation being studied from people's viewpoint. The study targeted primary stakeholders in the SME sector, being SME owners/managers, officials from local government and designated agencies. Potential respondents were sampled through non-probability sampling. Unstructured interviews and participant observations were selected as data collection techniques. Secondary data was collected by exploring various documents. Content analysis was adopted as data analysis method. The process was a four step phases: transcription and familiarisation; coding; categorising; and generation of themes (Cooper and Schindler, 2014).

# Significance of the Study

The study was reported to have potential to contribute towards societal development in terms of bringing forth measures aimed at addressing the challenges of poverty and unemployment. The findings are expected to influence SMEs survival rate, government policy review decisions; improve stakeholder relations; as well as future academic research. Sustainable SMEs have a direct impact on creation of job opportunities. Enombo (2015) argued that any measure to promote individual success in entrepreneurship is beneficial to the community in terms of job creation and poverty alleviation. The youth are therefore expected to be major beneficiaries through small scale employment, thus eliminating poverty.

### Research Questions and Research Hypothesis

The research questions and research hypothesis were stated. All five questions were justified on the basis of appropriateness in terms determination of specific essentials of education and training in entrepreneurship; prioritising the most pertinent entrepreneurship skills for sustaining rural SMEs; ensuring that support agencies adopt appropriate intervention approaches; putting the role of government into perspective as far educating and training SMEs is concerned; as well as bringing the commercial banking sector on board in the guest to educate and train rural SMEs. The research hypothesis was also justified based on Gary Becker's human capital theory that highly regard education and training as investment in human development training are critical determinants for higher individual performance (Mutamba, 2016) and Muda and Rahman (2016). The next chapter entails review of literature.

#### CHAPTER 2: LITERATURE REVIEW

#### 2.1 Background Introduction

The purpose of this chapter was to explore previous researches related to the topic under study. The theoretical frameworks underpinning the study are outlined in terms of origin. The assumptions upon which the theories are based are described. The criticism highlighting the weaknesses of the theories is given attention. The justification of the adopted theories is also outlined. The section also outlines the conceptual framework adopted to set boundaries within which the study was conducted. The industry field under which the study was embarked upon is introduced. An overview of the specific challenges that account for the failure of SMEs in rural areas is provided.

Building on the challenges identified, entrepreneurship education and training (EET) is introduced to provide background orientation of the programme. The orientation focussed on definition; purpose; content; delivery approaches; evaluation and complementary support of the programme, as sub-topic 1. The chapter also explored the importance of entrepreneurship education and training in enhancing capacity in the SME sector as sub-topic 2. Sub-topic 3 was acknowledgement that education and training could not take the form of general intervention, and therefore critical focus areas had to be identified for purposes of enhancing knowledge and skills among SMEs. Literature was further reviewed to establish appropriate approaches that could be adopted to improve the skills capacity in the SMEs sector, as sub-topic 4. The critical role that the government should play in supporting SMEs' education and training also formed part of this chapter as sub-topic 5. Previous studies were further explored to establish the role of commercial banks in SMEs education and training, as sub-topic 6. As a conclusion, a summary of the key points discussed in the chapter is provided.

#### 2.2 Theoretical Framework

### 2.2.1 The Human Capital Theory (HCT)

In the view of Goldin (2014) the concept of human capital could be traced back to the works of Adam Smith (1776), Irving Fisher (1897), Theodore Schultz (1961) and Gary Becker (1964). According to Fareed *et al* (2016) Schultz defined human capital as a set of skills and knowledge that humans acquire through education and training. Gillies (2015) and Gamede (2017) credit Becker for developing the current human capital theory as adopted in the economic sector, and for the efforts exerted in widening the theory from knowledge and skills to include competencies, attributes and attitudes.

Proponents of the Human Capital Theory hold the assumption that investment in education and training enhances knowledge and skills which are viewed as essentials for higher productivity, higher personal income, as well as economic growth and social mobility (Tan, 2014 and Goldin, 2016). Fareed et al (2016) opined that human capital theory places special value on education and training programmes aimed at enhancing employee's capacity required for expected productivity. The latter in turn is a determinant for a relative income.

Mutamba (2016) holds the assumption that the theory is revered for unlocking critical talent, improved adjustment to job opportunities and increased supply of skilled labour for sustained economic growth. The theory defines the value of education on the basis of human earnings, which in turn translate into economic performance (Marginson, 2017). According to Blair (2018) knowledge and skills acquired through education and training are embedded in human beings, and are thus determinants of individual productivity and income. In support of the theory, studies by Khayinga & Muathe (2018) and Boon *et al* (2018) found that HCT has a significant role to play in building strategic resources through knowledge and skills indispensable for meeting customer expectations, increasing competitive advantage, as well as improving business performance. Despite its popularity, the HCT was met with criticism.

Tan (2014) criticises the HCT for promoting the assumption that higher individual wages have a significant impact on social returns. According to the author, education might increase individual income, with less impact on social returns. HCT is further criticised for crowning economics as superior discipline over other disciplines like education, sociology and politics. According to Ployhart *et al*, (2014) and Nyberg *et al*, (2014) HCT emphasises individual performance and productivity at the expense of other organisational variables like culture, best practices and competitive advantage.

Mutumba (2016) warns that HCT's model of reliance on observed individual wages to determine rate of return on investment in education and training might lead to underestimation of the real impact of education on society. Marginson, (2017) holds the view that HCT lacks realism due to its application of closed analytical model; treating education as homogeneous input; treating education and work as single domain; as well as eliminating potential exploration of relations between education and work. CIPD (2017) is also critical of HCT for lack of synergy among individual knowledge and skills, other organisational variables, as well as processes that determines individual wages. According to Blair (2018) HCT suffers from "greedy reductionism" that advances a simple universal link between human capital, productivity and income without empirical justification.

In spite of criticism levelled against the HCT, the theory remains relevant to the study. The latter hypothesises that education and training will lead to higher number of sustained small and medium enterprises in rural areas. The HCT emphasises the importance of investment in human development through education and training. This investment is envisaged to translate into improved capacity in terms of knowledge, skills and attitudes. Enhancement of capacity is in turn indispensable for higher productivity, higher returns and social mobility, thus translating into economic growth. Taking into cognizance the need to consider the context, expectations and target group for the implementation of education and training strategies, an appropriate adult learning approach is a prerequisite, hence andragogy.

# 2.2.2 Andragogy: Adult Learning Theory

Andragogy which means 'the art and science of teaching adults' is an Adult Learning Theory focusing on finding an identity that would differentiate adult education from childhood education (Smith, 2002). Adult education has always been at the center of comprehensive academic debate through a variety of models, theories and frameworks. In spite of conflicting evidence on when the concept originated, Smith (2002), Kessels (2015) and Merriam (2017) share the same view that andragogy originated in Europe, and was brought to the limelight by an adult education practitioner and theorist, Malcolm Knowles, in America in the 1960s.

Knowles, Holton and Swanson (2005) hold the assumption that Andragogy put emphasis on knowledge and understanding of adult learners in terms of their educational needs, expectations and experiences. The theory is designed to ensure that instructors/facilitators plan education and training programmes to meet adult learners' unique priorities. This theory provides a critical roadmap in planning and organising environment conducive for knowledge and skills development (Kessels, 2015). The learning environment is characterised by mutual respect, trust and understanding, rather than hierarchical authority.

According to Ekoto and Gaikwad (2015) principles characterising Knowles' andragogy include: learner-centeredness; learner involvement, learner experience; and problem oriented. Building on the principles mentioned, Cochran and Brown (2016), Merriam (2017) and Jasso (2018) posit Knowles' andragogy theory to be based on six basic assumptions that characterise adult learners: they are self-directed; possess life experience; expect goal oriented learning; expect relevancy oriented learning; expect practicality in learning; and are internally motivated. Leong (2018) credits Knowles andragogy for being more practical in terms of planning, directing and evaluating adult learners. This assertion is supported by Muturi, Kaura and Quazi

(2018) and Hidayat (2018) whose studies found that learners in business studies were in favour of a shift to andragogy due to its focus on learner needs, experience, as well as readiness to learn. Despite its popularity for being pragmatic and feasible, andragogy has limitations.

According to Kessels, (2015) andragogy is based on a set of assumptions rather than research, and as a result it lacks due recognition in the academic discipline. In support of this criticism, Ekoto and Gaikwad (2015) opined that andragogy lacks clear definition as a practice or theory, was projected as a one-size-fits-all model; and is less considerate of the social, cultural and political dynamics characterising adult learning. Knowles' andragogy was based on observation and subsequent assumptions, thus falling short of scientific research (Pavlova and Sanger, 2016).

Arghode, Brieger and McClean (2017) challenges the assumptions underlying andragogy on the basis that not all adult learners: are independent, can progress without instructor's assistance, can identify their learning needs, and are internally motivated. According to Loeng (2018) andragogy suffers from lack of empirical evidence to be justified as a theory. The theory is further criticised for over-emphasising individualism, neglecting the social and political aspects in the real life context. It is further held that Knowles' andragogy did not consider how other aspects such as gender; race and class play part in learning environments.

Notwithstanding the criticism pointed, the assumptions underpinning andragogy provides the basis for supporting SMEs through education and training. The need for SMEs owner/managers to be part of the learning decision-making process could not be over-emphasised. It remains important to build on the life experiences and knowledge SMEs owner/managers already gained in the business field. It is also crucial to be explicit in terms reasons for undertaking a task, as well as its relevance, practicality and immediate feasibility in addressing the challenges in the sector. The need for the learning programme to fulfil the will for achievement implies intrinsic motivation characterising adult learners. Andragogy embodies a collaborative needs analysis approach in ensuring that the interventions adopted are relevant in terms of context, target audience and needs.

#### 2.3 Description of Research Industry/Field

The study was undertaken in the field of entrepreneurship, with specific focus on Small and Medium Enterprises (SMEs) in rural areas. The field was appropriate due to its global recognition as far as growing the economy was concerned (Chimcheka and Madipaka, 2015, Rungani and Potgieter, 2018). This recognition followed universal consensus on SMEs' role

in fighting poverty, inequality and shortage of employment opportunities. In South Africa, these challenges are prevalent in rural areas where the majority of people are dependent on government social grants for their livelihood (Fanta *et al*, 2017). SMEs offer the prospects of individual/family income and increased gross domestic product, thus contributing significantly to social cohesion.

In the context of South Africa, an SME is an enterprise under direct management of the owner, with less than 250 employees and total of R220 million in annual turnover (SA Government Gazette, 2019). There are two categories of SMEs: formal and informal. According to Barbosa, Pulido and Ayala (2019) formal SMEs are fully registered, and subscribes to regulated economic activities. Informal SMEs are not regulated yet they are 'recognised' for their ability to sustain basic livelihood and provision of small scale employment to community members (Meyer, Meyer and Molefe, 2016). This category of enterprises is subjected to barriers that hamper growth.

According to SMME Quarterly 2018-Q1 (2018) majority of formal SMEs are operational in urban provinces like Gauteng, the economic hub of South Africa, and Western Cape, the host for parliamentary buildings and other prominent tourism attractions. The majority of informal SMEs are operational in rural areas, notably Limpopo Province, where the study is located. In spite of this categorization, South Africa has always been keen to encourage the establishment of new enterprises, as well as to support emerging and established ones (Nieman and Nievehuizen, 2014). This commitment has seen an increase in the number of SMEs in the years 2016 to 2018 by 8.8% (SMME Quarterly 2018-Q1, 2018), as illustrated in figure 2.1 below.

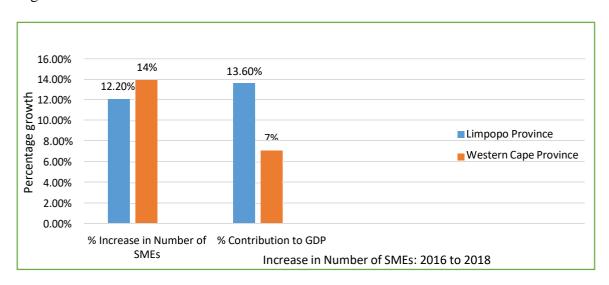


Figure: 2.1 Increase in Number of SMEs 2016-2018

Source: SMME Quarterly Q1 2018 (2018)

Figure: 2.1 above depicts a comparative analysis of increase in number of SMEs between urban Western Cape Province and rural Limpopo Province. Comparatively Western Cape Province increased by 12.2% while the Limpopo Province recorded an increase of 13.6%, as per the two reports. Contrary to logical expectations, in terms of contribution to gross domestic product Western Cape accounts for 14% and Limpopo 7%. The implication is that in spite of the higher number of SMEs in Limpopo, majority of them are less effective. This study acknowledges and builds on previous studies that rigorously exploited the challenges facing rural SMEs. It is intended to bring about an integrated education and training approach aimed at sustaining and growing these enterprises.

# 2.4 Causes of Failure among Rural Enterprises

The Small and Medium Enterprises (SMEs) remains the crux of economic development around the world. SMEs are highly recognised for their contribution in the countries' gross domestic product (GDP). This discussion was intended to give an overview account of specific challenges that contribute towards the failure of SMEs. It was based on the problem statement that concerns higher failure rate of SMEs in rural areas. The contributory factors were explored as depicted in figure 2.2 below.

Lack of Funding

SMEs
Failure

Lack of Funding

Lack of Funding

Lack of Entrepreneurship

Mnagement Skills

Figure 2.2: Causes of failure among Rural Enterprises

Source: Researcher's own creation

Figure 2.2 above illustrate the causes of failure among rural enterprises. The following factors were identified: regulatory environment; lack of funding; lack of entrepreneurial management skills; inaccessibility of market and lack of technological infrastructure. All the arrows from each factor are pointing directly at the centre towards SMEs failure. The arrows indicate the contribution made by each factor towards the dismal performance of rural SMEs. Each of the factors was discussed fully in the paragraphs that follow, highlighting different views as per literature.

### **2.4.1 Regulatory Environment**

SMEs are expected to contribute towards economic growth. This could be achieved on condition the environment in which they operate is conducive for growth and survival. The Department of Trade and Industry (DTI) established the National Small Business Advisory Council (NSBAC) in 2006 with a mandate to ensure that constraints related to 'red tape' procedures are reduced (Nieman and Niewenhuizen, 2014. In spite of this mandate, the study by Ramukumba (2014) found that regulations governing SMEs operations were too restrictive for growth and survival. The author recommended a review of government regulatory environment for purposes of relaxing administrative procedures. The study did not address the extent to which lack of competencies and understanding could exacerbate the challenge.

The study by Ngcobo and Sukdeo (2015) on challenges facing SMEs reported that SME owner/managers spend much of their resources in complying with government imposed administrative requirements. The Institute of Risk Management South Africa (IRMSA: 2015) also echoed the same concern regarding frustrating legal requirements for registration, abidance and reporting. Chimcheka and Mandipaka (2015) observed continuous changes effected on regulations without provision of education and training. This is in essence an implication that, despite controversies surrounding the regulations, SMEs have little or no competencies to comply.

In support of this assertion, Meyer, Meyer and Molefe (2016) and Sitharam and Hogue (2016) reported that SMEs find it difficult to understand the regulations they are expected to comply with, thus resulting in non-compliance. Meyer, Meyer and Molefe (2016) recommended the relaxation of regulatory restrictions to encourage SMEs establishment and growth. This is in contradiction with their finding, as they paid no attention to need to address competency and skills level of SMEs. This recommendation left a void because no matter the extent to which regulations might be relaxed, SMEs would still be required to comply.

In support of the need for capacity to comply, Dladla and Mutambara (2018) in their study undertaken in Pretoria (Capital City of South Africa) found that 100% of the respondents were duly in compliance with basic regulatory requirements, after undergoing skills development training. Rungani and Potgieter (2018) further recommended that for the SME sector to fully understand the regulations governing them, they should form part of key stakeholders to make submissions on policy development and review. While supporting the findings and recommendations advanced, there is no evidence of literature exploring SMEs' capacity to deal with the applicable regulations. This is one area that warrants further study, as SMEs would still be required to comply with 'reviewed' or 'flexible' mandatory regulations.

# 2.4.2 Lack of Funding

While conducive regulatory environment stimulates interest in establishing SMEs, it is on record that funding is one primary prerequisite for the establishment an enterprise. According to Ramukumba (2014), a business depends on sufficient funding to acquire infrastructure, recruit competent staff, to meet customer expectations. One of the commitments of the South African government in the creation of enabling environment for small businesses was to facilitate access to venture funding (Niemann and Niwenhuizen, 2014). Consequently, the DTI established support agencies under an oversight role of the Small Business Advisory Council (NSBAC). According to Ngcobo and Sukdeo (2015) one of the key mandates of the NSBAC was to play monitoring role in ensuring that SMEs have access to funding.

In spite of availability of implementing agencies, access to funding is recorded as one major challenge facing SMEs (Copaul and Manley, 2015). It was reported that SMEs resort to personal savings, if available, to fund their enterprises. In their study, Ngcobo and Sukdeo (2015) reported that SME owners/managers lack accurate information on how to access funding. The authors further recommended that government funding programmes should be intensively popularised through awareness campaigns. Contrary to other findings, Chimucheka and Mandipaka (2015) reported that rural entrepreneurs could not provide requisite records to access funding, and subsequently resorting to informal means of funding their businesses. The study by Osano and Languitone (2016) hold government agencies accountable for lack of information on accessing funding. The findings suggest that government agencies are less effective in facilitating access to funding. One finding that need further investigation is failure of SMEs to provide requisite records.

Contrary to holding government agencies accountable for lack of funding, Osano and Languitone (2016) also revealed that SMEs could not provide the required surety to be considered for funding by commercial banks. Abbasov and Alizada, (2016) also found that commercial banks and other financial institutions consider SMEs to be risky to grant loans. It is further noted that majority of SMEs could not provide accurate accounting records, let alone a business plan. Meyer, Meyer and Molefe (2016) attributed lack of funding to poor financial management skills. The authors recommended investment in technical skills training that would include basic financial management. In support of this view, Abbasov and Alizada, (2016) and Bushe (2018) also found that SMEs lack basic financial accounting skills required to keep accurate records. The authors recommended that measures should be taken to enhance capacity of SMEs in financial accountability.

It is evident that lack of funding could be attributed to three factors: the failure of government agencies to provide the necessary information; risk aversion demands by commercial banks; and SMEs' lack of capacity in basic financial management. The gap identified is that the three factors are treated in isolation from each other. A complementary approach is required to strike a balance between facilitation of funding and enhancement of financial management capacity.

# 2.4.3 Lack of Entrepreneurship Management skills

Access to funding is not a panacea for SMEs sustainability. It takes a lot of knowledge, skills and competencies to grow and sustain an enterprise. According to Niemann and Niewenhuizen (2014) higher education level and experience have significant impact on entrepreneurship survival. The two variables are reported to play a major role in rural SMEs failure due to their low level. In the same vein, the DTI has a mandate to strengthen managerial skills of SME owner/managers with special focus on disadvantaged rural areas. According to the authors, this mandate was to be carried out through government support agencies like Small Enterprise Development Agency (SEDA).

Contrary to this focus, the study by Ramukumba (2014) found that government agencies were less effective in improving the management capacity of SMEs due to generalist nature of practitioners. The author further made submission that government support services should be rendered by specialist practitioners in respective business fields. Contrary to inefficiency of support agencies, the study by Masegare (2014) attributes failure of SMEs to poor entrepreneurship management skills due to low level of education and experience. The two studies share the same view that management skill is a constraint. Their findings could find

common ground by suggesting that support agencies should be specialists in their respective fields to accommodate the diverse needs of SMEs in terms of levels of education and experience.

In support of this assertion, Chimcheka and Mandipaka (2015) found that SMEs owner/managers were operating in business fields without the minimum expected experience or skills. Motsetse (2015) reported that South African SMEs lag behind as far as managerial skills and entrepreneurial capacity were concerned. The author holds the assumption that South African education system offers little to support entrepreneurship. As a recommendation, Motsetse (2015) suggested that support services should be tailor-made to cater for the diverse needs of different SMEs. In an effort to address the challenge, Lekhanya and Visser (2016), Meyer, Meyer and Molefe (2016) and Mtshali, Mtapuri and Shamase (2017) recommended that government should consider embarking on awareness campaigns aimed at promoting skills development programmes, considering varying needs of SMEs.

Emphasising the need for SMEs skills development, Mamabolo and Kele (2017) recommended that support agencies should desist from blanket approach, but prioritise the core entrepreneurship functional skills that would improve SMEs daily operations. Education and training support services provided by government agencies were found to be less effective in addressing SMEs management challenges posed by varying levels of education and experience. In support of measures to enhance SMEs capacity, in their study Dladla and Mutambara (2018) found that 85% of their respondents had benefited from participation in skills development training.

Thus, lack of entrepreneurship management skills is attributed to low education level, lack experience and inefficient support agencies. Irrespective of the cause, there is evident that entrepreneurship management skills was not adequately addressed as far as supporting SMEs growth and survival is concerned. This gap highlights the need for skills development for rural entrepreneurs.

#### 2.4.4 Inaccessibility of Markets

Entrepreneurship management skills are basic prerequisite for development and implementation strategies for purposes of accessing markets. Access to market refers to availability of viable customer base for products and services offered by particular enterprise ((Niemann and Niewhuizen, 2014). Identification of readily available market is intended to ensure that products and services on offer remain relevant in terms of demand and supply.

According to Motsetse (2015) SMEs succumb to market challenges due to stereo-typed approach of following in the footsteps of previous successful entrepreneurs. In an effort to provide environment conducive for business growth, the NSBAC mandates the DTI to facilitate SMEs access to markets (Ngcobo and Sukdeo, 2015). The mandate is intended to provide the required knowledge about market trends, as well as what is expected of the SMEs to remain adaptive.

According to Chimcheka and Mandipaka (2015) the majority of their respondents attributed their failure to poor business location. It was further found that product and services on offer were not informed by the demand in the market. The authors opined that SMEs' challenge goes beyond lack of marketing skills, as they lack general entrepreneurship skills. In contrast, Motsetse (2015) attributed difficulty in accessing market to insufficient knowledge about marketing and ignorance of competition in terms of pricing. The author further argued that SMEs should be prepared for market expansion to the extent that they have the capacity to market and compete outside their provinces of location. In support of this assertion, Chimcheka and Mandipaka (2015) found that poor location of businesses, inability to compete, and low demand for products is an indication for lack of entrepreneurship knowledge, competencies and skills. Despite the different findings reported, all the studies cited attribute SMEs failure to lack of capacity as far as marketing is concerned.

In contradiction with the findings alluded, in their study Ngcobo and Sukdeo (2015) found market accessibility to be less constraint to SMEs functionality. This is not surprising given the fact that majority of participants had been in the business for over five years. Meyer, Meyer and Molefe (2016) also found that marketing was not listed on the required skills areas for entrepreneurial growth. This finding can be attributed to majority participants' level of education which was recorded to be matric (university entrance) or over. This confirms earlier assertions on the importance of higher level of education and experience.

The two arguments are disputed by Rabi, Cant and Wiid (2016) whose study found that marketing recorded the second highest scores (behind financial management) in terms of demand for skills development. Lekhanya and Visser (2016) also found that majority of SMEs suffer from lack of marketing orientation, thus making it difficult for accessibility and competitiveness. The authors recommended that SMEs skills should be enhanced through training on effective strategies to reach the intended market. The study by Mtshali, Mtapuri and Shamase (2017) recommended that government should intensify capacity building in marketing to ensure that SMEs are transformed into competitive forces of economic growth.

In spite of contrasting views offered, it has been established that SMEs have difficulty in accessing markets due to lack of marketing knowledge, skills and competencies. There is consensus that SMEs' capacity in marketing should be enhanced to address the challenge of market access.

### 2.4.5 Lack of Technology Infrastructure

In current business world, one aspect that enhances market access is technology. The ability to analyse the extent to which external technological changes might impact on the business operations is one critical competency expected of SMEs. It is on record that the twentieth century technological advances are undoubtedly playing a catalyst role as far as business adaptability is concerned (Bui, 2014). In alignment with this need, the South African government has mandated the DTI to facilitate access to technology for SMEs for purposes of enhancing competitiveness (Niemann and Niewhuizen, 2014).

According to Masegare (2014) lack of access to current technological changes impact negatively on growth for rural SMEs. This assertion is supported by Ramukumba (2014) who found that SMEs in rural areas were struggling to make a cut due to lack of technological infrastructure. They both agree that rural entrepreneurs should be exposed to technological infrastructure to keep pace with current demands. The studies fell short of the need to address the requisite skills in technology.

The lack of access to technology accounts for SMEs failure rate in the first three years of operations (Copaul and Manley, 2015). The authors advocated for skills training and development for SMEs to cope with market environment. Motsetse (2015) and Ngcobo and Sukdeo (2015) hold the assumption that SMEs are not aware of government support services due to lack of access to technology. According to Ngcobo and Sukdeo (2015) government should consider intensifying access to technology in order to promote support services available to SMEs.

While access to technology is a challenge in rural areas, lack of appropriate skills in technology is another area of concern. As a response, Motsetse (2015) suggests that government support services should give priority to addressing the low skills level among SMEs to adapt to technological changes. Sitharam and Hogue (2016) also hold the assumption that SMEs' technological capabilities account for the growth challenges. This argument suggests that SMEs face lack of technological infrastructure on one hand, and poor skills in utilising technological devices on the other.

In support of this assertion, Meyer, Meyer and Molefe (2016) found that lack of access to technology is twofold: firstly it is due to poor infrastructure at the business location, and secondly, it is due to lack of technical skills on the part of SMEs. According to the authors, the distinction between lack of access to technology and lack of technical skills would assist support agents in addressing the challenge from different angles. According to Durowoju (2017) the government should treat technological changes and skilled workforce as complementary. The implication is that for SMEs to adapt to technological changes, provision of technological infrastructure should be coupled with capacity enhancement. While provision of technological infrastructure is a necessity for SMEs growth and survival, literature also emphasise the need for skills development, thus highlighting the importance of education and training.

### 2.5 Entrepreneurship Education and Training

The previous theme focussed on the challenges that hamper growth and sustainability among Small and Medium Enterprises (SMEs) in rural areas. While the challenges were, to a particular extent, found to be beyond SMEs control, literature could not clearly define the level of knowledge, skills and understanding required of SMEs to play their part in dealing with the challenges. South Africa has been noted for poor skills as important contributing factor to the country's challenges related to entrepreneurial capacity (The GEM South African Report 2015/2016). The report has found empirical evidence of a link between education and entrepreneurial intentions and growth. South Africa was reported below average as far as the education level of the workforce was concerned (The Global Competitiveness Report 2015/2016). Education and training interventions were identified as potential development measures to close the skills and knowledge gaps, and enhance entrepreneurial capacity. The 2015 GEM Youth Report has identified training in starting a business to have a positive impact on entrepreneurial behaviour. Thus, entrepreneurship education and training is explored based on the status of the country regarding this phenomenon.

# **2.5** 1 Definition of Entrepreneurship Education and Training (EET)

Valerio, Parton and Robb (2014) define entrepreneurship education and training (EET) as inclusive interventions with similar broad objective of empowering participants with the entrepreneurial mindsets and skills to enhance operations in a variety of entrepreneurial activities. In the view of these authors, the interventions are inclusive of both academic education and formal training programmes designed to prepare individuals for effective

performance in the business arena. In support of this definition, Martin and Associates (2016) posit that though the programmes might be identified and undertaken independent of each other, both share the same objective of stimulating entrepreneurship, as well as providing support for individuals and active enterprises already engaged in the business environment.

While the above definition is narrowed around individual entrepreneurial skills, Grecu and Denes (2017) provide a broader description of the phenomenon. The authors postulate that entrepreneurship education and training is geared towards increasing organisational competitiveness, rate of productivity, adaptive flexibility, as well as knowledge base. The EET process is said to be characterised by dynamism, and calls for continuous adaption to vigorous changes. The process is further described in terms of risks characterised by uncertainty, putting innovative ideas into practice, and identification of potential business opportunities.

In support of the above description of EET process, Vosloo, Vosloo and Antonites (2018) clearly identified skills required for effective enterprise creation, operation and growth. The following skills were identified: courage to take risks; persistent under difficult circumstances, ability to create opportunity; highly motivated and higher level of confidence. The assumption held is that entrepreneurship education and training plays important role in stimulating mental inclination, knowledge and skills required to achieve the level of skills identified. The degree to which entrepreneurship education and training intervention achieves its intended goal should be measured on the basis of three dimensions, being innovativeness, risk-taking and proactiveness. Thus, the skills have been narrowed to craft evaluation criteria for EET programme.

While entrepreneurship education and training is globally recognised for stimulating the spirit of entrepreneurship and economic development, its success is dependent on other factors. Greene *et al* (2018) asserts that the 2014 GEM special report states that entrepreneurial education and training show signs of effectiveness under contexts with favourable conditions to put the learned skills into practice. The implication is that in spite of how effective the programmes might be delivered to participants, if the context under which the learned skills should applied is not conducive the entire effort might be fruitless. Thus, the EET programme calls for collective effort to ensure that all potential huddles are removed for effective application skills attained. This condition requires inclusive collaboration of government, academic institutions, training providers, business community, etc. to share views on how to level the playing field.

Thus on the basis of definitions provided, it can be concluded that entrepreneurship education and training entails conscious, purposive and systematic interventional activities that encompasses a multidisciplinary approach with the goal of providing knowledge, skills, competencies and attitudes required for enterprise start-up, growth and sustainability. The activities are conscious because they are carefully planned and designed to take particular route. They are purposive in the sense that they are intended to achieve particular objectives. They are systematic because they follow a formal process. They are interventional in nature due to their inclination to address particular identified knowledge gap. They follow multidisciplinary approach because they are undertaken by integration of several disciplines to address identified skills gaps. Thus, following the definition of entrepreneurship education and training, it is important to explore its intended purpose.

### 2.5.2 Purpose of Entrepreneurship Education and Training (EET)

One of the notable characteristics of entrepreneurship education and training is that it enjoys global attention. The phenomenon has been widely explored by academic institutions, government departments, business sector and private organisations. Academic institutions want to find a way, from research perspective, to locate the EET into individual developmental stages towards becoming economically productive adult. The search for location is undertaken within formal education system, and developmental training interventions. Government provides funding for research projects aimed at advancing EET programmes. It also provides valuable information by making documents available for review. The business sector support EET programmes by providing resources for research projects that aim to advance their course of growth and development. Private training institutions/consultants are at the forefront of availing their products and services related to EET. What is the broader purpose of EET?

### **Individual Level**

Individuals in this context refer to each participant who seeks knowledge and skills in entrepreneurship to make meaningful contribution towards the family, community and society at large. The skills are first embedded in the individual participant, before they can be applied to benefit other sections of the society. The business environment is a social world in the sense that individual entrepreneurial activities stand to benefit other members of the community. The benefits take the form of provision of services and products to the community. In the process of providing community members, a number of people (employees) would be required to deliver services of good quality, efficiently and on time

The previous section dealt with definitions to provide understanding and knowledge of what EET entails. One emphasis noted has been on empowerment of individuals with skills, knowledge, competencies and attitudes required for participation in entrepreneurship (Nieman and Nieuwenhuizen, 2014). The purpose of EET at individual level is to bring about a balance between education and work life by instilling a sense of relevance, engagement and motivation (Lackeus, 2015). The balance is essential for the individual to understand the role education could play in enhancing the quality of performance at the work place. In as much as people will always work to survive, education will always remain a life-long process to be embraced for productivity.

EET fulfils the need to empower individual potential entrepreneurs with essential skills to recognise, take advantage and manage opportunities in the business environment. Dragomir and Panzaru (2015) hold the view that EET has a role to play in individual development by unlocking potential capabilities geared towards participation in community issues. The process has the ultimate goal of ensuring that all individual contribute positively to the economy and quality of life. Martin and Associates (2016) noted strategic policy areas, intended to empower individuals, in the 2003 Green Paper on 'Entrepreneurship in Europe', followed up by the 2004 Entrepreneurship Action Plan. The primary purposes of the policy were to fuel entrepreneurial mindsets, as well as encourage more individuals to consider becoming entrepreneurs. The policy has identified EET as viable implementing 'agent' to achieve its strategic goals. It is apparent that for EET to achieve its broader intended purpose, the individual participant should be prepared to make meaningful contribution to the social level of the hierarchy.

#### **Social Level**

The social level in the context of this study would refer to contribution made by EET to advance the quality of lives of other people in the community. An individual participant in the economy has the potential to impact positively on other people's standard of living. It is common knowledge that developing countries are struggling to resolve challenges posed by poverty, unemployment, inequality and lack of critical skills. The challenges have escalated to a point where social cohesion is being threatened, as people resort to acts of criminality. South Africa is not exonerated from these challenges.

Nieman and Nieuwenhuizen (2014) assert that the challenges posed by higher rate of unemployment in South Africa have sparked the urge for people to venture into entrepreneurship. While the urge is appreciated, the level of education among aspirant

entrepreneurs is one of the main obstacles in the realisation this dream. In spite of this huddle, EET is credited for the provision of knowledge and skills required for starting, growing and sustaining a venture. Thus, the success achieved has a social impact in the form of job creation and poverty alleviation (Enombo, 2015 and Lackeus, 2015). In any developing country measures to tackle the two challenges are highly regarded by both government and private sector as they contribute towards the much needed social cohesion and political stability.

Dragomir and Panzary (2015) credit EET programmes for contributing positively to long term strategies adopted to cultivate a sense of patriotism in fighting poverty and engendering economic development. It has the potential to support efforts required for the formation of social environment that is conducive for the initiation and development of entrepreneurial activities. The social environment required is the context recommended for the immediate application of skills learned through EET (Greene *et al* (2018). The environment is described as condition that foster a sense of ownership of programmes aimed at empowering community members. It is a condition that stimulates collaboration among community members in support of those who capitalise on business opportunities to create jobs.

#### **Economic Level**

The economic level would refer to the country's focus in supporting EET for the development of the overall economic activities. The country's economy is dependent on individual knowledge, skills and attitude indispensable for business opportunity identification, exploitation and management. The individual required skills are not innate, but are learned on continuous basis to remain relevant. In support of this statement Nieman and Nieuwenhuizen (2014) state that research findings have proved beyond reasonable doubt that entrepreneurship can be learned and developed through education and training. A successful individual entrepreneur is an asset to the society due to contribution made by creating jobs and fighting poverty. A group of individuals in the business sector in turn make economic contribution to the entire country.

In the view of Lackeus (2015) EET has the ultimate goal of achieving economic growth. It intends to stimulate the urge to look for viable business opportunities. It is a move to encourage economic patriotism by seeking ways to contribute towards societal economic advancement. It also serves the purpose of responding to the complex and uncertain nature characterising the global economy. Dragomir and Panzary (2015) argues that the most developed countries are those with vested interest in education and training programmes aimed at promotion and

development of culture of entrepreneurship. It is further stated that the approach has been formally adopted by the European Commission as key element in the guest to providing entrepreneurial skills among Member States.

Investment in EET is regarded as a remarkable milestone in the formation of new industries, exploitation of innovation and reinforcing the commercial base. It is a force to be reckoned with as far as gearing entrepreneurship for growth and competitiveness is concerned (Grecu and Denes, 2017). It is aimed at enforcing legal operations by creating a more conducive regulatory and administrative environment. It serves the purpose of an agent of change and innovation that improves economic competitiveness and productivity. It also boots efforts to attain advanced level of knowledge in technology, which in turn plays important role in the country's dominance of the market share.

### 2.5.3 Content of Entrepreneurship Education and Training (EET)

# **Programme Target**

Target for education and training programme are students at secondary schools, students higher institutions of learning, potential as well as practising entrepreneurs (Lackeus, 2015). In the context of this study the target are potential entrepreneurs and practising entrepreneurs. Nieman and Nieuwenhuizen (2014) define potential entrepreneurs as individuals who are still in the process of assessing opportunities for purposes of before taking an informed decision to undertake an entrepreneurial exploration. They are conscious of good business opportunities and have the courage and confidence to apply their capabilities to exploit the potential. Established entrepreneurs, on the other hand, are those already operating established business that are over three years of existence. They had already undergone steps in identifying market opportunities, invested resources and started enterprises. They are in the process of growing and seeking ways to sustain their ventures to satisfy their ambitions to expand

#### **Programme Design**

Valerio, Parton and Robb (2014) describe programme design as a series of activities that entails assessment of submissions to assist in the definition of goals and objectives, scope, financing model, methods of determining progress. The submissions in this context refer to feedback after conducting needs analysis to ensure that the programme responds accurately to the desired needs. The consultation process involves collaboration with other stakeholders in the business community like government, commercial banks, academic institutions, trainers, etc. In support

of consultative process, Palis and Quiros (2014) and Aldoobie (2015) emphasise the need to involve the target leaners in the design. The involvement of learners is justified on the basis that adult learners learn in accordance with their needs and contexts; learning content should respond to needs and personal goals; the learning process should afford opportunity for active participation; learning content should be practical in problem solving and growing prospects; and learning benefits should be clearly articulated.

It is postulated that the design should take the form of formulation of general goal, brainstorming, as well as structuring the presentation into three phases: introduction, presentation and conclusion (Palis and Quiros, 2014). The introduction phase entails setting the scene, introducing programmes outcomes and sequence of the presentation. The presentation is the actual delivery of the design. The conclusion rounds up the presentation. Adoobie (2015) advises that programme design should build on the learner characteristics and learning environment, as collected during needs analysis process. Nicholas-Hess and Greer (2016) warn against the tendency of designing programmes based on assumptions, rather than engaging in needs analysis. The process is described as the first step and entails systematic collection of and evaluation of information to establish gaps in the existing competency levels, skills, knowledge and attitudes.

This alignment has the potential to ensure that the programme is responsive to the adult learner needs. Usta and Guntepe (2017) postulate that the design stage should afford facilitators opportunity to consider planning the delivery around a series of media and methods of instruction. The approach is regarded as ideal for bringing about a link between the learning process and real life experiences. Alodwin and Almosa (2018) hold the view that learning objectives should be crafted in adherence to the SMART principle: specific, measurable, achievable and realistic.

#### **Programme Implementers**

#### **Trainers**

Programme implementers entail delivery enablers, and relates to decisions regarding expertise in terms of field specialist trainers, practitioners or training consultants. The issue of contracting specialists in the field of entrepreneurship is emphasised to address the challenge of lack of appropriate expertise to deliver quality intervention (Enombo, 2015). In support of this assertion, Psilos and Galloway (2018) state that EET programmes should be delivered by specialists in the area of intervention. The specialists refer to trainers with qualifications, field

specialisation and experience in the area of operation. Being a specialist calls for continuous academic research and other forms of engagements to keep abreast with the latest developments. As a remedy, it is advised that a combination of a variety of experts in the field be considered for adoption.

#### Contextual factors

Contextual factors relate to other programme deliver enablers like programme setting; duration; size of participants; learning media/material; delivery mode and budget (Valerio, Parton and Robb (2014). The choice of setting should be convenient to target learners' needs in terms of transport arrangements. The use of both private and public transport is a determinant factor in the choice of setting. Other factors related to setting include equipments, temperature, lighting and sitting arrangements. Size of participants relates to the number of participants per session. The rule of the thumb is that the number should be minimal for individual attention. The choice of learning media includes the use of slides, pictures, graphics and videos. Delivery mode relates to the use of either face-to-face instruction or virtual mode of presentation. Decisions regarding the choice of these factors depend, to a large extent, on the budget allocated.

### **Programme Content**

### Personal Orientation

Programme content refers to the actual areas of learning to be covered by the intervention programme. The content is also informed by the target learners' knowledge, skills and competency gaps identified by the needs analysis process. The content is deemed relevant if it is responsive to learners' needs and expectations. Nieman and Nieuwenhuizen (2014), Lackeus (2015) and Martin and Associates (2016) agree that the learning content should be inclusive of personal orientation dimensions that can be summed up by: innovation, risk taking, proactiveness and competitive aggressiveness. Innovation relates to ability to create new product or service for the market. Risk taking implies the courage to invest in the enterprise despite elements of uncertainty. Pro-activeness refers to ability to anticipate and take appropriate action to capitalise on the opportunity or mitigate the potential negative impact. Competitive aggressiveness entails self-confidence in establishing oneself in spite of stiff competition in the market.

# Operational Skills

Operational skills refer to knowledge, competencies and attitudes required for the sequential phases of the enterprise, being start-up, growth and sustainability. Valerio, Parton and Robb (2014), Enombo (2015), Martin and Associates (2016) and Vosloo, Vosloo and Antonites (2018) identified business plan development, financial management and business communication skills. In addition to these areas of skills, traditional business skills identified include management, marketing, human resource management as well modern skills in information and communication technology (ICT) (Martin and Associates, 2016, Grecu and Denes, 2017 and Vosloo, Vosloo and Antonites, 2018).

Resource allocation has also been identified as strategic skill required for effective and efficient utilisation of enterprise resources available (Psilos and Galloway, 2018 and Vosloo, Vosloo and Antonites (2018). All the skills are deemed useless if the opportunity to apply them is not identified. Martin and Associates (2016), Grecu and Denes, (2017) Psilos and Galloway, (2018) are support of skills development in opportunity identification, commercialisation of concept and initiation of a business venture. Martin and Associates (2016) further assert that EET content should also address the issue of accessing funding for the enterprise. It is further believed that such measures could include strategies to design and present convincing pitches for potential funders.

# **Programme Wrap-around**

Programme wrap-around entails aspects of the information that complement the main content and curriculum as delivered to the target participants (Valerio, Parton and Robb (2014). These might include providing information reading networking and mentoring. Networking entails identification of potential entrepreneurs in the same industry for purposes of sharing valuable business information. Mentoring, on the other hand, implies an association between two parties: mentor and mentees. The mentor is expected to possess expertise in the field in order to assist the mentee, who is less skilled. Other services may include information regarding funding institutions and the qualification requirements thereof. According to Greene *et al* (2018) wrap-around services should consider offering information in technical, administrative and counselling assistance. It should be noted that wrap-around services would entail information sharing, not provision of the actual services.

#### 2.5.4 Delivery of Entrepreneurship Education and Training

#### **Approaches**

Approaches refer to methods adopted in the delivery of EET programmes. This section seeks to clarify approaches deemed appropriate in the implementation of entrepreneurship education and training programmes. Valerio, Parton and Robb (2014) are emphatic of the need to link the learning process with real-life experiences. Evidence suggests that delivery is enhanced by varied teaching techniques, which range from instructions, to hands-on experiential exercises, writing, simulations as well as group projects. Tahlil and Al-Khtani (2014) are in support of Davies and Gibb's (1991) stance against adoption of traditional education methods focussing on theory. The theoretical approach is questioned on the basis of its relevance in dealing with activities that are solely practical in nature. The suggestion is to afford learners opportunity to engage in the process of personal experience as far as searching the market opportunity, securing resources, generation of business idea, as well as the risk of investing in an venture.

Lackeus (2015) identifies the following three approaches: firstly, problem-based learning which starts with a clearly defined problem to be addressed, and ends with discussions on alternative solutions to the problem. Secondly, project-based learning is an approach that employs a series of activities to tackle a challenge, ending with a final product in the form of a report or model of some sort. Thirdly, service-learning is the classroom instruction that integrates learner participatory planning, as well as facilitation of explicit learner reflection. While the proposed approaches are interactive in nature, the author further suggests a more practical engagement, learning-by-doing approach, which would cement the learning experience with reality. Russian researchers such as Vygostky, Leint'ev and Galperin are credited for advocating learning-by-doing approach. Learners undertake activities together as classmates incorporating other external stakeholders. Activities are characterised by shared rules, processes, ideas tools, knowledge, etc. According to these researchers, human activity leads to two main outcomes: value creation and deep learning.

The learning-by-doing approach is further supported by Enombo (2015) who posit that starting and doing business is a creation of learning environment. The argument is based on the fact that entrepreneurs are continuously in the process of searching for answers to entrepreneurial survival and development questions. It is further asserted that training should be viewed as response to factors in the business environment, as articulated by regulations, customers, suppliers, and competitors, to name a few. Implementation of multidisciplinary approaches is hampered by the rigid nature of structures followed by implementing agencies/institutions. Programmes should be designed to cater for the needs of entrepreneurs in their respective fields

of operations. The emphasis is that classroom instruction should be complemented by practical activities like experiential learning, mentorship or business coaching.

In support of interactive/participatory approaches emphasised above, Martin and Associates (2016) describe these techniques as a means to learn from each other; from personal exchange and debate; from reactions of many people, from mistakes, and by self-discovery. The EET programmes are highly interactive instructional in approach, and draw on techniques such as case studies, projects, games, simulations and real-life actions. They thus require expertise in the field (Nicholas-Hess and Greer (2016). The expertise is emphasised in terms of knowledge of the subject matter; entrepreneurship, and appropriate instruction strategies.

Trainers are required to possess capabilities in material development, as well as ability to network with stakeholders in the sector. Activities suggested for keeping novice trainers informed and abreast with latest development include mentorship by experts in the field to provide real experience; outsourcing knowledge by including diverse stakeholders like academics, business community members and specialist trainers. It is also advised that entrepreneurship gala dinners might be organised to provide relaxed forum for discussion and exchange of ideas. These sessions might also be used as ideal platforms to invite presentations on challenges and good practices in the field.

## 2.5.5 Evaluation

Evaluation entails ascertaining the extent to which the learning intervention has achieved the intended outcomes. The process is measured against the level at which participants have mastered the knowledge, skills and competencies intended. According to Valerio, Parton and Robb evaluation of participants might take the form of tests as well as presentations on business plans, proposals or projects. Aldoobie (2015) is critical of over-emphasis of summative evaluation which is undertaken at the end of the programme. The author is in favour of formative evaluation which is undertaken on continuous basis during the course of programme delivery.

Psilos and Galloway (2018) are in support of continuous evaluation for purposes of regular progress monitoring. Proper monitoring and evaluation are required to ascertain the degree to which participants reflect changes in the level of competence in relation to skills attained through the entrepreneurial intervention activities. The evaluation part of the programme is based on cause and effects; that is ascertaining the extent to which the independent variable (intervention) has impacted on the dependent (learning achievement). It is postulated that in

order to achieve the desired evaluation results, the evaluation framework should be clearly defined based on its impact on four dimensions: impact on entrepreneurship skills; impact on entrepreneurial intentions; impact on individual prospects for employment, as well as impact on community economic development.

# **2.5.6 Complementary Support Services**

Complementary services refer to measures undertaken to provide support for participants as to apply skills learned in the realisation of their entrepreneurial aspirations. The services include provision of support in ensuring that operations are in line with the statutory requirements of the sector. Martin and Associates (2016) reported on typical support centres called Local Enterprise Offices (LEOs) established by the Irish Government in 2014. The offices are funded by the Department of Jobs, Enterprise and Innovation through Enterprise Ireland. The LEOs' primary mandate is to provide basic services to potential entrepreneurs, emerging entrepreneurs and entrepreneurs who seek to expand their operations. The offices are resources to provide financial support to qualifying enterprises. They also provide mentoring as well as training support in a variety of basic areas of entrepreneurship like first steps in starting a business; market research; marketing; tax and book-keeping; financial management and business planning. Their stated role is to promote entrepreneurship education in the local community. Psilos and Galloway (2018) encourage programme content designers to clearly articulate complementary services for both individual participants as well as business participants.

#### 2.6 The Importance of Entrepreneurship Education and Training for SMEs

The previous sub-topic dealt broadly on Entrepreneurship Education and Training as basic orientation in the process of instilling knowledge and skills on potential and established entrepreneurs. The purpose was to bring forth an overview regarding EET in designing intervention programmes for emerging entrepreneurs. Thus, this theme/topic is specifically intended to exploit the importance of education and training in the guest to enhance SMEs' capacity for growth and survival. The following sub-topics will be dealt with: knowledge of the entrepreneurial macro-environment, micro-environment, management functions, growth and survival strategies, as well as entrepreneurship orientation.

# 2.6.1 Knowledge of Entrepreneurial Environment: Macro-environment

The global consensus on the role of Small and Medium Enterprises (SMEs) in any country's economic development could not be over-emphasised. According to Fatoki (2014), from the

start, SMEs owners tend to be obsessed with business returns with less attention on the knowledge of risks involved. Some of the risks referred to are posed by the macro-environment under which enterprises operate. Banahene, Ahudey, Mensah (2016) define macro-environment as factors beyond business control which impact on its (business) daily operations. These authors categorised the factors into political, economic, social and technological, which will be discussed in the paragraphs that follow.

Political Factors: Mark and Nwaiwu (2015) define political factors as forces resulting from decisions taken at political level that have the potential to change the business operations. According to these authors, the forces include political decisions that directly or indirectly impact on business operations. In support of this view, Chimucheka and Mandipaka, (2015) view political factors to represent government ideology or conviction expressed in laws, regulations and policies that direct how business should be operated. Contrary to their popularity as business enablers, research by Banahene, Ahudey, Mensah (2016) found political factors to be the least analysed, compared to other factors, as far as strategic planning is concerned. In spite of their finding, it is apparent that political factors have significant impact on SMEs operations. Knowledge of these factors and their impact would always form part of environmental assessment.

Economic Factors: According to Masupha (2014) economic environment of a country manifests in terms of changes and trends on economic factors such as growth rate, interest rates, exchange rates and inflation. Sammut-Bonnici and Galea (2016) advise prospective entrepreneurs to analyse economic trends that bear possible impact on their business, rather than focussing on all indicators. Contrary to this narrow approach, Rastogi and Trivedi (2016) hold view that a broader knowledge of all economic indicators assists entrepreneurs to avoid embarking on business with less prospects of success. It is worth supporting a broader approach in assessing economic indicators, since the business environment is fluid and dynamic. A broader knowledge would afford SMEs opportunity to adopt emergent strategies and respond accordingly.

**Social Factors**: Apart of economic factors, entrepreneurs need knowledge of the social factors that might impact on the demand and supply of products or services as dictated by consumers (Masupha, (2014). Social factors represents the demographics, societal beliefs, attitudes and values held by particular community (Rastogi and Trivedi, 2016). Knowledge of aspects such as education, consumer preferences and spending trends has a profound impact on the choice of products and services with high prospects of demand (Sammut-Bonnici and Galea (2016).

In spite of the need to exploit customer dynamics, Banahene, Ahudey, Mensah (2016) have established that analysis of the social environment is not a priority for business strategic positioning. Thus, less knowledge about the social factors would definitely lead to poor analysis of customer demands and expectations. This would eventually results in SMEs supplying products or services less demanded by the target market.

Technological Factors: Masupha (2014) hold the assumption that SMEs fail to adapt to rapid technological changes due to, among others, resistance to change. The fear of the unknown is justified by Sammut-Bonnici and Galea (2016) who hold the assumption that technological changes have the prospects of collapsing enterprises, while creating new ones, lowering entry barriers, while increasing the intensity of competition. According to Rastogi and Trivedi (2016) and Sitharam and Hogue (2016) knowledge of technology has bearing on innovations and enterprise growth, and should therefore viewed as a need rather than a luxury. In spite of challenges posed by technological environment, SMEs have an obligation to embrace and adopt technology to remain relevant and responsive to the current business world.

# 2.6.2 Knowledge of the Entrepreneurial Environment: Micro-environment

While the macro-environment represent forces outside the control Small and Medium Enterprises, the micro-environment represents factors within the enterprise control. These are internal factors that SMEs, to certain extent, are afforded opportunity to choose to interact with. According to Plaatjies and Bruwer (2014) the basic micro-environmental factors include suppliers, distributors, customers and competition. All these factors are discussed in the ensuing paragraphs.

**Suppliers**: A supplier is an entity that offers a product or service to another business (Plaatjies and Bruwer, 2014). The authors further assert that knowledge and understanding of the supplier profile in terms of good quality, service excellence and reasonably competitive prices, is vital for the growth and survival of the enterprise. In support of this view, Louw and Venter (2015) urge entrepreneurs to be aware of the supplier's bargaining power for lower prices to increase profit. According to Bruijl (2018) less supplier power represents good quality service, while monopoly power might lead to poor service. The latter is detrimental to the enterprise due to prospects of losing sales and customers. It is evident that SMEs' knowledge of suppliers' profiles plays critical role in terms of choice, price and quality.

**Distributors**: According to Shiamwama, Ombayo and Mukolwe (2014) distributors play important role in ensuring that business products reach the intended recipient. The authors

further hold the view that the choice of distributors should be based on business characteristics. In support of the criteria for selecting distributors, Ukessays (2015) further extend the factors by adding characteristics of both the market and distributors themselves. According to Singh (2016) and Andelkovic, Barac and Radosavljevic (2017) distributors provide a business bridge by providing a network of delivery between producers and the consumers. Knowledge of how distributors function is vital for the success of SMEs. Building good relationships with reputable distributors would also assist in establishing quality customer base, thus impacting positively on business growth and stability.

Customers: According to Plaatjies and Bruwer (2014) a business is about attraction and retention of customers by meeting their expectations. Customer needs and level of expectations, to a large extent, influence business strategies. Knowledge and understanding of the type customers would play a role in the development and launch of effective marketing strategies (Motsetse, 2015). Establishment of each customer reasons for preference in a particular product or service would serve the purpose of improving quality of service (Bruijl, 2018). According to this author customers yield more power in situations where they are in large numbers, with more alternative businesses to get products or services. It is therefore critical for SMEs to have a thorough knowledge of customers they serve, as well as their product or service preferences in order to remain competitive.

Competition: Entrepreneurs have a responsibility to identify competitors in terms of products and services offered in the market (Plaatjies and Bruwer, 2014). In the analysis of competitors, it would be important to establish how their products, pricing, promotion and location affect the market (Motsetse, 2015). While competition might be viewed negatively by the business community, Soh *et al* (2016) and Bruijl (2018) hold the assumption that a higher number of competitors implies higher demand for the service or product on offer. According to the authors, such environment provides opportunity to gain a reasonable share of the market by offering unique products or services. Thus, knowledge of competitors and their strategies would afford SMEs opportunity to identify potential gaps, and to craft strategies to stay afloat in the market.

### 2.6.3 Improvement of Management Functions

The success of any business is dependent on, among other factors, management skills applied on the day-to day operations. The skills play an important role in ensuring that the business meets its intended targets in terms of market demands (Nieman and Nieuwenhuizen, 2014). de

Oliviera *et al* (2015) identifies four managerial functions that underpins the actual activities of an enterprise manager: planning, organising, leading and controlling, which would be dealt with in detail.

**Planning**: Schraeder *et al* (2014) defines planning as participatory decision making processes intended to establish goals, actions and resources based on analysis of information gathered. According to de Oliviera (2015) planning is the process of selecting and developing the best course of action to achieve business objectives. Kapur (2018) view planning as measures undertaken to bridge the gap between the current state of affairs and the desired future. According to Bushe (2018) for planning to be effective, it should be guided by experience and credible information gathered. Thus, based on the definitions/descriptions offered, it is sufficient to conclude that planning involves analysis of the current situation, anticipation of the future, choice of appropriate activities and strategies, as well as determination of resources required to achieve the target objectives.

**Organising**: Organising entails a transparent process of allocating resources (human and physical) to support the objectives and actions plans developed during the planning session (Schraeder *et al*, 2014). According to de Oliviera (2015) organising is intended to establish synergy of work by allocation and utilisation resources within the budget confines of the business. Johnson (2017) describes organising as effective and efficient if it promotes culture of collective attainment of business objectives. According to Kapur (2018) organising should spur both individual and team effort through effective coordination resources and tasks. Organising is, therefore, about effective and efficient allocation and coordination of activities to achieve the business objectives.

Leading: According to Schraeder *et al* (2014) leading is management function that involves motivating and influencing employees through effective communication strategies. In the view of Igbal, Anwar & Haider (2015) and Nazim and Mahmood (2016) leading is the process of adopting motivational leadership styles to stimulate subordinates' capacity to respond to the business environment. According to Kapur (2018) leading entails providing directives, guidance and motivation to the workforce for the achievement of stated objectives. Contrary to the first author, the authors do not provide the tool/s to stimulate followers. Given the different views provided, on could conclude that leading is about motivating and directing subordinates in pursuance of business objectives by adopting effective and efficient communication techniques.

Controlling: Schraeder *et al* (2014) and de Oliviera (2015) share the same view by describing controlling as formal measures undertaken to establish checkpoints, evaluate performance progress, identify divergence, as well as provision of corrective actions for future activities. Johnson (2017) further holds the view that controlling should be decentralised to individuals, teams, sections and departments for reporting and accountability purposes. Kapur (2018) offers a slight different view that controlling function would achieve its intended purpose if the company culture is flexible, dynamic and emergent to the business environment. Thus, controlling implies putting flexible and responsive formal measures across all business units to ensure compliance in terms of plans, activities and objectives.

# 2.6.4 Learning Growth and Survival Strategies

Enterprise's vision for growth and survival is defined by its strategies to adapt to variety environmental changes. The individual entrepreneurship orientation variables distinguish an enterprise's unique stature from the rest, thus increasing its market competitive advantage (Ibrahim and Lucky (2014) and Nieman and Nieuwenhuizen, (2014). Research studies suggest several internal and external growth and survival strategies meant to assist SMEs to sustain growth and survive environmental hardships. For purposes of this study the focus will be on internal growth strategies: market penetration, market expansion, diversification and differentiation, as suggested by (Nieman and Nieuwenhuizen (2014).

Market penetration: According to Nieman and Nieuwenhuizen (2014) market penetration is undertaken to elevate the product or service sales by exerting more efforts on promotions. In support of this strategy, Ilhan and Durmaz (2015) view market penetration as measures to win a bigger share of the market with the current product or service on offer. While the strategy is commended for potential business growth, Uko and Ayatse (2015) warn that implementation is characterised by intensity of competition, and requires intensive knowledge of the market, customer expectations, as well as unique promotional techniques. All these might prove to be a challenge to the SMEs. The latter should therefore possess enough knowledge before adopting this growth strategy.

Market development: Market development is intended to gain greater market share by extending business operations to new market locations (Nieman and Nieuwenhuizen, 2014) and (Czarniewski, 2014). The latter author warns that this strategy requires advanced level of communication, continuous knowledge of customers, and sustainable service excellence to offset potential competitors. In spite of the challenges alluded, Uko and Ayatse (2015) and

Ilhan and Durmaz (2015) view market development as opportunity to operate in a new geographical location without the hassle of stiff competition, by offering the current products. In spite of the challenges found, it is evident that market development has the advantage of establishing new customer base, away from the usual competitive location by offering the same product or service.

**Diversification**: Diversification entails measures to expand business by adding new product or service line in the same, related, or different industry (Uko and Ayatse, 2015). The challenge with implementation of this strategy is that it requires a parallel allocation of resources, which might be costly to sustain (Uko and Ayatse, 2015). According to Ilhan and Durmaz (2015) in comparison with other growth strategies, diversification is costly as it requires new skills, technologies and often new sites. Contrary to this assertion, the study by Nnamseh and Akpan (2015) on small business strategies found diversification to be the most popular strategy (97.3%) adopted among SMEs. The reason was that diversification offers opportunity to experiment new product or service in the same or different market.

**Differentiation**: Differentiation entails offering the same product or service as competitors do, but at an elevated level by branding and rigorous promotional activities (Banker, Mashruwala and Tripathy, 2014). According to the authors, due to uniqueness of the product or service, differentiation strategy is difficult for competitors to imitate. Newton, Armand and Douglas (2015) warned against complacency by stating that uniqueness in differentiation serves less purpose unless the product or service is valuable to the customers. Mtshali, Mtapuru and Shamase (2017) also believe differentiation has the advantage of meeting customer expectations by offering product or service of good quality and value. Thus, the choice of differentiation strategy requires efforts to meet at least three customer expectations: uniqueness, good quality and value. For SMEs to realise the importance of entrepreneurship education and training, there is a need to identify priority areas for development.

### 2.6.5 Entrepreneurial Orientation

Entrepreneurship orientation refers to formal processes, decisions and practices undertaken to understand the unique combination of factors that lead to establishment of a venture (Ibrahim and Lucky, 2014) and (Nieman and Nieuwenhuizen, 2014). It comprises a series of organisational strategies encapsulated in terms of decision-making, managerial philosophies and company behaviours. It is further opined that entrepreneurship development should be based on individual's level of intention to enter the business sector. The intention is expressed

in terms of willingness, propensity and tendency. Ibrahim and Lucky (2014), Nieman and Nieuwenhuizen, (2014) and Koe (2015) agree that entrepreneurship orientation comprises five dimensions: innovativeness, autonomy, risk taking, pro-activeness and competitive aggressiveness. Each of the dimensions is discussed fully in the ensuing paragraphs.

**Innovativeness**: Innovativeness involves creation of new ideas intended to bring about unique product or service (Niemand and Nieuwenhuizen, 2014). It is an application of well-thought ideas to seize opportunity in the market. It involves formal and systematic analysis of the market in terms of customer needs and preferences, the level of competition and prospects for growth and expansion. Being innovative implies possession of ability to identify a potential opportunity worth pursuing, and act to exploit it. In the context of business, the ultimate purpose of innovativeness is to gain competitive advantage.

According to Koe (2015) innovativeness entails engaging in new idea generation geared towards filling particular gap in business. It is further argued that innovativeness could also entail adaptation to competitors' innovations by creatively introducing changes to available products, services, marketing strategies and customer care. Respective studies undertaken by Koe (2015) and Koe (2016) to entrepreneurship students confirmed the significance of innovativeness in entrepreneurship. While the findings are worth noting, their shortfall lies in the fact that both studies involved students at tertiary institutions whose responses might have been influenced by their field of studies. Be it as it may, innovativeness remains one of the most factors that impact positively on entrepreneurship.

**Autonomy:** Nieman and Nieuwenhuizen (2014) define autonomy as a desire for independence in pursuit of one's dream in entrepreneurship. It is related to individual's ambition to achieve a dream of being self-employed. It is a desire to contribute meaningfully to the community by creating job opportunities. This definition justifies one of the reasons people pursue entrepreneurial dreams. In support of this assertion, Ibrahim and Lucky (2014) have the opinion that a desire for independence is an essential element of entrepreneurship intention. The latter is viewed as a catalyst for entrepreneurial orientation.

A desire for autonomy is an element of passion in business activities. It is described as a fundamental element of satisfaction, motivation and achievement, since the rules of the game are determined by the need for success. It implies independence in decision-making, application of strategies in problem solving, as well as adjusting implementation tasks as and when it is deemed necessary. According to Koe (2015) the need for independence relates to

individual intention to develop an idea, and also implement it free from any form of interference. Autonomy forms the basis for SMEs managers/owners to embark on self-introspection to establish the motive behind starting a particular business.

**Pro-activeness:** According to Ibrahim and Lucky (2014) pro-activeness relates to forecasting for purposes of identifying and exploiting business opportunities. Since the business environment is characterised by a variety risks and uncertainties, pro-activeness has a role to play crafting strategies to mitigate factors with potential negative effects. It also has a positive impact in the sense that opportunities for competitive advantage can be identified and acted upon, thus putting the enterprise on higher performance status.

Studies by Robinson and Stubberud (2014) found that pro-activeness had positive correlation with enterprise success. The implication is that entrepreneurs who are pro-active in approach have higher prospects of growing and sustaining their businesses than those who adopt a reactive approach. In support of these findings, the study by Koe (2016) indicated a positive correlation between pro-activeness and entrepreneurial intention. Thus, pro-activeness is essential for identifying opportunities and risks for immediate response. It is an approach that plays important role in adopting flexible strategies that focus on continuous review for purposes of adaptation. This has higher prospects of counter-acting any forms of SMEs failure rate noted.

Risk taking: Risk taking involves the possibility of financial loss due to business failure (Nieman and Nieuwenhuizen, 2014). It is a conscious decision-making process to commit funds and invest in a venture, under circumstances that are characterised by uncertainties. The risks that might impact negatively on an enterprise include changes in consumer behaviours and preferences, political instability, introduction of new economic policies, emergence of new competitors, etc. According to Yurtkoru, Acar & Teraman (2014) success in entrepreneurship depends on, among others, the will to take risks.

Thus, in spite of the number of risks mentioned, individuals with entrepreneurial mindsets have the courage to implement their business plans. The will to succeed is always greater than the fear to fail. According to Koe (2015) risk-taking entails commitment to invest in terms of resources and effort in pursuit of possible high returns. Contrary to its popularity in entrepreneurship, risk taking was found to be of less impact on entrepreneurial intention (Koe, 2016). In spite of these findings, risk-taking should always be part of the entrepreneurship education and training. While it is possible to identify between investment and risk in business,

the two will always remain inseparable. SMEs have a duty to acknowledge risks in any investment they might decide to embark upon.

Competitive aggressiveness: Ibrahim and Lucky (2014) define competitive aggressiveness as business measures undertaken to review current strategy for the purpose of gaining superior competitive advantage. It entails counter-acting competitors in the market by adopting strategies like introducing marketing campaigns, diversification, differentiation and other forms of promotions. They further reported that entrepreneurial skills have significant role in influencing entrepreneurial orientation. Setiawan, Erdogan and Ogunlana (2015) assert that competitive aggressiveness is based on assessment of competitor's strategies and responding accordingly by exploiting the available strength. The latter in this context refer to enterprise resources that can be used to enhance and sustain competitive advantage In support of this assertion; Koe (2016) holds the view that competitive aggressiveness has greater influence on company performance. The more an enterprise enjoys superior competitive advantage, the higher the performance profits. Thus, SMEs' knowledge of competitive aggressiveness would put an enterprise in a better position to assess the competitors in order to offer better products or services.

### 2.7 Identification of Critical Focus Areas for Entrepreneurship Education and Training

Critical areas for entrepreneurship education and training refers to knowledge, skills, attitudes and competencies required for SMEs growth and survival under different situations, as dictated by both internal and external environments. This theme/sub-topic is intended to identify the focus areas that education and training programmes should prioritise to address the knowledge gap that exist among SMEs. The focus areas are mainly informed by the first theme/sub-topic that dealt with challenges facing SMEs. The following areas would be explored: knowledge and understanding of the regulatory requirements; as well as enhancement of financial management skills; marketing skills and technological skills.

# 2.7.1 Knowledge and Understanding of Regulatory Requirements

Compliance with government regulatory and legal requirements was found to be a challenge for Small and Medium Enterprises (SMEs). Studies by Ramukumba (2014), Ngcobo and Sukdeo (2015) and Meyer, Meyer and Molefe (2016) found government regulations to be inhibitory to SMEs growth and sustainability, due to their complex nature that accounts for non-compliance. While these studies over-emphasise the complexity of the regulations, the need for knowledge and understanding thereof was downplayed. In support of this stance, SME

South Africa Report (2018) found that 89% of participants were in favour of understanding mandatory laws and regulations. This is admission of lack of the requisite capacity to comply with the mandatory regulations.

# Impact of Lack of Knowledge and Understanding of Regulatory Requirements

The business environment would always be characterised by regulatory and legal environment. The lack of knowledge and understanding of regulations impacts negatively on business operations. According to Ramukumba (2014) the need to comply with government regulations, without basic knowledge and understanding, weighs heavily on SMEs in terms of costs of outsourcing private service providers. In their study, Chimchaka and Mandipaka (2015) found that lack of capacity in dealing with the mandatory regulations disqualify SMEs from government support programmes. Ngcobo and Sukdeo (2015) and Meyer, Meyer and Molefe (2016) also noted with concern that the choice to ignore regulations on the basis of complexity robs SMEs' of valuable efforts and resources to grow and sustain their operations. Leboea (2017) also hold the assumption that the costs of understanding the government regulations in their current form, weighs less than contracting a consultant to deal accurately with them.

# Benefits of Knowledge and Understanding of the Regulatory Requirements

According to Somers (2014) and Ramukumba (2014) compliance with regulations implies improved government accountability in terms of establishments of accurate costs and benefits implications for the resources invested. In the view of Kitching, Hart, and Wilson (2015) compliance with regulations is another form of competitive strategy, as small businesses that adapt faster to regulations stand a good chance of higher performance than their competitors. In support of this view, Divanbeigi and Ramalho (2015) and Timothy (2015) opined that abidance by policies implies possession of legal documents required for secured business transactions, such as accessing funding. Possession of requisite documents also implies eligibility to benefit from government skills support programmes (Lekhanya and Visser, 2016), Mamabolo, Kerrin and Kele (2017) Dladla and Mutambara (2018). It is evident that in spite of the complexity of government regulations, knowledge and understanding would enhance compliance. The latter is a prerequisite for accessing most benefits essential to offset SMEs failure rate.

### 2.7.2 Enhancement of Financial Management Skills

# **Sources of Financial Analysis/Information**

In the study by Ramukumba (2014) SMEs were found to have difficulty managing and accessing funding due to lack of capacity to provide accurate financial reports and effective

control on cash flow. According to Brijlal *et al* (2014) the financial analysis of a business is based on three primary sources: income statement, cash-flow statement and balance sheet, which are deemed fundamental. Wolmarans and Mentjies (2015) on the other hand suggested the following areas for SMEs financial management skills: profitability management, working capital management, as well as asset and liability management. Muneer, Ahmad and Ali (2017) further hold the view that the focus should be on accounting information systems, financial information systems and working capital management. For purposes of this study, the three sources of financial information: income statement, cash-flow statement and balance sheet, would be explored as they precisely address the need for accurate financial recording, reporting and cash flow management.

#### **Income Statement**

The income statement presents the results of business activities for a particular time period Nieman and Nieuwenhuizen (2014) and (Alhabeeb, 2015). It is a record of income and expenditure transactions that give details of whether the business is generating profits or working at a loss (Guerreirri, 2016). The income statements would comprise three components (1) net sales which entails starting with the gross sales, less discounts, returns and allowances offered to consumers; (2) cost of sales which reflects all costs incurred in respect of product production, delivery and labour; and (3) operating expenses incurred through operations outside the scope of product production (Guerreirri, 2016) and (Love, 2017). It is apparent that knowledge, skills and competencies in relation to income statements is a necessity.

### **Cash Flow Statement**

According to Nieman and Nieuwenhuizen (2014) and Petro and Gean (2014) the cash flow statement comprises three units: operating activities; investing activities; and financing activities. In the authors' view cash flow statements should be prepared in a manner that are easily understandable and useful. In the view of Alhabeeb (2015) cash flow assists in showing whether the business would need extra finance, how it should be accessed, and how it would be paid back (if loaned), as well as the term of payment. Cash flow statement represents cash inflows (receipts), cash outflows (payments) sources of cash, as well as cash usage (Guerreirri, 2016). According to Love (2017) cash flow statement offers the business opportunity to keep track and control of all financial transactions, thus improving the overall financial accountability. SMEs, irrespective of their size, cannot operate without proper record of cash flows.

#### **Balance Sheet**

The balance sheet represents the business' assets, liabilities and owner's equity for a particular time Nieman and Nieuwenhuizen (2014) and (Alhabeeb, 2015). According to the author, accurate record of a balance sheet should always reflect that the assets are the sum total of liabilities and owner's equity. Balance sheet is a reflection of the financial position of the business in a given time, indicating what the business owns, owes and its net worth (Guerreirri, 2016). In the view of Love (2017) accurate record of a balance sheet assist the company to ascertain the extent to which its operations are kept under control to ensure that the assets always exceeds liabilities. In case of liabilities exceeding the assets, then the business would have to review its ability to manage its debts. It is apparent that no business could operate without tracking continuous assessment of its balance sheet.

### 2.7.3 Enhancement of Marketing Skills

# **Marketing Mix Strategy**

Lack of marketing skills has been found to be one of the challenges that hamper growth and survival of SMEs in South Africa. The study by Byamukama (2014) found that SMEs suffer from acute marketing skills deficit. SMEs succumb to failure due to, among others, poor choice of product offering, wrong business location, inappropriate pricing, as well as poor customer attraction techniques (Motsetse (2015) and Chimcheka and Mandipaka (2015). On the basis of these findings, this study would explore a marketing mix strategy referred to as four P's: product, price, place and promotion (Ahabeeb, 2015). Marketing mix strategy is a combination of marketing tools intended to gain market share.

#### **Product strategy**

The product strategy entails the product or service offered in the target market. It takes the business a series of well-calculated efforts to determine which product would be suitable for the market in terms its attractiveness (Shehadeh, 2014). The study by Chumaidiyah (2014) found that product has less influence on competitive advantage unless it (product) is characterized by distinctiveness. In response to this finding, Alhabeeb (2015) opined that the processes of designing product strategy should include intensive assessment of competitors, as well as customer needs to respond appropriately in terms of the level of quality, design and packaging. In support of this opinion, Al Badi (2018) recommends development of higher quality products to mitigate negative findings levelled against SMEs' products.

## **Pricing Strategy**

Price is the value in terms of money expected of customers in exchange of a particular product or service offered. While all other elements of the marketing mix represent costs, price is the only tool that generates revenue. As a limitation, the price strategy could be negatively affected by expectations of distribution channels, as well as customer perceptions (Shehadeh, 2014). In response to this challenge, Alhabeeb (2015) opined that the process of deciding on product price, the business should consider the level of product demand, distribution channels, uniqueness, quality and value, as perceived by customers. According to Al Badi (2018) the price strategy, be it cost-based, competition-based or demand-based techniques, is susceptible to 'unethical' acts such as price skimming and price fixing which could be detrimental to business growth and survival.

### **Place Strategy**

The place represents the distribution channels and locations selected to offer particular product or service at appropriate time (Shehadeh, 2014). According to the author, place strategy serves the advantage of bonding the customer to the business by delivering the product at the convenient place and time. The process of developing strategy for target market, there is a need to engage in thorough analysis of the market taking into consideration: customer demographics, market size and trends, market share, and the intensity of competition (Alhabeeb, 2015). The author further warns that this strategy demands a great deal of research to avoid incidents of generalisation and guesswork. In support of this strategy, Al Badi (2018) holds the view that it offers the advantage of meeting customers, providing information and further promoting products on offer.

#### **Promotion Strategy**

Promotion entails measures undertaken to reach potential customers by promoting particular product or service. According to Banker, Mashruwala and Triphany (2014) promotional techniques include rigorous branding the give the product unique features, which would be inimitable. In support of this assertion, Shehadeh (2014) value promotion as opportunity to convey new information, build good reputation and correct wrong consumer perceptions. In the process of designing promotion strategy, the business needs to determine expected benefits, key role-players, suitable media, and the budget (Alhabeeb, 2015). The author further warns that the objective of increasing product sales should not come at the expense of compromising reality about the product and company. According to Al Badi (2018) the success of promotion

depends on availability of funds and effective coordination a variety of components, which might be beyond SMEs capacity.

## 2.7.4 Enhancement of Technological Skills

### **Information Communication Technology Literacy (ICT)**

It has already been established that lack of technological literacy impact negatively on SMEs growth and survival. Quadri and Abiodun (2017) defines ICT literacy as the capacity to use digital technology, communication devices and/or networks to access, manage, integrate, evaluate and create information for purposes of embracing the knowledge environment. Anyim (2018) on the other hand opined that ICT literacy entails ability in the usage of digital technology, communication tools and network in the guest to finding solutions to information challenges in order to remain relevant in the knowledge community. For purposes of this study, ICT literate SMEs would be technologically-savvy to access, manage, integrate, evaluate and create information required for business functionality and growth.

#### **ICT Literacy Skills**

Access: According to Quadri and Abiodun (2017) the advancement of technological environment provides easy and fast access to variety of sources. Accessing digital information demands a minimum level of digital literacy to interact effectively and efficiently with the available technological tools (Digital Literacy Skills and Learning, 2017) and Anyim (2018). While the issue of skills might be a factor, UNICEF (2017) asserts that affordability and discrimination in terms of language and disability are barriers to digital accessibility. In spite of this argument, lack ICT skills has always been a challenge to SMEs in terms of accessing vital information.

Manage: Management of digital information entails plans, organisation, guidance and control mechanisms put in place to ensure the information is applied appropriately (Digital Literacy Skills and Learning, 2017). According to Quadri and Abiodun (2017) the technological skills expected here should build on literacy skills of reading, writing and arithmetic, as point of departure. On the contrary, Anyim (2018) found that lack of training opportunities in ICT literacy restricts skills enhancement required for high performance. In the context of SMEs, enhancing this skill would imply improvement in the overall management which was found to be a challenge.

Integrate: Integration implies ability to bring together a variety of diverse information to form a single unit (Jones, 2014). The skill entails the use of digital tools for synthesis, comparison and interpretation of several sources to arrive at a new whole. According to Quadri and Abiodun (2017) integration skill stimulates the frequent use of electronic sources to arrive at informed decisions. Anyim (2018) posits that lack of commitment to learning is a constraint to engaging in advanced level of digital interaction. In spite of this shortfall, integration skill would serve the purposes of aligning business decisions with the dynamic technological changes, which has been reported to be a challenge for SMEs.

**Evaluate**: Chalmers and Hunt (2015) posit that the purpose of evaluation is to assess the overall efficiency of particular program/skill on the current performance relative to the past, in order to redirect future behaviour. According to Digital Literacy Skills and Learning (2017), evaluation entails empirical demonstration of impact of technological resources and tools in dealing with complex business challenges. Contrary to this assertion, Anyim (2018) hold the assumption that lack of interest in digital information accounts for poor evaluation skills. In the context of SMEs technology skills, evaluation would imply judgement on the degree to which digital information available assists in solving business challenges such as marketing.

Create: Creation, as ICT skill, entails capacity to generate and apply knowledge and procedures gained through interaction with the digital environment (Botes, 2015). According to Quadri and Abiodun (2017) creation implies ability to manipulate diverse information available to modify or construct new information/programmes. Anyim (2018) further view creation skill as capacity to contribute to the knowledge society by designing, inventing and applying information in the digital environment. UNICEF (2017), on the other hand, warns that lower literacy level accounts for poor engagement with ICT tools, thus limiting creativity. In the context of SMEs operations, creativity would mean ability to innovate strategies to stay ahead of competitors. Given the context under which SMEs are operational, the choice of relevant approaches for skills development is one critical element to be considered.

# 2.8 Appropriate Approaches for Entrepreneurship Education and Training

This theme/sub-topic is intended to establish approaches of implementing education and training programmes for rural entrepreneurs. The process of planning and implementing skills development programmes follows a pre-determined approach deemed appropriate in terms of context, target group, expectations, as well as resources available. Identification of appropriate approaches is intended to ensure that learning programmes are designed and aligned with

SMEs' needs and the learning environment. ADDIE model forms the basis of the following approaches selected for exploration: workshops, mentorship and networking.

#### 2.8.1 Training Model: ADDIE

ADDIE is an acronym which stands for analysis, design, development, implementation and evaluation (Ngussa, 2014). ADDIE, as instructional design model, refers to a systematic process that involves analysis of learners' needs, development of target objectives, design of activities and materials, implementation in the form of training, as well as evaluation of the overall instruction (Aldoobie, 2015). In the view of Molenda (2015) and Nichols-Hess & Greer (2016), the strength of ADDIE model lies in its iterative nature that allows for continuous incorporation of feedback, and review of materials and instructional methods. ADDIE model, therefore, entails systematic and recurrent processes that uphold the needs and expectations of the learners in the entire instructional design.

#### **ADDIE Model Phases**

Analysis Phase: According to Aldoobie (2015), the analysis phase entails data collection process to establish learners' challenges, level of knowledge and the type information required to meet their expectations. Nichols-Hess & Greer (2016) opined that leaners' demographic characteristics relevant to the instructional topic inform the analysis phase. In the view of Alodwan and Almosa (2018), the ultimate goal of analysis phase is evidential support of description of potential participants, knowledge gaps identified, skills needs, and detailed analysis undertaken based on the needs.

**Design Phase**: Building on the learner characteristics and learning environment, the design phase entails crafting objectives, principles, as well as course delivery system, instruction methods and assessment (Aldoobie, 2015) and Nichols-Hess & Greer (2016). Usta and Güntepe (2017) hold the view that the design stage should be used to adopt a variety of instructional media and methods to bring real life experiences, stimulate longer attention span, and generate enthusiasm. In the view of Alodwan and Almosa (2018) the learning objectives formulated should be based on SMART principle: specific, measurable, achievable, realistic and timely.

**Development Phase**: The development phase involves creation of a sample instructional design, development of course materials, and piloting the project (Aldoobie, 2015). This step affords instructors opportunity to collect feedback, review materials and improve on weaknesses identified. According to Nichols-Hess & Greer (2016) instructors engage in

development of learner activities, materials structure and content on iterative basis. Usta and Güntepe (2017) and Alodwan and Almosa (2018) warn that unless the selected forms of material (electronic or manual) are revised and validated by subject specialists and learning design experts, there exists high risk of compromising learners' diverse needs.

Implementation Phase: According to Aldoobie (2015) implementation phase entails training instructors to master the designed content and methods, orientation of learners and preparation of the learning environment. In the view of Nichols-Hess & Greer (2016) this phase represents the reality, and it offers instructors opportunity to engage on continuous improvement of the other four phases. Usta and Güntepe (2017) and Alodwan and Almosa (2018) warn of poorly structured content, as well as complacency in understanding the same (content), as they impact negatively on implementation phase. This argument is based on the view that in some instances material developers are not the same instructors.

**Evaluation Phase**: The study by Ngussa (2014) revealed that evaluation phase is afforded the lowest priority due to over-emphasis on the implementation phase. At this phase, Aldoobie (2015) suggested formative evaluation which takes effect continuously during the course of all ADDIE phases, and summative evaluation which assesses the overall learner achievement based on the envisaged outcomes. In support of the two evaluation methods, Nichols-Hess & Greer (2016) and Alodwan and Almosa (2018) hold the view that formative assessment continuously binds instructor-learner interaction and review of approaches, while summative assessment measure the extent to which the entire instruction has impacted on the desired level of competency or behaviour. Thus, ADDIE model forms the basis for all interventions geared towards skills enhancement.

#### 2.8.2 Workshops

The need to enhance skills capacity has been reported as critical step towards growing and sustaining SMEs in rural areas. On the basis of ADDIE model, the need for effective planning remains indispensable for successful workshops. Fatumo, Shome and Macintyre (2014) define workshop as hands-on learning session that involves individual or group participation through trade-related tasks. Motsetse (2015) further opined that workshops should be tailored in such a way that they accurately respond to participants' diverse skills needs. Workshops are further required to be timely and relevant to allow participants to implement skills learned as matter of immediacy.

# **Planning Workshops**

In the process of planning, Fatumo, Shome and Macintyre (2014) hold the view that the choice of venue should spare participants travel costs and time. They further offer advice that the scope of the workshop should be free from any form of ambiguity to accommodate all target participants. In support of good planning, Heck, Steinert and Meboldt (2015a) suggest that a workshop should follow a comprehensive plan in order to encourage interaction between participants and facilitator, as well among participants themselves. Supporting effective planning, Mamabolo, Kerrin and Kele (2017) emphasise the importance of subject/field specialisation on the part of facilitators to avert the tendency of blanket approach.

# **Benefits of Workshops**

According to Fatumo, Shome and Macintyre (2014) workshop affords participants opportunity to work collaboratively in information sharing and problem solving. Heck, Steinert and Meboldt (2015b) and Masalimova, Usak and Shaidullina (2016) hold the assumption that workshop is essential for convergence of diverse knowledge backgrounds, thus building team spirit, as well as contributing towards organisational change. The study by Serrat (2017) found that workshops offer participants opportunity to learn good practices that have been tested, and found to be fully functional. Orhan (2017) also share the same view that workshops allow participants to work in an environment characterised by flexibility, collaboration and mutual interaction. Such an atmosphere is credited for being conducive for acquiring skills, knowledge and attitudes.

# **Limitations of workshops**

In spite of being important for learning new practices, workshops have shortcomings that need to be acknowledged. According to Fatumo, Shome and Macintyre (2014) workshops need highly skilled personnel for effective and efficient planning. Poor planning might prove to be costly in terms of advertising, travelling and accessibility. In the view of Masalimova, Usak and Shaidullina (2016) the need for subsequent follow-ups to reinforce skills learned might prove difficult and costly to implement. Serrat (2017) holds the assumption that good practices learned through workshops might not be feasible to implement, given the different context under which enterprises operate. Though literature presents limitations of workshops, it is evident that the benefits far outweigh the shortcomings. No business can afford to operate in isolation from others.

#### 2.8.3 Mentorship

Robison (2014) defines mentorship as a unique goal-oriented partnership between experienced person (mentor) and inexperienced person (mentee) based on knowledge and skills transfer. According to Ismail *et al* (2015) and Ilieva (2015) mentorship entails a developmental relationship in which an experienced person trains, guides and supports a novice in the process of acquiring new knowledge, skills and techniques. The overall purpose is to address specific knowledge gaps. Thus, from the definitions presented, it is evident that mentorship involves two participants: experienced mentor and novice mentee in which the former serves the purpose of guiding, and the latter learns.

# **Purpose of Mentorship**

Mentorship is intended to afford a mentee opportunity to interact closely with a mentor within clearly defined gaols and expectations (Robison, 2014). The primary purpose, according to the author, is to ensure that the mentee learns as per expectations stated and agreed upon with the mentor. According to Ismail *et al*, (2015) mentorship serves the purpose of a two-way interaction in which the mentor listens, share experience and provides feedback, while the mentee questions, listens, learn and implements. In support of a two-way relationship, Ilieva (2015) and Masehela and Mabika (2017) hold the assumption that mentorship is a reciprocal process benefitting both mentor and mentee. These authors opined that while the mentee learns, mentors are also afforded opportunity to refine and improve their skills by interacting with the mentee.

### **Benefits of Mentorship**

According Robison (2014) mentorship programmes stimulate mentor's enthusiasm to support and celebrate the success of mentees. Mentees also feel a sense of fulfilment when practically applying knowledge and skills learned. In the view of Ilieva (2015) business mentoring has the advantage of transmitting tacit knowledge based on enterprise needs. The process plays a significance role in preparing the business to adapt to the ever-changing environment. Mentoring also plays a complementary role in bringing about synergy between formal education and business knowledge. In support of these benefits, The National Treasury (2017) asserts that mentorship improves the quality of product or service on offer, by applying relevant skills learned. The programme enhances both management and leadership skills, which are major challenges among SMEs. Skills learned through mentorship assist to reduce operation costs incurred by contracting private serve providers.

### **Limitations of Mentorship**

In spite of the benefits alluded, mentorship has shortcomings that need to be taken care of. According to Robison (2014) the success of mentorship programmes could be dealt a serious blow by poor communication and ill-defined goals. Budget constraints, if not properly monitored, could lead to suspension or total abandonment of the programme, thus straining relations between participants. Non-adherence to timeframes has the potential to delay progress, thus resulting in demotivation. Ismail *et al* (2015) also alerts that mentoring might be rendered useless, if the capacity to plan and manage the entire process were ignored form the start. Other constraints, according Masehela and Mabika (2017), include lack of proper resources, acts of truancy and unmanageable number mentees. In spite of these limitations, mentorship has a significant role to play in enhancing skills and competencies among SMEs.

### 2.8.4 Networking

Knowledge and skills to interact successfully with other enterprises, customers, suppliers, and creditors require access to strategic information through business networks (Nieman and Nieuwenhuizen, 2014). Networking, in the business context, is defined as goal-oriented interpersonal relationships that direct mutual sharing of success factors for business growth and sustainability (Gibson, Hardy and Buckley, 2014). According to Desta (2015) networking entails information transactions that incorporate support and opportunities among businesses in a particular business environment. Based on the definitions so far, it could be sufficient to conclude that networking refers to inter-business mutual exchange of information and related support services required to grow and sustain business operations.

### The Purpose of Networking

Networking is intended to enhance the ability to coordinate a diverse of stakeholder relationships that play critical role in business operations (Gibson, Hardy and Buckley, 2014). According to these authors, success in networking is one way of building good reputation, higher business performance, as well as stakeholder support. In the view of Spanikova, Birkman and Besseling (2014) stakeholder support, in turn, promotes joint effort required for exploiting new opportunities, innovation and promotion of new products or services. According to Thornton, Henneberg and Naudé (2015) networking serves the purpose of bringing about unique joint resources which are difficult to imitate, thus providing the essential competitive advantage.

### **Benefits of Networking**

According to Desta (2015) the mutual exchange of information offers enterprises opportunity to know and understand their competitors better. This knowledge is critical for crafting effective competitive and survival strategies required to increase customer base. Strategies to attract new customers and retain existing ones are dependent on access to new valuable information, unique promotional techniques and unique resources offered by networking (Newbery *et al*, 2015). In the opinion of Turkina (2018), accessing new information through networking is critical for business start-ups to learn from diversified knowledge, and be exposed to a variety of business opportunities. According to Jonathan (2018) networking offers opportunity for business growth, personal development, as well as absorption of insecurity and risks associated with first years of operation.

### **Limitations of Networking**

While networking is credited for information sharing, Gibson, Hardy and Buckley (2014) believe its reciprocal success is dependent on companies' relationship status on the business market. If the companies are competitors, networking is doomed to fail due to likelihood of withholding valuable information. Thornton, Henneberg and Naudé (2015) warns that networking might lead to over-reliance on established relationships, thus neglecting business responsibilities to review, develop, and implement new strategies for growth and survival. According to Lekhanya and Visser (2016) and Jonathan (2018) networking requires constant interaction through advanced technology, and this could be a drawback for rural enterprises with less technological skills or infrastructure. Turkina (2018) hold the view that the network would benefit all participants only if it is based on mutual trust, fairness and transparency. If not fairly coordinated, networking would benefit one/few at the detriment of others. No matter how appropriate these approaches might be, their success depends on the support of the government.

#### 2.9 The Role of Government in Entrepreneurship Education and Training

The government has a mandatory role to create an enabling environment for economic development. In the guest to implementing this mandate, it is necessary for government to revisit its role, on continuous basis, to ascertain the extent to which they support the mandate in pursuit. This task is intended to identify the role that the government could play in support of SME education and training. The following sub-headings will be explored: identification of barriers to effective coordination of spheres of government; promotion of public-private

partnership; review of support structures; review of the regulatory environment and other contextual factors.

## 2.9.1 Identification of Barriers to Effective Coordination of Spheres of Government

In the context of South Africa, the government is made up of the national, provincial and local spheres, with a clear mandate to relax applicable restrictive regulations (Christensen, Hegazy and van Zyl, 2016). Of the three spheres of government, Section 152 of the South African Constitution of 1996 mandates the local government to provide support services essential for economic and social development (RSA Constitution 108, 1996). Contrary to this national mandate, local communities continue their struggle to access basic services at the local government due to poor communication and coordination of services (Reddy, 2016).

### **Barriers to Effective Coordination of Spheres of Government**

#### **Parallel Mode of Operation**

The government spheres are expected to command a well-coordinated policy institution that subscribes to visibility and uniformity in terms of implementation and compliance. Contrary to this expectation, the study by Motseo (2015) found that government support agencies are less visible or known to SMEs due to lack of coordinated campaigns. According to Copaul and Manley (2015) SMEs are marginalised in the process of formulating policies and regulations governing business operations. In support of this assertion, Meyer, Meyer and Molefe (2016) found that the situation is worsened by the parallel mode of operation between government authorities and businesses at all spheres of government. The authors hold the view that government and SMEs should find each other by formulating viable business growth strategies that are supported by the regulatory environment. Such efforts are necessary to downplay the prevalent anomalies that taint measures to improve coordination amongst government support structures (Maloka and Dlamini, 2016)

#### **Lack of Accountability**

All government spheres operate within fixed budget allocations required to be accounted for. Afrobarometer (2017) found disparity in terms of approvals for SMEs funding. Applications from SMEs in big cities recorded 49% success rate compared to 23% from rural towns of the country. In the same vein, the study by Peter *et al* (2018) found that the synergy between the possible implementation of support services and the actual outcome is still evasive. There is no evidence, according to the author, to measure the impact of these programmes due to poor

coordination, evaluation and accountability. Given the same regulatory environment under which these SMEs operate, it is sufficient to conclude that there is inequality and poor accountability as far as service provision is concerned.

### **Lack of Capacity**

Alexander (2017) opined that the rural local government is less capable of supporting SMEs in their jurisdiction. This sphere of government need to be sufficiently empowered to provide the necessary services expected. According to Mogale (2018), instead of empowering the local government, the national government hold powers to influence appointment of officials in 'strategic positions' at provincial and local governments. This tendency, in the author's view, compromises coordination and the quality of services offered due to continued power-struggle among top officials. The ISPESE Report (2018) found evidence of weak inter-governmental coordination which results in selective implementation of programmes across provinces, poor monitoring mechanisms, duplication of support services, inconsistent administrative processes, as well as compliance deficiencies.

# 2.9.2 Promotion of Public-Private Partnership

# **Description of Public-Private Partnership**

Public-Private Partnership (PPP) is defined as an agreement between public and private institution in which the latter is contracted to perform service delivery functions on behalf of the former (Bruchez, 2014). According to Fennell (2014) and Prussing (2015) public-private partnership entails long term contractual collaborative arrangement between government entities and private sector companies that seeks to exploit the joint strength of both parties in implementing a public project. Given the different descriptions outlined, it thus suffice to define public-private partnership as a mutual contractual collaboration in which a private entity commits itself to implementing particular project on behalf of the public institution.

# The Benefits of Public-Private Partnership

In the view of Jabavu (2014), public-private partnership improves efficiency in the delivery of services by adhering to quality and timeframes, while sharing applicable budget and risk implications of the project. Bruchez (2014) holds the assumption that in most cases public institutions encounter budget deficits due to low level managerial and technical skills. The author further asserts that partnership with private entities is critical collaboration to enhance knowledge and skills transfer. Fennell (2014) share the same view that public-private

partnership is essential for addressing incidents of lack of accountability that public institutions battle to deal with. In the author's opinion, the public sector's inherent management structure accounts for poor accountability due to lack of consequence management.

In support of this view, Vaes and Huyse (2016) opined that besides knowledge and information sharing, private partners invest critical resources like management expertise and research capacity which have long-term benefits for public partners. The authors further opined that collaboration between public and private sectors would also serve as one step in creating enabling environment for businesses to thrive. According to the World Bank Group (2016) public-private partnership enhances public service delivery by exploiting private sector technology and innovation required for effective and efficient implementation of projects. In support of this assertion, ISPESE Report (2018) reported that Brazil's commitment to support SMEs recorded higher investment in technology and innovation through public-private partnership.

### **Limitations of Public-Private Partnership**

While public-private partnership is credited for quality service delivery, this collaboration has limitations. KPMG (2014) warns that the public sector public-private partnership involves interpretation of complex transactions that require specialist expertise. In the authors' view, the public entity would also need to justify the partnership to win public support. All these expectations might prove to be a challenge for the public sector. According to Jabavu (2014) collaboration between public and private entities is subject to commitment of government to amend some regulatory frameworks.

Another challenge relates to inflexibility of contractual terms that have the potential to weigh heavily on the public entity in terms of costs, legal and technical consequences (Prüssing, 2015). In support of this assertion, World Bank Group (2016) believes that the complex nature of partnership renders it difficult to envisage all subsequent contractual implications. This, in most cases, put private entities in a comfort zone due to their experience in negotiating deals of that magnitude. Despite the limitations presented, it is evident that the benefits of adopting public-private partnership far outweigh the failure of government structures to support SMEs' growth and survival.

### 2.9.3 Government Support Structures

#### **Identified Support Structures**

It has been established that SMEs operate in an environment characterised by various challenges. The business development support services are essential to address these challenges and improve SMEs efficiency for competitiveness and growth (SEDA, 2014). In an effort to strengthen government commitment to economic development, Department of Small Business Development works collaboratively with the Department Trade and Industry (DTI) to support SMEs growth and development (DSBD Strategic Plan 2015, 2014). The DTI facilitates support programmes through various agencies: the Small Enterprise Development Agency; Small Enterprise Finance Agency; Industrial Development Corporation; and National Youth Development Agency (Mayer, 2014, Motseo, 2015 and SEDA, 2015).

## **Key Mandate for Each Structure**

The Department of Small Business Development has a mandate to lead an all-inclusive strategy geared towards small business development (DSBD, 2014). The Department of Trade and Industry has a mandate to facilitate implementation support programmes aimed at economic growth (Nieman and Niewenhuizen, 2014). Operating under the stewardship of the DTI, the Small Business Development Agency has a mandatory role to design and implement countrywide support programmes required for improvement of capacity, economic growth and job creation (SEDA, 2015). The Small Enterprise Finance Agency is mandated to provide funding services to SMEs through provision of direct lending, loans to intermediaries, as well as credit guarantees (DSBD Strategic Plan, 2015).

The Industrial Development Corporation has a mandate to provide funding to aspiring entrepreneurs for the purpose of establishing competitive industries (ISPESE Report, 2018). The National Youth Development Agency has a mandate to coordinate youth development and empowerment programmes through education and skills development as well as business support funding (NYDA Annual Report 2018/19, 2018). In spite of availability of these institutions/agencies, support for SMEs was found to be below average, thus exacerbating failure rate.

#### **Identified Problem Areas**

Given the number of government institutions/agencies mandated to support SMEs, one would expect a substantial improvement as far as addressing challenges is concerned. On the contrary, Mayer (2014) found that government agencies were less integrated and provide parallel support services. In addition to that, the study by Ngcobo and Sukdeo (2015) found that 56.2% of the respondents were not aware of government support agencies, despite the mandates and budget

allocated. According to Motseo (2015) there is evidence of little or poor monitoring after providing assistance to SMEs, due to lack of integrated plan. This results in lack of evidence of application of knowledge gained.

In support of this finding, Maloka and Dlamini (2016) found that SEDA's implementation network is characterised by poor coordination, lack of capacity and specialists, as well as duplication of services. It was also found that SMEs diversity were not acknowledged when designing interventions, thus resulting in marginalisation of rural SMEs. In support of this view, support provided by government agencies were also found to be general in approach, thus failing to deal effectively with different challenges experienced by SMEs (Bhorat, et al, 2018). To crown it all, according to the GEM Report (2018) South Africa was generally found to be less supportive as far as improving entrepreneurship was concerned. This is evidence of the need to review support structures to become effective, efficient and accountable.

### 2.9.4 Government Regulatory Environment

The government regulations are expected to be aligned with the recognition of SME sector as strategic vehicle for fighting poverty, unemployment and inequality. Contrary to this expectation, both the GEM South Africa Report (2014) and the Global Competitiveness Report (2014) found South Africa to be lacking behind in facilitating SMEs supportive policy environment. These findings are supported by the Business Environment Specialists (SBP) (2014) whose study revealed that one out five SMEs recorded decline in turnover between 2013/2014 years. This negative trend is attributed to government policy burden that South African SMEs have to comply with. This task is intended to explore specific regulations/policies that need to be reviewed to promote growth among SMEs.

### **Business Registration**

Registration of a business is done through the Companies and Intellectual Property Commission (CIPC) (Neiman and Niewenhuizen, 2014). While the process might be deemed essential for business governance, the GEM South Africa Report (2014) found the implementation thereof to be bureaucratic and resource straining. SMEs are required to deal with complex forms that in most cases are beyond their comprehension. Chimcheka and Mandipaka (2015) and Potgieter (2015) also noted that the process is characterised by continuous revision of regulations, inefficiency and poor coordination of relevant government institutions. On the contrary Christensen, Hegazy & van Zyl (2016) found business registration

to be easy through online service provided. The study did not consider technology infrastructure and capacity challenges faced by SMEs in rural areas.

#### **Labour Laws**

South African business environment is legislated for the purpose of promoting fair practices for both the employer and employees through various labour laws (Nieman and Niewenhuizen, 2014). The Labour Relations Act 66 of 1995 acknowledges collective bargaining for dispute resolution. On the contrary, Imbadu Newsletter Q2 & Q3 (2016) found this regulation too restrictive due to protracted disputes and strikes experienced. The Basic Conditions of Employment Act 75 of 1997 regulates fair employer-employee contractual matters. Contrary to this assertion, Amhaa & Woldehanna (2016) opined that employers' efforts to grow are restricted by compliance with this regulation.

Occupational and Health and Safety Act 85 of 1993 promotes safety of employees. According to Kok and Mojapelo (2017) compliance with this regulation requires expertise and continuous training, a burden to SMEs who already struggle to access funding. The Skills Development Act 97 of 1998 seeks to improve the level skills of workers in the country. All these labour laws are mandatory. Compliance, in some instances, implies appointment of qualified personnel to deal accurately with all mandatory documents. Similarly, SMEs already in financial strains could not afford to comply with all these regulations.

## **Tax Compliance**

The study by Cassim *et al* (2014) found that SME sector is overburdened with compliance requirements regarding income tax, Value-Added Tax (VAT), the Skills Development Levy (SDL) and the Unemployment Insurance Fund (UIF). The SDL is collected to fund skills development programmes, while the UIF is collected to serve as relief once a worker becomes unemployed (Nieman and Niewehuizen, 2014). Business Environment SBP (2015) revealed that at some point SMEs are required to adhere to tax timeframes by paying the South African Revenue Services (SARS) even before receiving payments from clients, including the government. This has been reported a burden and constraint.

Christensen, Hegazy & van Zyl (2016) and Tee, Boadi and Opoku (2016) further found that the process of compliance with the tax system is draining in terms of resources, inefficiency and poor facilities, with less regard for tax incentives for SMEs. In support of this finding, Leboa (2017) holds the assumption that the costs of complying with mandatory taxes are higher

and less supportive for SMEs growth and sustainability. Given the arguments presented, it is evident that government regulatory environment need to be reviewed to support SMEs growth and survival. The government support in its current form has been found to be a major constraint to SME growth and sustainability. While there is a need to review its support for SMEs, the government has a duty to identify strategic partners, like commercial banks, for supporting SMEs growth and sustainability.

### 2.9.5 Government Funding Model

South Africa is among developing countries with higher record of Small and Medium Enterprise failure rate. The matter is of great concern given the global recognition of the small business sector as important role player in the fight against social challenges, as well as a force to be reckoned with as far as economic development is concerned. The failure rate has negative impact on measures to realise the dream of moving the country towards economic growth and sustainability. Literature has made a lot of contribution regarding factors that contribute towards the higher failure among small businesses.

Lack of access to funding opportunities has been reported as one of the main contributing factors. It is on record that government has made remarkable commitment to support the small business sector through its designated departments, as well as subsidiary structures/agencies. One of the mandates of these institutions is to facilitate access to funding for the small business sector. In spite of this mandates, the sector still experience challenges in accessing funding. This section is intended to explore government funding model and reasons for the lower rate of SMEs accessing this provision.

# **Government Funding Institutions**

Government support for small business development is operational under the watchdog of the Department Trade and Industry (DTI) (Nieman and Nieuwenhuizen, 2014). This department has been provided with strategic pillars of support for economic growth, one being improvement of access to finance. In 2005 the DTI adopted Integrated Small Business Development Strategy with the main objective to address the needs of small business sector. In 2006 the DTI further established the Small Business Advisory Council (NSBAC), which is a group of experts with a role to assess progress and provide advisory support for the implementation the strategy adopted. Ngcobo and Sukdeo (2015) note that one of the key mandates of the council was to monitor progress in SMEs access to funding. A number of institutions/agencies were established to implement this key mandate.

### National Empowerment Fund (NEF)

The National Empowerment Fund was established as part of the government's commitment to economic development by supporting emerging and established small businesses. The NEF has a role to play in encouraging historically-marginalised groups, blacks in particular, to consider participating in business and entrepreneurship activities (Nieman and Nieuwenhuizen, 2014 and ExpertHub Staff, 2018). Its core mandate is to support black entrepreneurs by providing funding. The black community was targeted based on minimal business opportunities offered in pre-democratic dispensation. As a result, majority of these communities are hard hit by higher rate of unemployment and poverty. The aim is to empower them to participate in the country's economy, thereby improving their standard of living.

#### The Industrial Development Corporation (IDC)

The Industrial Development Corporation (IDC) is a state-owned and self-financing corporation. It was established as national development finance institution with the core mandate to provide funding to entrepreneurs with a potential to grow into competitive industries (Nieman and Nieuwenhuizen, 2014 and ExpertHub Staff, 2018). Its strategies include maintenance of financial independence, provision of risk capital to industrial projects, and financial empowerment to emerging entrepreneurs. The IDC funding is provided to both potential and established entrepreneurs whose vision is aligned with the broader government goal of fighting poverty, unemployment and poor supply in critical skills.

### The Small Enterprise Finance Agency (SEFA)

The Small Enterprise Finance Agency (SEFA) was established in 2012 as a full subsidiary of the Industrial Development Corporation. It was launched by merging the South African Micro Finance Apex (SAMAF), Khula Enterprise Finance (Ltd) and other IDC activities (Nieman and Nieuwenhuizen, 2014 and Small Enterprise Development Agency, 2016). This agency was established with core mandates, including provision of funding up to R5 million to needy small businesses. This funding mandate is implemented through direct lending to small enterprises, loans to intermediaries, as well as credit guarantees for applications for bank finance. ExpertHub Staff (2018) posits that the purpose of SEFA is to provide capital to small businesses at early-stage and expansion operations. Applicants are provided with the offer on condition they meet qualification criteria. The offer is mainly directed on small business in rural and emerging urban settings.

The National Youth Development Agency (NYDA)

The National Youth Development Agency (NYDA) came into being as a result of merger of Umsobomvu Youth Fund and the National Youth Commission (Nieman and Nieuwenhuizen, 2014). The primary objective of this agency is to create initiatives aimed at developing young people aged 18-35 to support and participate in: economic activities; skills development programmes; and social integration programmes (SEDA, 2016). The agency's focus is to provide funding in the form of micro-finance grants to survivalists entrepreneurs, as well as cooperative grants to promote cooperative type of entrepreneurship. All these funding focus areas are specifically directed at the youth. ExpertHub Staff (2018) has noted with appreciation that this agency is expending its roles by adopting youth empowerment programmes in the form of mentorship and skills development in entrepreneurship. The Business Consulting Services Voucher Programme (BCSVP) provides guidance on business development on face-to-face individual basis. The Business Opportunity Support Services (BOSS) provides services on, notably, on facilitation of applications for funding.

## **Typical Qualification Criteria for Government Funding**

ExpertHub Staff (2018) presents a typical assessment criteria used to process applications for funding by government funding agencies. These include submission of duly completed application form; comprehensive business plan as per agency requirements; evidence of ability to repay the loan; proof of audited statements for the previous three consecutive years; credit references for both personal and business; as well as other supporting documents deemed necessary. It should be noted that government support for SMEs funding was explored for the period 2005 to 2014. All government implementing agencies were operational in their respective sections to provide funding and other support services as mandated. Notwithstanding the number of institutions established to provide support for SMEs, lack of access to finance was reported among major huddles for survival and growth, as noted by the GEM South Africa Report (2014) and Barnardt (2016).

#### Government shortfalls

In their study, Ngcobo and Sukdeo (2015) reported a concerning 73% of respondents who hold the view that access to finance was serious challenge. The worrisome factor is that government had put in place measures to address the challenge by establishing funding agencies. The latter are provided with clearly defined mandates to provide funding for small business sector. Osano and Languitone (2016) and Bushe (2018) noted that majority of SMEs lack information regarding funding initiatives established by government to support them. The much publicised

notion that South Africa is rated among countries with a number of finance schemes and programmes to support the small business sector, is yet to come to fruition. SMEs are not aware of these funding programmes.

SEDA (2016) and Imbadu Newsletter Q2 & Q3 (2016) are emphatic on issue of lack of information on available funding opportunities. The argument is based on Finscope's Small Business Survey conducted in 2010, which reported that small businesses in Gauteng and North West provinces have greater share of funding compared to their counterparts in rural provinces. The Gauteng and North West are urban and semi-urban provinces respectively. It was further reported that SMEs in Mpumalanga and Northern Cape provinces find it difficult to access financial support. The two provinces are predominantly rural in nature. The conclusion drawn is that SMEs in relatively urban provinces have greater access to funding information than those in rural provinces. This report has exposed government institutions' inability to strike a balance between urban and rural settings in the provision of support services. This short fall has a negative impact on strategies to develop rural SMEs.

## **Suggested Solutions**

It has become apparent that government support for the small business sector is not functional. Kalane (2015) proposes that government agencies like SEDA should refrain from their current mode of operation where they enlist the services of consultants to develop business plans for enterprise owner/managers. The argument is based on the belief that majority of these owner/managers don't have the capacity to implement the strategies in place. This in the long run would count against the enterprise' ability to generate profit, thereby impacting on repayment agreement entered into. Barnardt (2016) recommends that government agencies should review their traditional approach that is characterised by complex qualification criteria. The new approach should be flexible in terms of documents required, and low in interest rate.

The study by Quartey *et al* (2017) has noted that majority of SMEs do not qualify for funding due to the informal nature of their operations, mainly not legally registered. The recommendation is that steps should be taken towards formalisation of SMEs, thereby affording them more opportunities for accessing funding. In support of review of funding approach, it is recommended that government should consider embarking on measures to empower local government to provide support for SMEs at their level (Seo, 2017). The argument is that the closer the support, the higher the effectiveness. The implication is that financial support would be designed at local level, thereby informed by the actual context under

which the SMEs are operational. Organisation for Economic Co-operation and Development (OECD) (2018) suggest that support for accessing funding should be a sole mandate, but be complimented by other government measures aimed at enhancing capacity in areas like management, innovation and regulatory environment.

#### 2.9.6 Other Contextual Factors

The factors dealt with hereunder form part of the context under which the small business sector operates. The factors include government regime (policies) adopted in relation to supporting SMEs for economic growth. Entrepreneurship environment is explored on the basis of political situation; financial environment (in relation to reducing to risk premiums), acts of fraud, corruption and crime, lack of entrepreneurship education and training, as well as difficulty in gaining market share.

### **Government Economic Regime (Policy)**

According to Fisher, Mostert and Mostert (2015) the year 1994 saw the dawn of transition from apartheid regime to a new democratic government in South Africa. This transition triggered a change in economic policy in an effort to create employment opportunities and reduce the rate of poverty (Mosala, Venter and Bain (2017). As a result, the authors noted that the country adopted *macro-economic policies* with the aim of achieving reduction in fiscal deficits, lowered inflation rate, stable exchange rate, as well as decrease in trade barriers. In the process of rebuilding and reshaping the economy on the basis of free market principles, the government introduced Growth, Employment and Redistribution (GEAR) policy in 1996, Accelerated and Shared Growth Initiative of South Africa (ASGISA) in 2006, The New Growth Path (NGP) in 2010 and the current National Development Plan 2030 in 2011 (Brits, 2014 and Ferreira and Rossouw 2016). On a positive note, Habib (2013) posits that South Africa achieved strong financial situation, low interest rate and controlled inflation. In contrast, Anwana (2018) argue that none of these strategic policies had lived up to expectations as far as facilitating a viable entrepreneurship environment was concerned.

# The Entrepreneurship Environment in South Africa

**Political environment**: According to Fisher *et al* (2015) a viable entrepreneurship environment is dependent on the stability of the political situation in the country. In an effort to create a favourable *entrepreneurship environment*, the South African government published a White Paper in 1995 on small business (Parliament of the Republic of South Africa, 1995). This

document became known as the National SMME Support Strategy, aimed to regulate, stimulate and promote small business activities in South Africa (Parliament of the Republic of South Africa, 1995). While the measures adopted could be deemed essential for supporting SMMEs, the implementation thereof was led down by various factors, including fraud, corruption and crime. These factors impacted negatively on key service delivery initiatives that include provision of transport and technology infrastructural facilities, as well as other basic services like water and electricity (Pinho, 2018). All these facilities are deemed essential for a viable entrepreneurship environment.

Fraud, corruption and crime: The World Economic Forum (2010-2011) ranked South Africa poorly in areas of dealing with acts of corruption and crime, thus classifying the country as risky for investment (Kalane, 2015). Sitham and Horque (2016) further content that South Africa's initiatives to achieve a more inclusive and stable economic approach is drawn back by acts of fraud and corruption. The latter factors render the small business sector vulnerable, due to lack of the necessary resources to counteract them (Sitharam, 2014). In support of this assertion, Kalane (2015) posits that the high costs resulting from fraud and corruption undermine SMEs valuable contribution to the economic development of South Africa. Sitham and Horque (2016) are critical of government's bureaucratic regulations as vehicle for perpetuating acts of fraud and corruption. According to Kalane (2015) acts of fraud, corruption and crime have negative impact on the overall financial environment of the entrepreneurial sector.

#### The financial environment (in relation to risk premiums)

According to Fisher, Mostert and Mostert (2015) the country's financial stability is dependent on, among others, an effective financial administration. On the contrary, this is far from realisation, as Kalane (2015) and Sitham and Horque (2016) assert that South Africa's initiatives to achieve economic stability is drawn back by acts of financial maladministration. According to Fry (2017), South Africa is rated among the top ten highest country in the world in terms crime rate. As a result, the country's endeavour to raise more money comes with a heavy price in terms of higher *risk premiums*. The country is in turn required to make adjustments like cuts on government spending, increases on the repo rate and introduction of tax hikes (Mosala, Venter and Bain (2017. All these mitigating measures have direct impact of SMEs, who already struggle to raise funds, as well as overburdened with taxes (Cassim *et al*, 2014). Abbasov and Alizada (2016) also found that, under the circumstances, commercial banks resort to higher risk premiums for qualifying SMEs.

Lack of entrepreneurial education and training: The debate around failure of SMEs as a result of, partly, lack of entrepreneurial education and training continues. The debate is based on assertions that SMEs lack basic knowledge, skills and competencies for enterprise start-up, growth and sustainability (Fatoki, 2014, Ramukumba, 2015 and Wolmarns and Mentjies, 2015). In support of entrepreneurship education and training for SMEs, Kalane (2015) hold the view that there is dire need for establishment of entrepreneurship education and training facilities to stimulate entrepreneurial activities and performance. The author contents that this initiative has the potential to advance long-term employment and economic growth, as envisaged by the South African government. Bhorat and Steenkamp (2016) further postulate that lack of entrepreneurship education and training accounts for poor marketing strategies, inability to adopt appropriate technology, as well poor implementation of requisite accounting skills. All these barriers also account for SMEs' ability to compete for a stake in the market share.

### Difficulty in gaining market share

It has been noted that the macro-economic policies adopted since 1994 attracted foreign investors to South Africa, as anticipated (Habib, 2013). This trend implied increased competition for *market share*. In an effort to support SMEs, the government introduced the Preferential Procurement Policy Framework Act, No.5 of 2000 to give priority to businesses fully/partially owned by Historically Disadvantaged Individuals (HDIs) being women, blacks and youth in rural areas in the tender adjudication process (National Treasury, 2017). The Broad-Based Black Economic Empowerment Act, No. 53 of 2003 was also introduced to bring about economic transformation by advancing black people's participation in the South African economy (Department of Trade and Industry, 2013).

In spite of these policies, Olusola and Oluwasola (2014) argue that lack of proper business training accounts for SMEs owner/managers' poor decision making. In support of this argument, the study by Oliphant (2017) found that foreign-owned SMEs hold a bigger market share due to their approach to operate in clusters or networks. This approach has the advantage of collective bargaining power and shared access to credits and marketing strategies. It is, thus, sufficient to conclude that irrespective of how the government can create enabling environment for market access, SMEs owner/managers require intensive entrepreneurship skills development programmes to reach a sustainable level.

# 2.10 The Role of Commercial Banks in Entrepreneurship Education and Training

Commercial banks are explored due to their strategic position in the provision of funding for SMEs. One of the government's roles is to promote collaboration between public and private institutions. This collaboration constitutes an inter-institutional association in which a public entity contracts a private company to undertake particular project at an agreed costs (Bruchez, 2014) and (Fennell, 2014). While this arrangement, on the part of private entities, is centred on generating revenue, there is also a need to consider the welfare of SME communities around which the business is operational, based on the policy of Corporate Social Responsibility (CSR) Grigoris, 2016). Building on the CSR, the role of commercial banks will be explored through the following sub-headings: information sharing, introduction of tailor-made services, as well as introduction of cluster funding

### 2.10.1 Support for SME Education and Training: CSR

Gregoris (2016) holds the view that the concept of corporate social responsibility has never attained any universal definition, other than being driven by diverse interests of company stakeholders. While the author believes a clear definition is evasive, Ahmadian and Khosrowpour (2017) opined that CSR entails the extent to which an institution creates long-term value by acceding to the interests of the society in which it is operational. According to Jeffrey, Rosenberg & McCabe (2018) and Sivaranjini *et al* (2018) CSR refers to company's voluntary commitment, through policy and activities, to integrate stakeholders' social, economic and environmental expectations in their operational interactions. In the context of SMEs, commercial banks would be expected to support education and training initiatives aimed at enhancing knowledge, skills and competencies among local entrepreneurs.

### **Merits of Corporate Social Responsibility**

According to Grigoris (2016) and Kabir and Thai (2017) CSR offers the company opportunity to engage in community social projects that contribute towards poverty alleviation, while enhancing its reputation and financial returns. In support of this win-win situation, Ahmadian and Khosrowpour (2017) opined that CSR is an acknowledgement of the need to plough back to the community by attending to their social interests, thus creating a viable and sustainable company-stakeholder relationship. According to Sivaranjini *et al* (2018) involvement in community education projects has the advantage of improving the lives of people, while serving as customer retention, attraction and win-back strategy. The study by Anwana (2018) found that 81.5% of the respondents view CSR education projects as a measure to contribute towards poverty alleviation and improve social cohesion. According to Azman and Mustapha

(2018) in some countries commitment to CSR is rewarded through government tax rebates or exemptions. It is evident that both commercial banks (as business) and SMEs (client) stand to benefit from CSR. Therefore, commercial banks' support for SMEs education and training should be a matter for consideration.

# **Demerits of Corporate Social Responsibility**

While CSR has been found to be beneficial for both the business and the client, its implementation has limitations. According to Yuen and Lim (2016) implementation of CSR is hampered by poor company visions, as well as reluctance to allocate funds to related projects. Ahmadian and Khosrowpour (2017) hold the view that implementation of CSR should enjoy full support of shareholders/top management, which in some instances, might be difficult to secure a consensus in that regard. In support of this assertion, Azman and Mustapha (2018) opined that implementation of CSR involves higher costs, with future long-term benefits. Thus, convincing shareholders on company benefits might be a challenge. Sivaranjini *et al* (2018) warns that once adopted, CSR should be sustained and any move to suspend it holds the danger of straining relations between the company and community. In spite of the limitations highlighted, commercial banks have a role to play in adopting CSR to support SMEs education and training. In spite of expectation for commercial banks to engage in CSR projects in support of SMEs entrepreneurship education and training, equally important is the need for SMEs to engage in CSR initiatives for their own competitive advantage.

# 2.10.2 The Role of CSR in Competitive Advantage for SMEs

### **CSR:** A government-regulated initiative

According to Johannes (2016) CSR in South Africa was implemented on voluntary basis until the publication of King Reports on Corporate Governance in form 1994 to 2016. Since then CSR is referenced expressly in law and regulations of the *Companies Act No. 71 of 2008*. The implication is that it is mandatory for organisations to abide by the recommendations of King Reports. Horn, De Klerk & De Villiers (2018) posit that these reports enforce stakeholder inclusivity and compulsory compliance for all affected listed businesses. According to PricewaterhouseCoopers (PWC) (2016), King IV requires organisations to acknowledge that they are part of society and should therefore operate on the basis of accountability and transparency towards their stakeholders. According to KPMG (2017), organisations are required to apply the CSR principles and further provide an explanation on how the practices

were implemented. This step makes provision for organisations to submit implementation reports.

#### **SMEs Participation in CSR Initiatives**

While SMEs enjoy global recognition as essential instruments for job creation and economic growth, their participation in CSR-related initiatives have been minimal (Turyakira, Venter and Smith (2012). CSR has always been viewed in the context of larger business institutions. The authors further argue that the current globalised competitive business world requires SMEs to view, acknowledge and adopt CSR as strategy to stimulate competitive performance. There exists compelling evidence that CSR has the potential to be used as strategic tool in the process of advancing SMEs competitiveness in the market. Idowu *et al.* (2015) hold the view that SMEs neglect CSR initiatives due to lack of awareness of participation benefits, lack of training and lack of top management commitment. The authors dispel the notion of affordability by suggesting that SMEs should undertake projects within their economic means. If this argument is anything to go by, there is no reason to doubt SMEs participation in CSR for their competitive advantage.

### **CSR:** Competitive advantages for SMEs

Improved customer satisfaction and loyalty: Turyakira *et al* (2012) hold the assertion that SMEs participation in CSR has the advantage of bringing about the required bond between the enterprise and customers. Successful implementation of projects implies commitment to improve stakeholder lives, thus cementing customer loyalty to the business. Masarira (2014) further argues in favour of CSR initiatives as effective strategy to attract and retain enterprise customer base. In support of SMEs participation in community projects, Motilewa and Worlu (2015) hold the view that the business would be in better position to measure its competitive advantage based on loyalty gained over a period of time. Growth in customer base would imply an opportunity to engage in differentiation strategies, like adding a 'social' feature on a product. This strategy would serve as a token of appreciating and acknowledging the community within which the enterprise operates.

**Increased turnover/sales**: It has been noted that SMEs participation in CSR projects has the advantage of customer attraction, retention and loyalty. Large customer base would imply increase in demand for products/services on offer. Increased sales should translate into increased amount of profit an enterprise accumulate over a certain period of time. Masarira (2014) reiterates that an increase in demand for product or service is a positive indicator for

enterprise growth, expansion and sustainability. Community loyalty, according to Johannes (2016), would in turn be rewarded through increased job opportunities, thus contributing towards poverty reduction.

Enhanced company reputation: Involvement in community projects has the advantage of building and enhancing business reputation among stakeholder parties (Turyakira *et al*, 2012). Masarira (2014) asserts that SMEs participation in CSR initiatives provides the platform for enhancing enterprise's public image. The latter is viewed to serve as one step ahead of competitors in terms of product or service marketing strategies. Motilewa and Worlu (2015) posit that SMEs that compile and publish annual reports on CSR initiatives in communities enjoy reputation enhancement among community stakeholders. This initiative has the advantage of enterprise growth, expansion and sustainability.

Better access to government funds: Access to funding remains one primary challenge SMEs face (Copaul and Manley, 2015). In some instances the sector experience tax burden imposed by government. It remains the responsibility of SMEs to take advantage of initiatives that has the potential to spare them funds. Turyakira *et al* (2012) content that SMEs participation in CSR projects has the advantage of qualifying for government tax rebates. CSR projects that seek to advance community social welfare, education, arts, etc. are regarded as service delivery on behalf of government, and therefore qualify for tax exemption (Masarira, 2014). SMEs also have a chance of engaging in partnership with public entities in the implementation of government service delivery projects. For example, an SME entering into partnership with government education department to build facilities like classrooms, libraries or laboratories. This initiative would be aligned with the view by Apospori (2018) that SMEs should have the required expertise and ability to recognise projects that can be undertaken within their scope of affordability.

Higher employee motivation and loyalty: Implementation of internal CSR initiatives has the advantage of affording enterprises opportunity to stimulate employee motivation and loyalty (Turyakira *et al* (2012). According to Masarira (2014) this initiatives might take the form of skills development programmes, funding for further studies, rewards for target performance, advanced health and safety standards, etc. Motilewa and Worlu (2015) hold the view that internal CSR practices seek to acknowledge an enterprise's commitment to improving the lives of employees. These initiatives enhance an enterprise's competitive advantage over their rivals, as highly motivated workforce has the potential to achieve expected targets.

Enhanced communication: Successful participation and implementation of CSR initiatives requires an element of accountability and transparency (KPMG, 2017). Transparency in turn requires adoption of effective communication strategies to reach all affected parties. Participation in CSR initiatives provide SMEs an advantage of adopting effective communication strategies (Johannes, 2016). Frequent communication has the advantage of cementing the links between the enterprise and stakeholders, thereby strengthening the bonds. Johannes (2016) further postulates that effective communication is also a prerequisite for mutual respect, understanding and trust required among participant parties. This kind of relationship affords an enterprise a competitive advantage of being a trusted partner in community development.

### **Reduced risk of community confrontations**

The South African step to enforce CSR social initiatives through legislation has since stimulated and awakened community attention on CSR matters than ever before (Anwana, 2018). According to Masarira (2014) access to CSR-related information has become more abundant and readily available to communities and consumers. This is due to the growing media space in terms advanced technology. The author further argues that the availability of CSR-related information is gradually changing the role of government. Communities are increasingly bypassing government by confronting companies themselves, to increase the pressure for companies to abide by CSR mandates. Motilewa and Worlu (2015) and Johannes (2016) agree that SMEs participation in CSR initiatives has the advantage of reducing risks of community confrontation. It is a step towards creation of an effective environment for problem solving, thus bringing about stability required for enterprise performance. It is evident that SMEs participation in CSR initiatives should indeed be embraced as effective strategy for competitive advantage. The need to participate has become a necessity for SMEs growth and sustainability.

## 2.10.3 Information sharing

Access to funding among SMEs was found to be a constraint towards growth and sustainability. Commercial banks are 'blamed' for non-commitment as far as financing small business is concerned (Nieman and Nieuwenhuizen, 2014). The study by Ngcobo and Sukdeo (2015) found that 75% of respondents struggle to access capital due to lack of information on how to apply for funding. It is therefore important to traverse the role commercial banks could play in sharing relevant information as intervention to enhance SMEs skills.

### **Information Asymmetry**

Nieman and Nieuwenhuizen (2014) postulate that typical questions to be addressed when applying for funding at commercial banks include: plan for the money; amount needed; timeframes to access and use the funds; and repayment methods. It is on record that SMEs lack information procedures to follow, and documents to provide. According to Mishkin and Eakins (2015), in the transaction involving commercial banks and SMEs, the former enjoys superior power due to information asymmetry theory. Proponents of this theory hold the assumption that when two parties involve in a particular transaction, there exists the likelihood that one party has more information than the other (Osano & Languitone, 2016). It is on the basis of this theory that commercial banks, by virtue of being better informed, embark on information sharing to address challenges like: what credit record is, how it is build and maintained, as well as the sources required.

#### **Credit Information**

SMEs, like any business ventures, are required to build reliable credit information which is mandatory for application for funding. According to Rasool, Dars and Shah (2014) SMEs find it difficult to build and maintain proper credit information due to lack of relevant information in that regard. As a result, commercial banks could not find the basis for assessing their (SMEs) eligibility for funding. In the view of Nieman and Nieuwenhuizen (2014) it would be unfair to blame commercial banks for taking cautious steps in dealing with SMEs applications for funding, as they rely on the state of credit information provided. Insufficient or lack of credit information implies non-qualification, and the applicant could not be approved for funding. In support of this assertion, Norden (2015) found SMEs to be 'information opaque', which renders them less reliable and more risky to be considered for loans.

### The Importance of Information Sharing

In the context of SMEs-commercial banks relationship, information sharing takes the form of reciprocity. According to Rasool, Dars and Shah (2014) SMEs have a responsibility to acquire information and skills to keep accurate financial records that translate into credit information. The latter, according to the authors, remains mandatory requirement for accessing financial loans. In support of the notion of reciprocity, Osano & Languitone (2016) believe information sharing has the potential to downplay the notion of information asymmetry. The authors opined that information sharing in the financial market is beneficial for both SMEs and financial institutions. SMEs need relevant information about financial service providers, while financial

institutions rely on credible information to make objective assessment of applications. Bruno & Lucky (2016) and The Banking Association of South Africa (2017) further believe that information sharing is another strategy to unveil and promote bank's products and services, while educating the customers. Given the mutual benefits involved, the two parties have a duty to share information, which consequently has the potential to confront financial constraints facing SMEs.

#### 2.10.4 Introduction of Tailor-Made Products and Services

Commercial banks, like any business other entities, have a responsibility to mitigate risks in their provision of services to clients, irrespective of size (Nieman and Niewenhuizen, 2014). Small and Medium Enterprises are not alien to this treatment. In spite of capacity related challenges they face in securing funding, SMEs would still form part of the broader community of banks' clientele. Based on this understanding, it is important to explore the extent to which commercial banks could introduce tailor-made services, as a gesture to consider meeting SMEs needs and expectations.

#### **Tailor-Made Product and Services**

The study by Rasool, Dars and Shah (2014) found that commercial banks' services and products were designed to cater for bigger businesses with all the necessary capacity to comply. As a result, this policy arrangement leaves SMEs outside parameters of approvals. As a recommendation the authors hold the assumption that commercial banks should craft their services and products in accordance with SMEs' needs and expectations. In support of this approach, Wilder, Collier and Barnes (2014) opined that the current business environment renders a "one-size-fits-all" attitude obsolete, as customisation has become a competitive strategy. The adaptability approach is further supported by Bounouala and Rihane (2014) and Subhanij (2016) who uphold the need for commercial banks to establish specialised units that would understand small business preferences, and design services and products accordingly

#### **Merits of Tailor-Made Products and Services**

According to Gizaw & Pagidimarri (2014) and Nabavi, Azizi and Faezipour (2014) tailor-made products and services is a one step towards consolidation of business-client relationship, thus achieving market competitive advantage. Olsen et al (2014) further hold the view that meeting customer expectations implies customer satisfaction, which in turn serves as a tool in the evaluation of business services and products. Subhanij (2016) believe that establishment of specialised units for small business affords banks opportunity to screen and support, thus

building rapport and making it easy to consider them (small business) for the mainstream bank services. Tailor-made products and services are further regarded as differentiation strategy geared towards unique and quality service, as well as improved revenue generation (Alvarez-Garcia *et al*, 2017) and (Scarff, 2017). In support of this assertion, Otaigbe (2018) believe business growth and improved revenue could be attributed to the relevance and quality of service which translate into customer trust and loyalty.

#### **Demerits of Tailor-Made Products and Services**

Introduction of tailor-made products and services has been found to meet customer needs, while increasing business growth and revenue. All this benefits come with limitations. According to Mandina (2014) the business environment is so competitive that customers are spoiled for choice, thus making it difficult to commit funds in the development of tailor-made services and products. According to Subhanij (2016) commercial banks are not designed to (1) serve special small-scale financial needs, (2) compete with government-subsidised microlenders, and (3) adapt micro-lending as profitable business line.

Given the factors mentioned, banks would be justified to view the step as risky, costly and time-consuming. In the view of Bitner *et al* (2016) sustenance of tailor-made products and services might weigh heavily on banks, due to unpredictable customer behaviour precipitated by higher competitive environment. Scarff (2017) warns of cost implications in terms of introduction of models, alignment with technology, and training of staff. Be it as it may, SMEs rely on commercial banks for funding, and the need to meet their needs and expectation is in the best interest of business and economic development.

# 2.10.5 Introduction of Cluster Funding

While access to funding is reported among constraints to small business growth and sustainability, policy guidelines dealing with funding are deemed strict to accommodate SMEs needs (Rasool, Dars and Shah, 2014). The authors recommend that the lending policies should be considered for review. According to Beck and Cull (2014) SMEs are forced to resort to informal lenders who take advantage of their frustrations by charging higher interest rates. Szabó and Dürkop (2015) further opined that even formal lenders adopt risk aversion measures by subjecting SMEs to higher interest rates. Cejkova and Fabus (2015) and European Commission (2016) recommend the introduction of cluster funding to mitigate compliance gaps encountered by individual SME applicant.

### **Cluster Funding**

In the context of business, Szabó and Dürkop (2015) defines cluster as a category of companies in a given geographical area with specialisation in a certain field of business. According to European Commission (2016) a cluster refers to a concentration of enterprises sharing similar business activities in a particular location. In the view of the author, support for a cluster shifts from individual enterprise to a group that specialises in particular products or services. In the view of Foghani, Mahadi and Omar (2017) a cluster entails classification of related enterprises in terms location and sectoral business focus. Given the different views provided, for purposes of this study cluster funding would entail measures to avail funds to a group of enterprises sharing similar attributes based on location, business focus, opportunities, as well as challenges.

### **Merits of Cluster Funding**

SMEs continue to struggle to access funding due to isolated challenges experienced at individual level. According to the survey by BMWi (2014), 60% of the business-participants operating in clusters were found to be successful compared to their individual counterparts. Szabó and Dürkop (2015) further assert that clustering accounts for stimulation of business expansion and sustainability, due to efficient access to relevant resources. Cluster initiatives have a significant role to play in assisting local enterprises to focus on particular products or services based on their strength and potential for growth (European Commission, 2016). According to Foghani, Mahadi and Omar (2017) and Herr and Nettekoven (2017) clustering offers SMEs improved access to funding with less transaction costs, thus impacting positively on growth and sustainability.

### **Demerits of Clustering**

According to Szabó and Dürkop (2015) clustering requires a solid commitment and capacity from all members to contribute significantly on the target goals. This, according the author, could prove to be a challenge given the diverse background from which enterprises were established. European Commission (2016) attributes failure of clustering to programmes designed without due consideration of variables such as market size, product or services, as well as intensity of competition. Herr and Nettekoven (2017) hold reservations about clustering due to potential squabbles related to obsession with independence. Some enterprises would still want to hold onto their operation autonomy. While services like training are regarded a priority for clusters, the programmes might be difficult to implement due to low level of education,

especially in rural areas (Foghani, Mahadi and Omar, 2017). Given the higher failure of individual applications for financing, cluster funding has the potential to bring about resource synergy required for compliance.

# 2.10.6 Exploring Commercial Banks' SMEs Funding

It is on record that part of the challenges experienced by the small business sector in rural areas are exacerbated by lack of information regarding services and products available. Among others, this information relates to opportunities to access funding. In the previous tasks literature has identified information sharing as one important role commercial could play in support of education and training for SMEs. This assertion is based on the expertise these financial institutions possess as far as financing businesses is concerned. This sub-topic is intended to explore exact information commercial banks could share to keep rural SMEs abreast with the latest developments regarding specific services and products designed to support the small business sector. Such valuable information is expected to form part of the strategies adopted to support small business for purposes of economic development.

# The Need for Small Business Funding

Majority of potential and emerging entrepreneurs could not raise the required funding to put their business ideas into practice. It has been noted that SMEs face lot of administrative huddles in their endeavour to secure funding to start and grow their businesses (Niemann and Nieuwenhuizen, 2014). This is contrary to the universal recognition given to Small and Medium Enterprises as government's key drivers of strategies for economic development (Aqwa-Ejon and Mbohwa, (2015). Small enterprises, irrespective of their size, need funding to build facilities; secure equipments; purchase inventory; train and pay employees; as well as to launch the products and services by way of advertisements. Bhorat *et al* (2018) summed it up by postulating that financial resource is required for start, maintenance, as well as sustainable growth and competitive stability. While these resources are needed, Psilos and Galloway (2018) assert that effective and efficient resource allocation is a strategic skill required for business performance. Thus, this argument supports the need for SMEs owner/managers to undergo skills training in financial management.

### **Commercial Banking Sector Stance**

Niemann and Nieuwenhuizen (2014) regard commercial banks as primary sources of funding for the small business sector. Their strategic position is based on the assertion that their

services and products are characterised by effectiveness, efficiency and safety. Their approach is further described as innovative and specialised to add value to SMEs growth and survival. Contrary to these descriptions, recent studies have painted a different picture as far as financing the small business sector is concerned. The study findings by Aqwa-Ejon and Mbohwa, (2015) in Gauteng (South Africa) found that commercial banks were likely to approve only 25% of SMEs applications for funding. Similar study by Osano and Languitone (2016) in Mozambique found that only 5% of the SMEs were funded by formal financial institutions, whereas majority rely on their own means of funding. Another study undertaken by Woldie, Laurence and Thomas (2018) on finance accessibility by SMEs in the Democratic Republic of Congo (DRC) found that 66.84% of SMEs were funded through personal savings and combination of family and friends. An insignificant 3.67% was recorded for SMEs financed by financial institutions. The findings reported comparatively from three different countries provide same picture about commercial banks. What are the reasons for the lower success rate of applications?

### **Reasons for Lower Funding Rate**

#### Risk aversion

Commercial banks have been reported to be taking a cautious step in assessing SMEs applications for funding. While the move might seem to be working against the need to support the small business sector, Niemann and Nieuwenhuizen (2014) hold the stance that banks should be viewed as business institutions that have a high alert for risks. They therefore, from a business point of view, have a right to identify potential risks, and apply risk aversion measures deemed necessary. Ngcobo and Sukdeo (2015) maintain that SMEs lack information required to qualify for finance, and that being the case always put them in a risky position. In support of this assertion, Aqwa-Ejon and Mbohwa, (2015) reported that most entrepreneurs are not willing to learn how commercial banks operate. This act of reluctance results in complete failure to comply with the requirements set for funding.

### Focus on big businesses

In spite of the historical nature of commercial banks to finance small businesses, Niemann and Nieuwenhuizen (2014) believe that notable strides have been made to introduce special financing schemes suitable for the sector. Aqwa-Ejon and Mbohwa, (2015) on the contrary posit that commercial banks' services and products are designed to cater for the needs of big businesses. In confirmation of this assertion, the study conducted by Bank of Japan (2016)

found that the lending attitude of financial institutions gave significant preference towards big enterprises compared to small ones. The reason is that small businesses that are yet to establish themselves in the market pose lot of risks in the provision of funding (Abbasov and Alisada (2016). The business market is dynamic, unstable and unpredictable. In consideration of such circumstances, commercial banks rely on well-established big business with traceable and reliable track record. Another reason is that big businesses provide potential market for higher profits compared to the small business sector. The products are therefore designed to attract higher interests way above affordability of small businesses.

# **Inability to provide basic requirements**

Chimucheka and Mandipaka (2015) and Aqwa-Ejon and Mbohwa, (2015) are in agreement that SMEs' failure to have their application approved could be attributed to: inability to provide collateral security against which commercial banks could provide the loan; lack of historical banking transactions outlining income and expenditure trends as well other financial commitments; poorly designed business plans often by private service providers not really representing what the envisaged enterprise intends to achieve; as well as presentation of non-viable business ideas that fall short of achievable objectives. Failure to provide such critical information renders the application unsuccessful. Commercial banks criteria for providing loans to small business sector is described as strict, following the need to comply with the conditions in all material aspects.

While all other required documents are equally important, financial statements of the SME receive much attention. Yoshino and Taghizadeh-Hesary (2017) also share similar sentiment that SMEs find it difficult to access funding from commercial banks due to lack of solid accounting systems. This tendency put banks in an awkward position when evaluating the applicant. They need to base every step of the evaluation on credible evidence. Commercial banks are required to commit time and effort in evaluating the documents, as well as investigating the merits thereof. The reason is that they provide the basis upon which decisions regarding potential loan amount; capacity to repay; as well as term of repayment are taken.

Shokongo (2018) also maintains that evaluation of application for funding from commercial is a rigorous exercise that involves review of SME's financial statements for a particular period of time. The process requires detailed data resulting from accurate record keeping. Much to the disadvantage of SMEs, such information could not be sufficiently provided. The issue of lack of accurate financial statement is attributed to lack of knowledge and understanding of the

importance of record keeping (Woldie, Laurence and Thomas, 2018). It is evident that commercial banks have what takes to support small enterprises, on condition they are in compliance with the criteria laid down. While commercial banks could not squarely be blamed for SMEs' inability to meet the funding criteria, these institutions (commercial banks) have a role to play in providing education and training regarding their services and products to their clientele. Their promotion strategies should consider addressing the needs of the clients.

# **2.11 Summary**

Theoretical Framework, Conceptual Framework and Industry/Field Description

The Human Capital Theory was identified to be ideal frame within which the study would be undertaken. Despite criticism against the theory, it was selected on the basis of assumptions that support investment in education and training for enhancement of knowledge, skills and attitudes. In support of the HCT, Andragogy was also identified to be relevant, due to its presumptions that emphasise to need to consider learner's needs, experience, relevancy, as well practicality. The conceptual framework was described as a system of interrelated concepts that support each other to provide a comprehensive understanding of a phenomenon (Blumberg, Cooper and Schindler (2014).

Conceptual framework plays the role of setting boundaries within which the study would be undertaken. The following concepts were identified to provide the required frame within which the project would be implemented: education and training-independent variable; SMEs sustainability-dependent variable; appropriate approaches are mediating variables (1); age, gender, experience in the industry, education level and race- moderating variables; changes on regulatory and contractual frameworks-mediating variables (2). All these variables were expected to play a part towards SMEs sustainability.

The study is undertaken in the industry/field of entrepreneurship, focussing small and medium enterprises in rural areas. The industry/field was selected on the basis of its strategic positioning in the fight against poverty, unemployment and inequality. The industry/field is globally recognised for playing a critical role in economic development.

#### SMEs' Challenges

This task was intended to explore the major factors that contribute towards SMEs failure in rural areas. There is general consensus that government regulations in their current form contribute towards failure among rural entrepreneurs. Notably, it has also been established that

SMEs lack the necessary understanding and competencies to comply with the regulations Chimcheka and Mandipaka (2015), Meyer, Meyer and Molefe (2016) and Sitharam and Hogue (2016). Likewise, access to funding was squarely attributed to lack of information about available funding options, inability to provide collaterals, as well as lack of competencies to produce the requisite compliance documents like business plans and accounting records (Ngcobo and Sukdeo, 2015), (Osano and Languitone, 2016) and (Abbasov and Alizada, 2016). Poor management skills was also identified as constraint due to low education and experience level, as well as inefficient support from government agencies (Masegare, 2014), (Chimcheka and Mandipaka, 2015) and (IPSESE Report, 2018).

There is consensus that SMEs' lack of skills and competencies in marketing result in choice of less demanded product (or service), poor business location and less competitive pricing strategies (Chimcheka and Mandipaka, 2015), (Motsetse, 2015) and (Lekhanya and Visser, 2016). While technological infrastructure was found to be inadequate, it has also been established that SMEs lack technical skills and competencies to adopt technology in the business operations (Sitharam and Hogue 2016) and (Meyer, Meyer and Molefe, 2016). It was further recommended that the provision of technology infrastructure and technology skills enhancement should be treated as complementary to derive effective and efficient approach (Durowoju, 2017).

## Exploring Education and Training in Entrepreneurship

This sub-topic was intended to provide an orientation regarding education and training in entrepreneurship. The concept was defined as a multidisciplinary approach undertaken to provide knowledge, skills, competencies and attitude required for business start-up and operations. It was further explored in terms of programme purpose (focusing on individual, social and economic levels); content coverage; delivery approaches; evaluation methods, as well as complementary services required to provide continuous support for participants.

## Importance of Education and Training

The importance of education and training for SMEs was also explored with special focus on knowledge and understanding of the macro and micro-environment, improvement of management functions, as well as growth and survival strategies. In comparison with economic and technological factors, political and social factors were found to attract less focus among entrepreneurs as far as macro-environment analysis is concerned (Banahene, Ahudey and Mensah, 2016). In the quest to explore the micro-environment, entrepreneurs are required to

know and understand suppliers' power, distributors' attributes, customer demographics, and competition intensity (Louw and Venter, 2015), (Ukessays, 2015) and (Bruijl, 2018).

Improvement of management functions, as required of an entrepreneur, entails effective planning through establishment of goals, actions and resources; organising through allocation of resources; leading through motivation and influence; as well as controlling through establishment of checkpoints for evaluation of performance (Schraeder *et al*, 2014), (de Oliviera, 2015) and (Kapur, 2018). These management skills serve as enablers in adapting to the changing environment. It has also been established that SME education and training enhances skills and competencies essential for adopting appropriate growth and survival strategies. The strategies explored are market penetration which focuses on product elevation; market development which entails extension of business operations; diversification which focuses on expansion of business by adding product or service; as well as differentiation which entails offering the same product at higher branding and promotional strategies Nieman and Nieuwenhuizen (2014), (Banker, Mashruwala and Tripathy, 2014) and (Uko and Ayatse, 2015).

Entrepreneurship orientation was defined as processes, decisions and practices required for understanding of combination factors that lead to establishment of a venture (Ibrahim and Lucky, 2014) and (Nieman and Nieuwenhuizen, 2014). The factors referred to include organisational strategies adopted to fulfil the organisational mandate. The individual will to enter the business sector was also highlighted as an important factor. Entrepreneurship orientation was explored focussing on five dimensions: innovativeness, autonomy, risk taking, pro-activeness and competitive aggressiveness, as guided by Ibrahim and Lucky (2014), Nieman and Nieuwenhuizen, (2014) and Koe (2015). Each of the dimensions was fully discussed.

# Critical Focus Areas

In the quest to embark on education and training support services for rural SMEs, it would be prudent to identify knowledge areas to be prioritised. Knowledge and understanding of the regulatory requirements has been identified a priority, as it would enhance compliance, facilitate access to funding and government support programmes (Somers, 2014, Timothy, 2015) and Dladla and Mutambara, 2018). While access to funding has been reported to be a major constraint, enhanced financial management skills were found to be indispensable for SMEs operations. The primary focus was on income statement, cash-flow statement and

balance sheet, which are deemed the basis for business financial records (Petro and Gean, 2014, Alhabeeb, 2015 and Guerreirri, 2016).

Marketing mix strategy was also identified to be appropriate response to poor choice of enterprise location, products or service offering, pricing strategies, as well as promotion techniques (Shehadeh, 2014), Alhabeeb (2015) and Al Badi (2018). The theme/sub-topic also identified ICT literacy skills as critical area for alignment of enterprises with the everchanging technological environment. Priority skills in this regard focuses on access to variety of sources; management of digital information; integration of diverse information into units; evaluation of information to ascertain its relevance; as well as creation of new information from diverse sources (Quadri and Abiodun, 2017, Digital Literacy Skills and Learning, 2017, and Anyim, 2018)

# Appropriate Approaches

This sub-topic was intended to identify appropriate approaches for implementation of education and training programmes for SMEs. ADDIE instructional design model was found to be the basis upon which all other approaches could be build (Aldoobie, 2015, Nichols-Hess & Greer, 2016 and Alodwan and Almosa, 2018). The strength of this model lies in its continuous feedback and subsequent review of all phases for purposes of responding to the needs that might arise. Training workshops were also identified to be appropriate approaches due to their importance in affording participants opportunity to engage in hands-on activities in resolving business challenges (Fatumo, Shome and Macintyre, 2014, Masalimova, Usak and Shaidullina, 2016 and Serrat, 2017). While credited for physical engagement, workshops were also found to demand highly competent organisers to ensure the benefits outweigh the limitations.

Owing to limited experience in entrepreneurship among SMEs, mentorship programmes were identified to be ideal for learning business skills directly from experienced mentors on continuous basis (Robison, 2014, Ismail *et al*, 2015 and Ilieva, 2015). While these programmes are credited for opportunity to learn and grow under the guidance of experts in the field, they also demand higher level of commitment from mentees to bear fruits. The need to share good business practices was also found to be critical for SMEs in their endeavour to sustain growth and survival. In response to this need, networking was identified to be significant approach in the process of mutual exchange of valuable information (Desta, 2015, Turkina, 2018 and

Jonathan, 2018). Its limitation lies in the potential to withhold critical information for fear of losing competitive advantage.

### The Role of Government

The need to explore the role of government in SME education and training was triggered by the universal mandate to create an enabling environment for business growth and the overall economic development (Niemand and Niewenhuizen, 2014). The success of this mandate is underpinned by well-coordinated spheres of government (national, provincial and local) that subscribes to transparency and uniformity in policy implementation. It was therefore found necessary for government to identify barriers to effective coordination of the three spheres. As a result the following barriers were established: parallel mode of operation, lack of accountability and lack of capacity (Meyer, Meyer and Molefe, 2016, Peter *et al*, 2018 and Alexander, 2017).

Promotion of public-private partnership (PPP) was also identified to be the role of government. This partnership is based on the findings that government support structures lack capacity and resources to discharge their mandates as required. The PPP serves the purpose of addressing inefficiency, low level of managerial and technical skills, as well as lack of resources like technological infrastructure (Jabavu, 2014, Bruchez, 2014 and World Bank Group, 2016). It was further established that the government has role to review SME support structures. The latter, in spite of their number, were found to be characterised by ineffectiveness; poor coordination; duplication of programmes; as well as lack of specialists (Motseo, 2015, Maloka and Dlamini, 2016 and Bhorat *et al*, 2018). Government regulatory system was found to be restrictive for business growth and sustainability. It is on this basis that the government has a role to review bureaucratic regulations related to business registration, labour matters and tax compliance (Nieman and Niewenhuizen, 2014, GEM South Africa Report, 2014 and Tee, Boadi and Opoku, 2016).

Government funding model was also explored. The purpose was to establish reasons for failure of SMEs in rural areas to access funding, despite availability of government funding schemes. Institutions mandated to facilitate funding programmes were identified as the National Empowerment Fund with core mandate to support black entrepreneurs by providing funding (Nieman and Nieuwenhuizen, 2014). The industrial Development Corporation provides risk capital to industrial projects, and financial empowerment to emerging entrepreneurs. The Small Enterprise Finance Agency provides capital support to small businesses at early-stage and

expansion operations (ExpertHub Staff, 2018). The National Youth Development Agency's primary objective is to create initiatives aimed supporting youth participation in economic activities (SEDA, 2016). It was noted that SMEs still fail to access funding due to lack of information, focus on urban areas, and operating without proper registrations.

### The Role of Commercial Banks

The need explore the role of commercial banks is triggered by their strategic position as far as the provision of funding for SMEs is concerned. While the banks are understood to stand for business transactions, in terms of the Corporate Social Responsibility (CSR) their stance does not preclude them from ploughing back to the communities around their operations. Thus, on basis of the CSR, the role of commercial banks was explored through the following subheadings: information sharing, introduction of tailor-made services, as well as introduction of cluster funding. CSR was found to be a win-win interaction in which the company gives back through community projects, while enhancing its reputation and financial returns (Grigoris, 2016, Kabir and Thai, 2017, and Azman and Mustapha, 2018).

Information sharing was also identified to be a reciprocal process in which SMEs need accurate information about products/services and qualification criteria, while commercial banks need information about SMEs to engage in objective assessment of applications, as well as to position their their products and services strategically for promotion (Osano & Languitone, 2016, Bruno & Luck, 2016 and The Banking Association of South Africa, 2017).

Introduction of tailor-made products and services for SMEs was identified to be a differentiation strategy towards acknowledging customer needs and expectations, offering unique products/services, as well as improving customer trust and loyalty (Alvarez-Garcia *et al*, 2017, Scarff, 2017 and Otaigbe, 2018). Commercial banks were further found to have a role to play in the introduction of cluster funding. The latter is credited for improved access to funding with less transaction costs, strategic focus on products/services relevant to available strength and resources, and collective business growth and sustainability (BMWi, 2014, European Commission, 2016 and Herr and Nettekoven, 2017).

Commercial banks were also explored in terms of their approach to funding small enterprises. It was intended to establish information that could be shared to ensure that rural SMEs qualify for funding as provided by the various schemes available. In spite of commercial banking sector's commitment to support small enterprises, it was established that majority of small enterprises fund the enterprises from their savings, family savings or combination of family

and friends (Osano and Languitone (2016) and Woldie, Laurence and Thomas (2018). The reasons established for SMEs failure to access funding were that commercial banks are risk averse in approach, they focus on well-established big business with good credit record, and that small business sector could not provide the required documents. It was recommended that commercial banks should provide information to support rural SMEs in accessing funding.

### Existing Gaps Identified

According to literature, in an effort to deal with the bureaucratic regulatory environment, the powers that might be should embark on reforms to administrative procedures. Literature has fell short in addressing the issue of enhancing SME capacity to deal with the relevant regulations. On the question of lack of access to funding, there is evidence of unanimous recommendation to relax terms and conditions set by the financial sector. While this might be a relief, strategies to enhance the capacity of SMEs to keep accurate financial records, as well as produce credible business plans was not adequately addressed.

Lack of management skills was identified as hindrance to SME survival. The gap identified relates to the general nature of support programmes that do not consider the diverse context of the SMEs challenges. In addressing market accessibility, literature dealt with the four strategies of the marketing mix in isolation from each other. There exists a need for a comprehensive marketing approach for SMEs. Literature put emphasis on provision of technological resources. While this might be a genuine call, what remains to be explored are specific technological skills relevant to SME sector, given the level of capacity and diverse contexts under which they operate.

The importance of education and training for rural entrepreneurs was found to be a necessity in all aspects. What is lacking is a holistic approach in the analysis of both the macro and micro environments. It has also been established that SMEs tend to follow on strategies that were 'feasible' in the past, without due consideration of the changing business dynamics. Thus, there is a need for SMEs to learn to adopt growth and survival strategies that respond to their challenges in terms of context and time. Government support agencies were found to be adopting a one-size-fits-all approach, thus failing to deal with the diverse challenges facing SMEs. In response to this gap, critical focus areas for education and training need to be identified as informed by the major challenges facing SMEs.

In as much as support agents did not consider the diverse challenges of SMEs, so are the approaches adopted to implement the programmes. This is evidence of lack of specialist

capacity in planning, implementing and evaluation of programmes. The three spheres of government were found to be characterised by parallel model of operation, selective implementation of programmes and less accountability. Thus, a gap exists in terms of integrated planning, coordination, monitoring and accountability. Commercial banks were also found to have designed their products and services for bigger businesses with capacity to meet mandatory prerequisites. The gap exists for commercial banks to find a route to embrace SMEs expectations in terms of both funding and non-financial support. The next chapter deals with research methods and data collection.

CHAPTER 3: RESEARCH METHODS AND DATA COLLECTION

3.1 Introduction

This chapter outlines the research approach and design selected to undertake the study. The

philosophy underpinning the choice of approach and design is described. A brief comparison

is made between the selected philosophy and the alternative one. The aim was to justify the

selected philosophy, as well to refute the other option. Justification, strengths and limitations

of the choices are provided. An account of other alternative methods considered is provided.

The inappropriateness of these methods for the study is outlined.

Description of the population targeted for the study, type of sampling technique applied,

sampling frame and its appropriateness for the study are outlined. The study sample, sample

size and sample inclusion criteria are also addressed. The formula used to calculate the number

of samples is given attention. An account of unstructured interviews and participant

observation, as selected tools to collect data for the research, is provided. The account covered

description, process underpinning each tool, as well advantages and disadvantages thereof. The

selection of data collection tools covers both primary and secondary data. The description of

tools includes nature and purpose, the role of the researcher, data recording, advantages and

disadvantages.

An assessment of the actual instrument is made in descriptive and tabular forms. The process

followed restatement of the main questions with supporting sub-question for each. The main

questions are also supported with respective hypotheses. The purpose and description of

procedures followed in piloting the interview data collection instrument was covered. Elements

that were found to be a challenge were highlighted, and measures to improve them were also

dealt with. Ethical assurances in terms of institutional approval, organisational permissions

were also given attention. Data collection process and the settings under which the process was

conducted were discussed. The task also covers description of the data analysis technique that

was adopted; the phases followed in the process of analysis; the appropriateness of the

technique; as well criticism levelled against it (technique). The issue of adherence to

triangulation in the process of analysing data was addressed. The chapter is concluded with a

summary highlighting all important aspects covered in the discussion.

3.2 Research Approach and Design

3.2.1 Research Philosophy: Interpretivism

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The study was based on interpretative paradigm. Kothari (2004) asserts that interpretative paradigm concerns a subjective analysis of people's attitudes and opinions for the purpose of better understanding of a particular situation. In the view of Welman, Kruger and Mitchell (2005) interpretivism holds the assumption that human beings are in the process of making sense of the social world by continuous description and interpretation of their daily actions, experiences and feelings about a phenomenon. The life-world is viewed as interpreted reality that is socially constructed from different individual perceptions. In support of this assumption, Blumberg, Cooper and Schindler (2014) asserts that interpretivism holds the assumption that the social world is observed from the viewpoint of subjective meanings and interpretations people make. This stance supports the active involvement of the researcher in the study process.

Contrary to interpretivism, positivism holds assumptions based on objectivity, value-freedom and impartial analysis (Bryman *et al*, 2014). In spite of these basic principles, the paradigm was refuted on the basis of its assumption that the social world exists externally, thus free from social actors. The phenomenon under investigation involves people's lived experiences, and thus requires deeper understanding of the subjective reality. It was on this basis that a qualitative research approach was selected for the study.

## 3.2.2 Qualitative Research Approach

Qualitative research is based on the assumption that human experience and the person experiencing it cannot be separated, and is thus opposed to the natural-scientific method (Welman, Kruger and Mitchell, 2005). The authors assert that the main objective of qualitative research is exploration of human inferences, opinions and attitudes in order to describe, analyse and interpret particular phenomenon. The aim is to discover ideas used in the ongoing processes as perceived and experienced by humans in their interaction with the life-world. The purpose is to understand, explain and gain insight of phenomena through intensive interaction with diverse human perceptions and experiences about the world (Hammersley (2013). In the view of Bryman (2014) qualitative research subscribes to the tradition of naturalism that upholds social reality from interaction in a natural setting. Arguing in favour of a natural setting, Kakulu (2014) holds the view that the phenomenon under investigation unfolds without impediments, due to lack of predetermined manipulation of the process by the researcher.

Qualitative research approach applies inductive reasoning. This approach moves from specific instances to develop a general conclusion. Researchers study individual cases, and proceed to formulate a general theory based on conclusions drawn from observation of empirical reality

(Welman, Kruger and Mitchell, 2005 and Sachdeva, 2008). It moves from specific observation to broader inferences and theories. According to Blumberg, Cooper and Schindler (2014) the premise upheld is that few cases being studied are viewed as supplying some evidence for the truth of the conclusion. Qualitative research approach follows a subjective approach in which the researcher's constant interaction with participants plays an important role. The methods are flexible and emergent. The researcher observes; questions; probes; listens and records participants' reactions and answers. Due to the nature of the study, a smaller number of samples was required.

# 3.2.3 Appropriateness of Qualitative Research Approach

Thus, qualitative research approach was selected on the basis of its appropriateness in terms of philosophical stance that people are continuously in the process of interpreting and making meaning of the life-world (De Vos *et al*, (2012). Its objective of understanding a phenomenon from the perspective of people involved has a direct role to play in the study. The inductive reasoning behind qualitative research better complements the pursuit to draw conclusions on the basis of specific instances, and arriving at generalisation. The natural setting advocated by qualitative research approach served the purpose of interacting with participants in non-threating environment convenient to them (Bryman *et al*, 2014). The subjective approach applied afforded the researcher opportunity to interact constantly with participants. This was highly possible due to a smaller number of samples required for the study. The emergent nature of qualitative methods was appropriate in applying flexible strategies (Blumberg, Cooper and Schindler, (2014).

## 3.2.4 Limitations of Qualitative Research Approach

The disadvantage of qualitative research is that it is less adept at studying external, observable events (Welman, Kruger and Mitchell, 2005). Since the research environment is not controlled, the natural setting is viewed as one aspect that compromises the credibility of the results (De Vos *et al*, 2012). The approach is more prone to incidents of biasness, due its subjectivity stance. Inductive reasoning is assumed incomplete and susceptible to false conclusions even if observations were credible. Creswell (2014) views qualitative research methods as labour intensive and time consuming in terms of both data collection and analysis. The process of data collection and analysis may be more difficult and complex. Mitigating factors adopted to counteract the criticisms included triangulation in both data collection and analysis.

## 3.2.5 Alternative Approaches Considered: Quantitative and Mixed-Methods

## **Quantitative Research Approach**

Owing its origin from positivism philosophy, quantitative research approach is credited for objectivity, value-freedom, controlled environment, non-interference with subjects, as well as cost and time effectiveness (Bryman *et al*, 2014). This approach upholds conventional empiricism which focuses on the examination and establishment of cause and effect relationship between variables through the application of statistical and mathematical methods Blumberg, Cooper and Schindler, 2014). The approach could not stand the requisite of this study for deeper knowledge and understanding that encompass thoughts, emotions and interpretations.

Quantitative approach puts emphasis on controlled environment predetermined by the researcher. While the reason is to ensure that the results are accurate and credible, such a setting would defy the natural setting required for flexibility and non-threatening environment (De Vos *et al*, 2012, Bryman *et al*, 2014 and Blumberg, Cooper and Schindler, 2014)). Its objective stance in relation to researcher-participants relationship would not serve the purpose of constant contact required for this study. A deductive reasoning applied to quantitative research approach is against the purpose of the study to observe few cases and arrive at general conclusion.

### **Mixed-Methods Research Approach**

A mixed-methods approach is a combination of quantitative and qualitative research methods. In consideration of a mixed-methods approach, Heyvaert, Maes and Onghena (2011) hold the opinion that mixed-methods research has a tendency of stressing one set of findings in which the researcher has faith, thus neglecting the rest. It is revered for addressing the weaknesses associated with the application of a single research approach. Be it as it may, this approach was not an option on the basis of a need for a balanced and comprehensive knowledge of both quantitative and qualitative approaches (De Vos *et al*, 2012). Such a demand might prove difficult to meet. The application of a mixed-methods approach would render it difficult for the researcher to step out of their comfort zone, in terms of knowledge and familiarity with one particular approach, to combine two different approaches (Bryman *et al*, 2014). The requisite to close the knowledge-gap between quantitative and qualitative approaches might prove to be less feasible, given the timeframes required for the project. The need to strike a balance in the application of the two approaches might be difficult to sustain.

## 3.2.6 Research Design

Miles, Huberman, & Saldana (2014) define research design as the foundational framework upon which a study is based. It serves the purpose of assisting in finding answers to the research questions. Phenomenology was selected as the research design. This type of design is appropriate due to its flexibility in the application of a variety of strategies in the process of engaging participants (Miles *et al.*, 2014).

# 3.2.6.1 Study Setting

The study was undertaken in Sekhukhune District of the Republic of South Africa. The area was selected on the basis of being rural with lesser economic development opportunities. Agriculture, mining and retail sectors are notable economic activities that provide for employment for local communities with requisite skills. In 2007, a collaboration between the Department of Provincial and Local Government (DPLG) and Business Trust (BT) identified limited economic productive capability as critical contributing factor towards poor economic development in the selected nodes (DPLG and BT, 2007). Specific inhibitory factors identified included shortage of skills development programmes in entrepreneurship, lack of marketing information and poor adoption appropriate technologies. It was recommended that such areas be prioritised for the provision of hands-on support for economic development.

The area was also selected on the basis of opportunities available for the success of entrepreneurship education and training initiatives. To begin with, all four areas of the district have satellite local municipal offices. These offices have a mandate to coordinate Local Economic Development (LED) programmes in their respective areas of operation (Malefane, 2009). In addition, the farming and mining sectors have what it takes to support local communities by supporting skills development programmes through the mandatory Corporate Social Responsibility (CSR) (Johannes, 2016). Furthermore, there is a tertiary institution, Sekhukhune Technical and Vocational Education and Training College, with community outreach programmes. A collaboration among the three sectors: local government, business and education sectors, has the potential to result in an integrated, common and sustainable community development programmes.

## 3.2.6.2 Phenomenology

In alignment with qualitative research approach, the study was undertaken on the basis of phenomenology. Welman, Kruger and Mitchell (2005) define phenomenology as a theoretical point that seeks to understand a phenomenon from the view of people who possess relevant

first-hand experience. In support of this view, Cohen, Manion and Morrison (2007) posit that meanings are human constructs that arise from social situations and interpretative processes. The aim of phenomenology is to understand the situation being studied by interacting with people about their life world. In the view of De Vos *et al* (2012) a life world refers to how an individual consciously experiences and acts in their daily life.

According to Vagle (2014) Husserl (1859-1938) is credited for being the founding figure of phenomenology. The founder rejected the notion that the social world exists independent of human beings. The foundation of phenomenological research design is the assumption that the researcher engages in the description of the participants' lived experiences about a phenomenon as per individual description (Creswell, 2014). According to Bryman *et al* (2014) phenomenology is concerned with how individuals perceive, experience and construct meaning to their interaction with different situations. The authors further opined that humans act or react in accordance with the meaning they attribute to various situations.

As an example, Groenewald (2003) conducted a successful study on cooperative education applying phenomenology (De Vos *et al*, 2012). Barrow (2017) also undertook a successful study on children with autism receiving special education, applying phenomenological design. The approach played a profound role in restricting the researchers' biases and preconceptions, and assisted them to direct the questions at participants' perceptions, opinions and experiences about the phenomena under study. Thus, interpretation of nature and essence of participants' lived experiences was based on facts, rather than personal assumptions.

## 3.2.6.2.1 Basic steps in Phenomenological Research Design

The steps outlined in the ensuing paragraphs incorporate explicitation process undertaken by Groenewald (2004) and strategies applied by Barrow (2017). The purpose is to ensure that researcher's knowledge framework is suspended for the entire duration of repetitive engagement with data, search for patterns, themes and categories, as well as generation of summary and description of findings.

# **Bracketing and Phenomenological Reduction**

Bracketing entails withholding one's preconceived assumptions and perceptions about particular phenomenon for the purpose of improving the quality of research (Bryman *et al*, 2014). This is to ensure that the researcher's pre-knowledge does not interfere with the information provided by the participants. According to Vagle (2014) the process of bracketing

involves taking a neutral stance by suspending vested personal experiences, beliefs and convictions throughout the research process to explore lived experiences of participants (Barrow, 2017). According to Qutoshi (2018) plays critical role in both data collection and analysis. This would allow "truth" to show itself and determine the trustworthiness of the results. Bracketing would serve the purpose of avoiding incidents of being judgemental and bias, thus affording allowing the flow of information without interference.

## **Intuition and Delineating Units of Meaning**

Intuition entails a purposeful and formal process of interacting with the data to achieve accurate interpretation of particular description of phenomenon. According to Cattelan (2015) intuition is enhanced by continuous practice in order to harness the required skills thereof. In support of this view Czerniak and Berkner (2016) opined that intuition is a process that involves knowledge gained through experience and repetition of activities geared towards particular goal. In the process of intuiting, researchers become fully engaged with the phenomenon without applying any assumptions held. This is to ensure that the phenomenon is studied from a factual point of view. According to Barrow (2017) effective application of intuition depends on active listening, reflective practices, identification of commonalities, as well as allowing different opinions to emerge. Thus, full concentration on the part of the researcher is a definite requisite. This step would ensure that the researcher remains vigilant, focused and fully engaged on the study.

## **Analysing and Clustering of Units**

Phenomenological analysing entails interaction with the collected and presented data to identify the underlying essence of the phenomenon being studied. According to Bryman (2014) the focus in analyzing is on the content, themes and meaning of the text. This process involves intensive engagement with participants' responses for the purpose of reducing large pool of information into small and manageable amount (Blumberg, Cooper and Schindler, 2014). This is the point where the researcher reads, listens, compares and contrasts various descriptions on hand. According to Barrow (2017) analysis affords the researcher opportunity to identify statements that accurately relate to the phenomenon, formulate meanings, generate categories of themes, as well as establishment of relationships and validation. The process of analysis would assist in assessing the envisaged large volume of data to arrive at patterns and draw validated conclusions.

## **Summarising and Describing**

This step represents the final step of phenomenological research. The purpose is to provide a composite summary of the significant elements based on the classification and generation of overarching concepts related to the phenomenon. According to Barrow (2017), where possible, direct quotations of respondents and interpretation through descriptions should be the order of reporting rather engaging in explanation. The meaning and significance of the experience is thereby communicated. Qutoshi (2018) holds the view that the process of reporting the findings should focus on detailed description of the phenomenon, thereby providing the readers with the foundation upon which summary of the findings, discussions and recommendation or future implications were based. According to Sundler *et al* (2018), in the description process, the researcher should consider presenting the findings in a manner that reflects the importance of data, rather than researcher's understanding. In the context of this study description would afford the researcher opportunity to provide background details of the phenomenon, the research setting and interpretation of the findings. The context under which the study was undertaken would, to a certain extent, justify findings.

# 3.2.6.2.2 Strengths and Limitations of Phenomenological Research Design

## **Strengths of Phenomenological Research Design**

Phenomenological studies remain more interesting and meaningful for researchers as they continuously engage in interpreting the social world from the vantage point of lived experiences of participants (De Vos *et al*, 2012). Phenomenological research affords the researcher opportunity to apply personal skills to motivate and give spur to the process of data collection, thus keeping the momentum in check (Maxwell, 2013). Phenomenological research affords a researcher opportunity to collect data and make meaning simultaneously, thus making it possible for continuous revision and establishment of patterns and themes (Miles, Huberman, & Saldana, 2014). It affords the researcher opportunity to apply emergent strategies as might be dictated by the context under which data collected. It is a critical tool for understanding a phenomenon through subjective and direct responses from people with first-hand information (Rudestam & Newton, 2015).

## **Limitations of Phenomenological Research Design**

According to Creswell (2014) phenomenological research deign is susceptible to incidents of biasness. Keeping preconceptions abeyance might prove to be an illusion. Miles, Huberman,

& Saldana (2014) hold the view that the large volume of data collected renders the analysis process time consuming, messy and labour-intensive. The smaller number of samples required makes generalisation less feasible. The need to focus on detail description of the phenomena before attempting reporting on the findings might prove to be a challenge, especially for novice researchers. Rudestam and Newton (2015) hold the view that the context under which data is collected might impact negatively on the credibility and reliability of findings. Phenomenological approaches are less effective in the explanation of subjective realities that seeks to establish understanding of human insights, beliefs, motivation and actions (Qutoshi, 2018).

## 3.3 Population and Sample of the Study

## 3.3.1 Population

According to Bryman *et al* (2014) population refers to the total of units from which a particular sample is to be drawn. Blumberg, Cooper and Schindler (2014) further describe a population as the total unit of elements about which the researcher intends making inferences. Crosby, Salazar and DiClemente (2015) posit that population entails specific and accurate description of segment of people targeted by the researcher in the study. In the view of Holloway and Galvin (2016) experience and knowledge of the phenomenon, as well as accessibility play a major role in determining the target population. Rajaram (2017) defines a population as a group of individuals targeted for undertaking the study in the investigation of a particular phenomenon. In the context of this study, a population would refer to a clearly defined target group of individuals about which the researcher wishes to draw conclusions.

In line with the description above, the population of this study were stakeholders in the SMEs sector in rural areas. The target group was operational within the jurisdiction of Sekhukhune District where the study was undertaken. Thus, the issue of accessibility played a major role in ensuring that the choice of the target group is cost effective in terms of location, time and other resources. The population was targeted on the basis of experience and knowledge in the SMEs sector. The units were involved in SMEs activities either as entrepreneurs, rural economic convenors or facilitators in support agencies. Though diverse in approach, their ultimate goal is achievement of growth and sustainable SMEs in rural areas. Since studying the entire target population would not be feasible, it therefore became necessary to draw a sample.

## 3.3.2 Sampling

## 3.3.2.1 Sampling Type: Purposive Sampling

According to O'Gorman & MacIntosh (2014) qualitative research applies non-probability sampling in which not all units in the population have equal chance of being selected for the study. In the view of Blumberg, Cooper and Schindler (2014) a non-probability sample that meets predetermined criteria is known as purposive sampling. It involves a purposeful selection of samples based on particular characteristics that are thought to be relevant to provide rich information about the phenomenon under investigation (Patton, 2015). Purposeful sampling is based on the assumption that the researcher is the process of discovery, understanding as well as gaining insight, and therefore should select participants possessing rich information (Merriam and Tisdell, 2015).

Du Plooy-Cilliers *et al* (2016) hold the view that non-probability sampling should be an option in cases where it is challenge to gain access to the whole target population. Allen and Babbie (2016) recommend purposive sampling based on its practicality, usefulness and suitability in selecting the most appropriate samples that bear specific features relevant to the study. The researcher will apply a non-probability sample in the form of purposive sampling. The choice is based on infeasibility to involve the whole target population, and the need to select samples with pertinent attributes to the study.

On the contrary, Alvi (2016) is critical of purposive sampling for being prone to sampling bias, as well as its lack of generalisation. Sampling bias entails an act of selecting study samples in a manner that some members of the target population have less chance to be included than others. In accordance with Rajaram (2017), the researcher intended minimising these limitations by clearly defining research design and approach; adhering to research ethics; inclusion criteria; as well as making no generalisations.

#### **3.3.2.2 Sample**

Bryman *et al* (2014) defines a sample as a subset of the total population that is chosen for study. In support of this view, Blumberg, Cooper and Schindler (2014) describe a sample as carefully selected smaller segment drawn from the target population. Careful selection implies ensuring that, among others, a sample conforms to representativeness of the entire population. This in line with O'Gorman & MacIntosh (2014) who posit that every effort should be made to ensure that the sample being studied clearly represents the population from which it has been drawn.

Salazar, Crosby and DiClemente (2015) further advises that a sample should be based on clearly defined sampling frame. The latter, according to the authors, refers to a formally drawn list of elements or units (members) that make-up the entire population.

According to Patton (2015) and Holloway and Galvin (2016) the process of selecting a sample entails decisions about where, who, what and how to sample. Holloway and Galvin (2016) further advise researchers to consider adopting a heterogeneous sample, also known as maximum variation sampling, to select participants with widely differing experiences and for variations in settings. In the view of Biddix (2018) selection of sample is influenced by factors such as knowledge of data sources; accessibility, as well as other resources constraints. Thus, the sampling frame of this study was comprised of rural SMEs sector, Municipal Local Economic Development and Limpopo Economic Development Agency. The sample was drawn from villages around Sekhukhune District.

The sample was consisted of three groups. First group: SMEs owner/managers. They were selected on the basis of being active enterprise owner/managers, thus involved in day-to-day running of the businesses. They were sought to possess the knowledge and experience related to the phenomenon under investigation. Second group: Local Economic Development convenors. This group was responsible for supporting aspiring and emerging entrepreneurs in the local municipalities. They work closely with SMEs in their jurisdiction, identify challenges and liaise with other agencies to develop support mechanisms. Thus, they were well positioned to contribute significantly on the study.

Third group: facilitators from Limpopo Economic Development Agency. These officials were directly involved in supporting SMEs through provision of education and training. They engaged in needs analysis, material development and review, implementation and evaluation. Thus, their participation would provide another dimension from which SMEs could be sustained. A quota sampling type of purposive sampling technique was applied to select the sample. Determination of sample size in qualitative research is still evasive and a subject of debate, as discussed in the ensuing paragraphs.

#### **3.3.2.3** Sample size

Yin (2014) holds the argument that mathematical determination of sample size in qualitative research is not feasible. A definite number of participants to be sampled for a particular study remains evasive. According to Guetterman (2015) qualitative research depends largely on richness of information being gathered and the insights that arise, rather than the size of the

sample being studied. In support of this argument, Merriam and Tisdell, (2015) posit that sample size is determined by the questions, the data, the analysis, and availability of resources to support the study.

Patton (2015) further advises that it would be justifiable to offer a tentative minimum number of participants based on expected maximum information required on the phenomenon as guided by the purpose of the study. While specifying a minimum number of participants is recommended, it should be borne in mind that adjustments would be possible during the course of the study depending on the level of redundancy (saturation) being reached. According to Fusch and Ness (2015) redundancy entails reaching a point of saturation when no new information and insights are forthcoming.

According to Creswell (2015) 5 to 25 participants in qualitative interviews should be considered for inclusion, while Holloway and Galvin (2016) recommend a minimum number between 14 and 20 participants. Thus, based on the propositions and recommendations brought forward, 24 participants were purposefully sampled for participation in the study. One-third (1/3) of the total target population (72) will be drawn. The 72 total population comprises sampling frame of SMEs owner/managers: 30x33.3/100=10; LED officials: 21x33.3/100=7; LEDA officials: 21x33.3/100=7. The 24 potential participants were identified on the basis of being actively involved in SMEs on regular basis, thus believed to possess the required and rich information relative to the phenomenon under study. All potential participants were visited at their respective sites for confirmation of availability to participate and signing informed consents. Gatekeeper letters served the purpose of legitimising the project when approaching potential participants. Since not everyone could be included in the study, sampling criteria were used to select participants.

## 3.3.2.4 Sampling criteria

Sampling criteria entails attributes that potential participants need to possess in order to be considered for inclusion in the study. According to Patton (2015) the criteria should specifically describe characteristics that the target population should possess, and are deemed essential for providing the required information about the phenomenon being studied.

The following criteria has been developed to include participants:

- (a) Age category of between 25 and 60
- (b) Active SMEs owner/manager with 3 years and over

(c) Active LED/LEDA convenor/facilitator with 3 years and over

(d) Located in Sekhukhune District

(e) In possession of University entrance qualification or higher

(f) Accessible and prepared to participate in the study.

#### **3.4 Data Collection Tools**

## 3.4.1 Semi-structured Interviews: Primary Data

## 3.4.1.1 Nature and Purpose

The study was undertaken on the basis of qualitative research approach and phenomenological research design. Participants' lived experience regarding the role education and training could play in sustaining Small and Medium Enterprises in rural areas is critical for the study. It is on this basis that one-on-one semi-structured interview was selected as an appropriate data collection tool for this study. According to Bryman *et al* (2014) semi-structured interview is a flexible process designed to understand a phenomenon from the perspective of people with direct experience. It is a method applied to collect deeper information and meaning attached to phenomenon beyond what reliable and valid scales of measurement could offer (Gupta and Awasthy, 2015). The researcher remains actively focussed on participants' responses, while carefully recording the conversation to understand the situation from diverse experiences and viewpoints.

In support of the description above, Klenke (2016) argues that semi-structured interviews go beyond the collection of facts, but focus on the underlying meaning as constructed by participants. Ortis (2016) further describes semi-structured interviews as "immersion in data" with the view of transcending mere facts and general observation. It is regarded as purposeful conversation with clearly defined rules of engagement. The interviewer directs the process by giving minimal guidance to participants (Showkat and Parveen, 2017). The latter are expected to respond to main open-ended questions, with probes and follow-ups (Biddix, 2018).

## 3.4.1.2 Recording Semi-structured Interview Data

The researcher applied both audio recording and manual note-taking to record data. Discovery of participants' original feelings, perceptions and thoughts about the phenomenon under investigation, remained the primary purpose of semi-structured interviews. In the view of Miles, Hurberman and Sadhana (2014) research data is irreplaceable, and therefore call for reliable back-up in terms of recording participants' responses. In support of this view, Bryman

et al (2014) recommend audio-recorder as reliable device for storage of accurate reflection of informants' thoughts. This mode of recording has the advantage of affording the researcher opportunity to immerse with the original data, as well as refine interviewing skills for future improvements (Merriam and Tisdell, (2016). The authors further warn that participants might feel uncomfortable being recorded, and thus render the interview process tense. In such instances researchers are advised to consider note-taking as alternative method of recording data. While the mode might be tedious in exercise, it was essential for maintenance of interviewer-interviewee mutual relationships. It was also applied as complementary to audio recording.

## 3.4.1.3 Role of Interviewer

The primary responsibility of the interviewer was to identify participants, negotiate entry and secure consent for the interview. The process of identification is informed by the phenomenon under investigation (Blumberg, Cooper and Schindler, 2014). This was to ensure that informants possess attributes required to contribute significantly to the study. The interviewer is further required to make arrangements for the setting. The rule of the thumb is that the environment should be non-threatening and convenient as per choice by the participants (Bryman *et al*, 2014, Gupta and Awasthy, 2015 and Showkat and Parveen, 2017). The expected amount of time allocated to each participant should be clearly specified.

According to Bryman et al (2014) the interviewer is required to suggest the theme, pose questions and probes in a manner that would accommodate the various participants' level of understanding. Probes are intended to establish the relevance of questions, as well as to stimulate elaboration in exploration of deeper meaning (Klenke, 2016 and Showkat and Parveen, 2017). The interviewer further keeps participants focused by way of non-verbal prompts such as gestures, eye contact or leaning forward. Flamez *et al* (2017) have the view that the interviewer should guard against any form of biasness by ensuring that the type of information solicited is the same across all participants. Lastly, the interviewer should be bound to adhere to the prescribed ethical considerations, as applied and approved by the Research Ethics Committee.

## 3.4.1.4 Advantages and Disadvantages of Semi-structured Interviews

#### **Advantages of Semi-structured Interviews**

The natural setting required for semi-structured interviews has positive impact on interviewer-interviewee relationship. Relations between researcher and respondent improves as the conversation progresses, thus cementing an atmosphere of mutual trust. This improves flexibility and put respondents in a relaxed environment (Bryman *et al*, 2014. The conversational nature of semi-structured interviews has a positive element of stimulating interest in the whole process. Follow-up questions and probes allow a researcher to dig for deeper meaning on complex issues, and clarity can be sought on the spot.

Respondents are allowed to frame their responses in accordance with their understanding and experience about the phenomenon (Blumberg, Cooper and Schindler, 2014). O'Gorman and MacIntosh (2014) and Gupta and Awasthy (2015) give credit to semi-structured interviews for the usage of natural language, provision of richer information, as well uncovering new themes for exploration. The smaller sample required increases response rate, while affording the researcher opportunity to elicit more in-depth information (Klenke, 2016).

# Disadvantages of Semi-structured Interviews

According to Bryman et al (2014) semi-structured interviews demands advanced skills for the process to flow and yield positive results. Essential skills include recording and transcribing. In support of this view, Blumberg, Cooper and Schindler (2014) posit that this method calls for higher level of skills to convince and keep respondents motivated. In the view of O'Gorman and MacIntosh (2014) the process of administering semi-structured interviews is time-consuming and costly in terms of resources. They are also prone to interviewer bias, and can generate less important data. A small number of respondents accommodated render the findings less generalisable. Klenke (2016) is critical of semi-structured interviews for lack of reliability and validity. The uniqueness and depth of information collected might prove to be difficult to analyse, thus rendering it more complicated to draw justifiable conclusions.

## 3.4.2 Participant Observation: Primary Data

#### 3.4.2.1 Nature and Purpose

This type of data collection entails researcher observing participants at a natural setting where the phenomenon under study occurs. According to Bryman *et al* (2014) participant observation is linked with qualitative research approach, and requires observer presence at the actual setting. It presents opportunity to collect original information, rather than second hand account of the phenomenon (Merriam and Tisdell, 2015). The behavior of participants is recorded at

the time of occurrence. This has the advantage of understanding ill-defined situations as described by informants. Participant observation might well serve the purpose of unearthing some information that was withheld, for whatever reason, during interviews.

Participant observation demands enhanced skills in paying attention, descriptive writing, judgement, as well as triangulating (Patton, 2015). In terms of triangulation, the author holds the view that participant observations are used in collaboration with other tools, such as interviews and document analysis, to support the findings. In accordance with the basic design as suggested Biddix (2018), sources for observation were stakeholders in the Small and Medium Enterprise sector; the site were venues for workshops, seminars and sector meetings; gatekeeper letters will be used to negotiate access to the sites; the institutional review board (IRB) in charge were approached to grant permission/approval, and authorities at the sites will be served with gatekeeper letters; participants were informed of the observation; and finally the researcher applied different modes of data recording during observation.

#### 3.4.2.2 What to Observe

Blumberg, Cooper and Schindler (2014) hold the view that in the determination of what to observe, the researcher should be guided by the questions upon which the study is based. On the other hand, O'Gorman and MacIntosh (2014) assert that research objectives determine observational approach. Though stated from different angles, the basic essence is that research questions are intended to achieve research objectives. In alignment with this view, the following were areas of interest for the researcher: (1) how participants value education and training for rural SMEs, (2) focus areas deemed critical for rural SMEs, (3) approaches adopted for education and training for rural SMEs, (4) the role of government in education and training for rural SMEs, as well as (5) the role of commercial banks in education and training for rural SMEs.

SME training workshops, seminars and meetings were the primary target for participant observation. Following suggestions by Merriam and Tisdell (2015) and Flamez *et al* (2017) on elements to focus on, the process of observation was based on the settings, participants, activities and interactions, as well as other relevant factors. Subtle factors would entail factors that might arise in the course of observation, and are deemed necessary to be given attention.

## 3.4.2.3 Observer and Observed Relationship

The success or failure of participant observation depends to a large extent on the relationship that exists between observer and observed. The researcher will assume the stance of 'participant as observer' as described by Bryman *et al* (2014). This stance emphasises the researcher's presence at settings, involvement in activities and the actual recording of all interactions with participants. O'Gorman and MacIntosh (2014) emphasise the need to uphold a relationship of trust and cooperation between observer and participants.

In an effort to establish the requisite rapport, the researcher respected routines, activities, and interactions among participants. According to Merriam and Tidsell (2015) the researcher activities are known to the participants and the primary focus is on information gathering while participation in activities remains secondary. This stance has the advantage of being unobtrusive, thus allowing the session to flow. The researcher is also afforded enough opportunity to remain attentive and record information as the process unfolds. Approvals from respective offices in the sector served the purpose of approaching organisers/facilitators for introduction of the researcher.

## 3.4.2.4 Recording Observations

The choice of stance, in terms of participation and the researcher's ability to record, impacted on the amount of data to be recorded. The basic requirements for effective recording entail taking notes during observation, and interacting with them immediately after the session for full description of what was observed (O'Gorman and MacIntosh (2014). According to the authors this has significant impact on how well organised, sufficiently detailed and complete the data should be.

#### **Manual Recording**

According to Bryman et al (2014) manual recording entails writing notes by hand immediately after noticing or hearing something relevant. The recording process will take the form of words and sketches as the event unfolds. Full descriptions were attend to at the end of the day. This mode of recording has the advantage of improving attention span, focus and memory, as well as enhancing comprehension and creativity (Merriam and Tidsell, 2015). The disadvantages include missing out on some essential information, less feasible to keep pace with the speaker, and depend on legibility of the notes written.

## **Digital Recording**

Bryman *et al* (2014) opined that advancement of technology affords researchers opportunity to utilise mechanical devices in observation. In line with this opinion, the researcher will also consider utilising digital devices such as video cameras, tape recordings and laptop computers for the this purpose. These devices offer the advantage of easy storage, back-up and retrieval, and can be played several times for clarity and understanding. As disadvantages, the use of these mechanical devices depends on mutual agreement between researcher and participants (Merriam and Tidsell, 2015). The researcher was nevertheless determined to negotiate the usage of these devices.

## 3.4.2.5 Advantages and Disadvantages of Participant Observation

## **Advantages of Participant Observation**

Observer-participant role has the advantage of researcher becoming immersed with the situation from dual perspectives: observer and participan (Blumberg, Cooper and Schindler, (2014). The natural setting under which observation takes place affords participants opportunity to reveal their actual behaviour, thus enhancing chances of collecting rich data without interference (O'Gorman and MacIntosh, 2014). According to Merriam and Tidsell (2015) participant observation could be used to complement unstructured interviews, thus affording the researcher opportunity to uncover what people might not feel free to talk about during interviews. Biddix (2018) opined that participant observation is essential for enhancing researcher's skills in watching, listening and recording. In spite of these positive aspects about the tool, participant observation has limitations.

## **Disadvantages of Participant Observation**

Bryman *et al* (2014) and O'Gorman and MacIntosh (2014) noted that researcher's active involvement with a small sample of participants is a recipe for subjectivity, biasness and nongeneralisation. In the view of Patton (2014) the basic skills required for observation might prove to be a challenge, thus impact negatively on the process. The process of negotiating entry to the site and the use of recording devices might prove difficult to accomplish. The dual role of observer-participants could lead to interference with the primary role of observation and recording (Blumberg, Cooper and Schindler, (2014). O'Gorman and MacIntosh (2014) further assert that participant observation could be time-consuming, costly and distractive due to the

amount of data collected. The demand for intense concentration span to watch, listen, remember and describe might prove to be a challenge to sustain (Merriam and Tidsell, 2015).

### 3.4.3 Documents: Secondary Data

#### 3.4.3.1 Nature and Sources

Secondary data in research refers to information already available in different forms produced for various purposes. These types of data are essential to collect information in instances where primary data collection tool might not be useful, or alternatively can be used to complement primary data collection method (Bryman *et al* 2014). The decision to utilize secondary data was guided by three key criteria: purpose entailing what the author or institution tries to achieve; audience entailing target readership intended to benefit; and lastly format entailing information layout and feasibility of usage (Blumberg, Cooper and Schindler, 2014).

These data included published printed sources like books, academic journals, reports, newspapers and magazines, while published electronic sources will include, e-journals, statistics, general websites and government records (Kabir, 2016). Public libraries and relevant Small and Medium Enterprises stakeholders' offices will be visited for access to the sources. This type of data is appropriate for the study in terms of complementing the primary data, as well as providing basic ground upon which the phenomenon was previously approached, analysed and presented.

## 3.4.3.2 Advantages and Disadvantages of Secondary Data

### **Advantages of Secondary Data**

Secondary data are highly regarded for convenient availability. This has the advantage of sparing time and costs for the researcher (Bryman *et al*, 2014 and Blumberg, Cooper and Schindler, 2014). Negotiating access to these data is less stressful than it is when planning primary data collection method. Researchers are afforded opportunity to interact with sources of high quality, like academic journals. This is due to high quality standard required for publication. The researcher enjoys the convenience of interacting with data already organised (Blumberg, Cooper and Schindler, 2014). In the view of Bryman *et al* (2014) secondary data have the potential to provide new perspective and interpretation of phenomenon, thus giving room for fresh exploration.

## **Disadvantages of Secondary Data**

Bryman *et al* (2014) is critical of secondary data for lack of control over the quality of data, complex nature of data presentation, as well as effort required to familiarise with the data. Blumberg, Cooper and Schindler (2014) hold the view that secondary data might be: insufficient to provide the information required, less accurate to address research questions; as well as irrelevant in terms of unit of analysis and population representation. Accessing secondary data might also be a challenge due to restrictions, in some instances, imposed by some institutions/organisations. Kabir (2016) posit that access to some electronic sources might require subscriptions that have costs implications. Thus depending on researcher's funding, continuous visits to the websites might prove costly in terms of data. Be it as it may, secondary data formed part of the study on Small and Medium Enterprises.

## 3.4.4 Description of Data Collection Instrument: Interview and Participant Observation

The following description was intended to provide an assessment of the data collection instruments developed for both interview and participant observation. Five sets of questions are provided for description. The main questions and sub-questions are presented and justified in terms of their appropriateness. Specific hypothesis to be measured is presented in relation to each set of questions. Subsequently, a summary in tabular form is provided to give an overview of the description. The actual tools are attached for further review.

# Question 1: What is the importance of entrepreneurship education and training for rural entrepreneurs in Sekhukhune District?

- 1.1 What do you understand by entrepreneurship education and training?
- 1.2 What is your experience about entrepreneurship education and training?
- 1.3 What impact would entrepreneurship education and training make on rural SMEs?

**Hypothesis 1**: Entrepreneurship education and Training will close the knowledge-gap among rural entrepreneurs in Sekhukhune District.

The first set of questions was relevant in the determination of specific essentials of education and training as prerequisite for enhancing capacity in entrepreneurship. These questions were intended to measure the extent to which education and training could be applied to close the knowledge-gap that existed among rural entrepreneurs. They were appropriate to measure

hypothesis 1 based on envisaged participants' understanding and experience on the value attached to education and training in growing and sustaining rural entrepreneurship.

# Question 2: What are the critical areas of education and training for rural entrepreneurs in Sekhukhune District?

- 2.1 How would describe a critical knowledge area for rural SMEs?
- 2.2 How would you identify the need for a particular knowledge area for rural SMEs?
- 2.3 What are priority knowledge areas for SMEs education and training?

**Hypothesis 2:** Identification of critical areas of entrepreneurship education and training will assist in addressing relevant challenges for rural entrepreneurs in Sekhukhune District.

The second set of questions was critical in prioritising the most critical entrepreneurship skills for sustaining rural SMEs. These questions sought to measure the extent to which identification of critical focus areas could assist in addressing relevant challenges experienced by rural entrepreneurs (hypothesis 2). The priority areas were based on needs in terms of level of education, knowledge, experience and context under which the business is operational. The questions were appropriate in addressing the less-effective one-size-fits-all approach often applied by service providers. These questions were expected to inform relevant approaches to be adopted, as required in the third question.

# Question 3: What are the appropriate approaches of implementing entrepreneurship education and training interventions for rural entrepreneurs in Sekhukhune District?

- 3.1 What is your understanding of an approach in SMEs education and training?
- 3.2 How would you describe an appropriate approach in SMEs education and training?
- 3.3 What approaches would you suggest for implementing SMEs in education and training?

**Hypothesis 3:** Identification of appropriate approaches will improve implementation of education and training interventions for rural entrepreneurs in Sekhukhune District.

The third set of questions was important in ensuring that intervention approaches adopted are relevant in terms of context and target group. The questions sought to measure the extent to which identification of appropriate approaches could improve implementation of intervention strategies for rural entrepreneurs (hypothesis 3). They were appropriate in ensuring that various

approaches are applied for different situational needs. This was acknowledgement of the need to consider SMEs' specific needs in the choice of intervention approach.

# Question 4: What is the role of government in entrepreneurship education and training for rural entrepreneurs in Sekhukhune District?

- 4.1 What is your experience of government role in education and training for rural SMEs?
- 4.2 What impact does government role have on education and training for rural SMEs?
- 4.3 What key aspects should government focus on to improve SMEs education and training?

**Hypothesis 4:** Clearly defined government role in entrepreneurship education and training will impact positively on intervention strategies to support rural entrepreneurs in Sekhukhune District.

The fourth set of questions was meant to put the role of government into perspective as far as educating and training SMEs is concerned. The questions were intended to measure the extent to which government role in entrepreneurship education and training was defined (hypothesis 4). They were appropriate in establishing participants' lived experiences in relation to government's commitment to establish enabling business environment. Government role in implementation of education and training support strategies would therefore be tabled on the basis of actual experiences.

# Question 5: What is the role of commercial banks in entrepreneurship education and training for rural entrepreneurs in Sekhukhune District?

- 5.1 How would you describe relations between commercial banks and SMEs in rural areas?
- 5.2 What should inform commercial banks' support for education and training for rural SMEs?
- 5.3 How could commercial banks improve their support for SMEs education and training?

**Hypothesis 5:** Precisely established commercial banks' role in entrepreneurship education and training will improve support for rural entrepreneurs in Sekhukhune District.

The fifth set of questions was intended to bring the commercial banking sector on board in the guest to educate and train rural SMEs. The questions were intended to measure the significance of commercial banks in supporting SMEs education and training (hypothesis 5). The support by the banking sector was key factor as far as compliance with funding requirements is concerned. The questions were appropriate due to their nature in establishing participants'

experiences in relation to commercial banks' role in improving their support for rural entrepreneurs. A summary of the description above was presented below in the form of table.

# **3.4.5** Summary of Data Collection Instrument

 Table 3.1: Summary of Data Collection Instrument

Interview/Observation	Source Cited	Hypothesis
Question	Source Cited	Try poeriesis
Q1: What is the importance of entrepreneurship education and training for rural entrepreneurs in Sekhukhune District?  Sub-Questions:  1.1 What do you understand by entrepreneurship education and training?  1.2 What is your experience about entrepreneurship education and training?  1.3 What impact would entrepreneurship education and training?	Vandenberg and Trinh, (2016)	Hypothesis 1: Entrepreneurship ducation and Training will close the knowledge-gap among rural entrepreneurs in Sekhukhune District.
Q2: What are the critical areas of entrepreneurship education and training for rural entrepreneurs in Sekhukhune District?  Sub-Questions:  2.1 How would describe a critical knowledge area for rural SMEs?  2.2 How would you identify the need for a particular knowledge area for rural SMEs?  2.3 What are priority knowledge areas for SMEs education and training?	Rabbie, Cant and Wiid, (2016)	Hypothesis 2: Identification of critical areas of entrepreneurship education and training will assist in addressing relevant challenges for rural entrepreneurs in Sekhukhune District.
Q3: What are the approaches of implementing entrepreneurship education and training interventions for rural entrepreneurs in Sekhukhune District?  Sub-Questions: 3.1 What is your understanding of an approach in SMEs education and training? 3.2 How would you describe an appropriate approach in SMEs education and training? 3.3 What approaches would you suggest for implementing SMEs in education and training?	Lee, (2016)	Hypothesis 3: Identification of appropriate approaches will improve implementation of entrepreneurship education and training interventions for rural entrepreneurs in Sekhukhune District.
Q4: What is the role of government in entrepreneurship education and training for rural entrepreneurs in Sekhukhune District? Sub-Questions: 4.1 What is your experience of government role in education and training for rural SMEs? 4.2 What impact does government role have on education and training for rural SMEs?	Motsetse, (2015)	Hypothesis 4: Clearly defined government role in entrepreneurship education and training will impact positively on intervention strategies to support rural entrepreneurs in Sekhukhune District.

<b>4.3</b> What key aspects should government focus on to improve SMEs education and training?		
Q5: What is the role of commercial banks in entrepreneurship education and training for rural entrepreneurs in Sekhukhune District? Sub-Questions: 5.1 How would you describe relations between commercial banks and SMEs in rural areas? 5.2 What should inform commercial banks' support for education and training for rural SMEs? 5.3 How could commercial banks improve their support for SMEs education and training?	Deepa, (2014)	Hypothesis 5: Precisely established commercial banks' role in entrepreneurship education and training will improve support for rural entrepreneurs in Sekhukhune District?

Source: Lecturer's notes (2020)

**Table: 3.1** above presents a summary of data collection instrument in the form of interview/observation questions, sources cited and hypotheses thereof. The first set of questions was intended to measure hypothesis 1. The main question was sourced from the study by Vandenberg and Trinh (2016) intended to establish the extent to which skills and education play a role Small and Medium Enterprises. The second set of questions was intended to measure hypothesis 2. The main question was sourced from Rabbie, Cant and Wiid (2016) in their study to determine entrepreneurs' perceptions on the importance of training and development in their businesses.

The third set of questions was intended to measure hypothesis 3. The main question was sourced from Lee (2016) in the study targeting government policies aimed at promoting training in SMEs. The fourth set of questions is provided to measure hypothesis 4. The main question was sourced from Motsetse (2015) in his study to determine government role in sustaining SMEs in the construction sector. The fifth set of questions was intended to measure hypothesis 5. The main question was sourced from Deepa (2014) in their study to establish the role of commercial banks in sustaining women entrepreneurs.

## **3.4.6** Piloting of the Research Instrument

Pilot-testing served the purpose of detecting potential challenges in the research instrumentation as well as improving reliability and validity measures of the constructs of interest (Dlova, 2017). The interview questionnaire was piloted by the researcher on 4 participants: 2 SMEs owner/managers and 1 LED official and 1 LEDA official were purposively selected to participate in the pilot study by virtue of being precise representation of the samples targeted for the study. The pilot project was intended to ensure that:

- (a) Each question measures what it was intended to measure,
- (b) Words used were well comprehended,
- (c) Participants had similar interpretation of the question,
- (d) Responses were appropriate to the question,
- (e) Follow-up questions were correctly understood,
- (f) Participants were comfortable responding to questions,
- (g) Sequence of questions to create a conversational climate,
- (h) Time allocated was appropriate, and
- (i) The required information was collected, as anticipated.

The session afforded the researcher opportunity to reflect and improve on creating a relaxed environment, the pace of questioning, rephrasing of probing questions, listening to respondents, and recording while listening, as well as creating a conversational interaction.

## 3.5 Study Procedures and Ethical Assurances

According to Blumberg, Cooper and Schindler (2014) ethics in research are moral standards of behaviour that guide decisions and relationships with participants in the study. They play the role of moral framework within which particular study is undertaken. Ethics demands the researcher to strike a balance between methodological theory and the reality, as it unfolds. Bryman *et al* (2014) posit that ethics relate to the fundamental values upon which the integrity of a study is based. In compliance with the institution's ethical requisites, the researcher subscribed to all applicable laws and policies that govern social responsibility, human rights, public health and safety. Specific ethical considerations applicable to this study are outlined in the ensuing paragraphs.

## 3.5.1 Study Procedures

*UREC Approval*: The researcher submitted application for approval of the project to the University Research Ethics Committee (UREC) as required. The following documents were part of the application: application form; informed consent form; gatekeeper letters; research tools and company permissions. The UREC granted approval on 07 January 2021 for the research project titled: *The Role of Education and Training in Sustaining Small and Medium Enterprises in Rural Areas: A Case of Sekhukhune District in South Africa*.

**Permission Letters**: Permission to recruit participants, as well as access to Small and Medium Enterprises (SMEs) records was sought from the following government authorities: Limpopo

Economic Development Agency (LEDA) and Municipal Local Economic Development (LED). These authorities granted permissions on 27 September 2019 and 18 October 2019 respectively, with emphasis on strict adherence to research ethics as prescribed by the university, as well as international norms and standards for conducting research. Subsequent to obtaining UREC approval and permission letters, research data was collected through one-on-one unstructured interviews and participant observations. Each participant was allowed opportunity to choose location best suited for their comfort, and in this instance data was collected at participants' places of residence and work. Data was collected between 17 January 2021 and 03 March 2021. The following participants took part in the data collection process: Small and Medium Enterprises (SMEs) owner/managers, Local Economic Development (LED) officials and Limpopo Economic Development Agency (LEDA) officials.

#### 3.5.2 Ethical Assurances

Informed Consent: Potential participants were informed the purpose of the study, objectives in pursuit, why it was worth undertaken, as well as its impact on participants, community, institutions and government. The researcher further outlined possible procedures to be followed, and that the interaction would be expected to last for 90 minutes. They were afforded enough opportunity to read the contents of the consent form. Voluntary participation and unconditional withdrawal from the study were guaranteed. They were provided with researcher's name, contact details and physical address in case of the need for more information. Potential participants were in turn required to grant consent and permission to be part of the study. A well prepared form to that effect was completed with full details of participants. A provision for witness's details was made available for participants who were found to be illiterate to complete the form.

**Protection of Participants**: This ethical practice involves measures undertaken by the researcher to protect and safeguard the well-being of prospective participants from possible physical or psychological harm. It is meant to avoid exposing participants to incidents with potential of stress, emotional embarrassment and degradation (O'Gorman and MacIntosh, 2014). In compliance with this ethical consideration, the researcher highly considered demographic aspects such educational background, experience in entrepreneurship, location/place of residence, gender, cultural background, or sexual orientation. In cases of discomfort, the researcher allowed participant/s opportunity to reflect on their decision to be part of the study. Subsequently, the challenge formed part of preparation for a debriefing session.

Confidentiality: This ethical consideration entails assuring participants that their responses shall not serve any other purpose beyond what they were intended for. It further places an obligation on the researcher to assure participants of their anonymity. The latter implies that after the study no one, researcher included, would be able to know the identity of any subject. Confidentiality on the other hand implies that the identity of participants would be known only to the researchers who made commitment to confidentiality. Whatever form, the researcher undertook to ensure that participants remain the primary beneficiaries of this ethical principle.

Debriefing of Participants: This entails sessions held after the study for the purpose of clarifying uncertainties or dealing with challenges encountered in the process of the study. According to Blumberg, Cooper and Schindler (2014) debriefing represents an opportunity to share results and divulge further information that might have been misrepresented about the project. The sessions took place immediately after the study. Participants were afforded opportunity to discuss their experience, raise some questions and deal with any misunderstandings. Acts of unintentional deception were also dealt with during this sessions. Debriefing also provided opportunity to reaffirm the purpose of the research to community development, thereby strengthening relationships for future studies.

## 3.6 Data Collection and Analysis

### **3.6.1 Data Collection Process**

#### **Phase 1: Semi-structured Interviews**

The researcher introduced the process by first reading the invitation to participate in the interview (one-on-one) aimed at examining the role education and training could play in sustaining Small and Medium Enterprises in rural areas. Each participant was informed that the process comprised 5 main questions with sub-questions, probes and follow-ups, was expected to last for 90 minutes. They were assured of anonymity, unconditional right to withdraw, as well as to skip any question that they find intrusive or offensive. Permission to record, both manually and electronically, the conversation was sought. They were given informed consent form to read, ask questions (if any) and subsequently sign.

Each participant was interviewed at a non-threatening place of their choice, and in this instance the residences and work offices were preferred places. SMEs owner/managers, Local Economic Development officials and Limpopo Economic Development Agency officials took part in the interview on one-on-one basis. Participants were assigned codes: example, P01 for

the first participant, and P10 for the tenth participant. The researcher created a relaxed environment, yet remaining focused on the interview guide. Follow-up questions and probes were posed to extract deeper meaning, as well as creating a conversational process. Non-verbal prompts such as physical gestures, eye contact or leaning forward were applied to keep participants focused. The researcher recorded the conversation by taking notes, as well as using a cellphone to record informants' thoughts verbatim. Transcription followed immediately after the interview. Laptop computer and flash-disk were used to store data as back-up devices.

## **Phase 2: Participant Observation**

This phase of data collection process entails attending gatherings organised for the purpose of addressing issues related to SMEs. In this instance, the researcher was able to attend 2 workshops, 2 sector meetings and 1 seminar. Permission letters from (Municipal) Local Economic Development and Limpopo Economic Development Agency, and University Research Ethics Committee (UREC) approval were used to negotiate entry to the sites. The observer was introduced, and purpose and role of the observation process were clarified. A mutual agreement was reached to allow the observer to utilise digital devices for recording the activities. Subsequently, the observer assumed the stance of 'participant as observer' which implies presence at sites, involvement in activities and the actual recording of all interactions and activities.

Participants, in all the sites, were convenors/facilitators, prospective and established SMEs owner/managers, government officials, as well as representatives from financial institutions. The observer was guided by the observation tool to ensure that the information recorded related directly to the questions to be answered. The main focus of the observation was the following items: (a) Setting; (b) Participants- demographics and behaviour; (c) Education and training-activities, focus areas, adopted approaches, government role, as well as commercial banks' role. The observer applied manual recording by writing notes by hand once something relevant was noticed or heard. The recording process took the form of words, phrases, sentences and sketches, as the activities unfold. The researcher also utilised digital tape recorder for this purpose. This device offers reliability in terms of easy storage, retrieval, and can be played several times for deeper understanding of responses. All data recordings, manual and electronic, were given full descriptions immediately at the end of each day, thus preparing them for analysis.

## 3.6.2 Qualitative Data Analysis

According to Flick (2014) qualitative data analysis is a reflective intellectual process that involves classification and interpretation of transcribed material for the purpose of unearthing the meaning it represents. Creswell (2014) describes the process as iterative, non-linear and immersive with the goal of reducing data into small manageable amount. The three characteristics simply implies the researcher becomes completely involved (immersion) in data analysis by moving back and forth (iteration), without following any prescriptive order (non-linear). In support of this assertion, Merriam and Tidsell (2015) hold the assumption that qualitative data collection and analysis should be a simultaneous and continuous process until no new information or insights could be established for the phenomenon under study, hence saturation.

In spite of being iterative and non-linear, Merriam and Tidsell (2015), Holloway and Calvin (2016) and Klenke (2016) agree that qualitative data analysis should also be systematic and structured. The process should go through certain common stages or phases that might overlap. According to the authors researchers should always ensure that the final research product is directly rooted in the data generated by the participants, and coherent with the research methods applied. For purposes of this study, content analysis has been selected as appropriate data analysis technique.

## 3.6.2.1 Data Analysis Technique: Content Analysis

According to Bryman *et al* (2014) content analysis technique entails identification of underlying patterns, themes or concepts through detailed and systematic examination of textual information. It also involves identifying frequencies with which certain experiences, attitudes and opinions recur in terms of words, phrases or sentences in the text. The authors further assert that while the process of categorizing might often be straightforward, identification of themes calls for an extensive interpretative approach in order to extract deeper meanings. Blumberg, Cooper and Schindler (2014) and Mcmillan and Schumacher (2014) further describe content analysis as inductive approach that applies both manual and automated coding of textual transcripts. Manual coding implies working by hand, while automated coding implies application of specialised-computer software programmes.

According to Leavy (2014) novice researchers, in their choice, should be mindful of the time required to learn the application of the automated software, the intense attention demanded to interact with the data, and that the automated software would under no circumstance replace

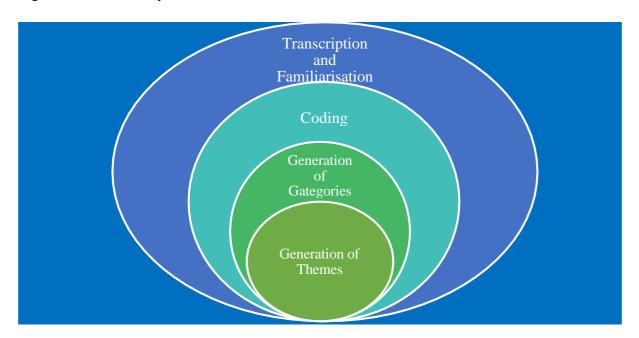
researcher. Thus, manual or automated, the main purpose is to reduce the often large volume of text into manageable units by coding, categorising and building themes and concepts (Merriam and Tisdell, 2015). According to Klenke (2016), as a tool, content analysis allows a researcher opportunity to study the contents of written or transcribed textual information to identify underlying themes and concepts.

The researcher had learnt lessons from previous studies that applied content analysis technique. The study by Ngxongo (2015) on 'Implementation of the basic antenatal care approach' adopted content analysis technique with clear evidence of application of both the manual and electronic Atlas TI programme. This is affirmation of the need to strike a balance between manual and automated software approaches. Emezi (2017) studied 'Prospects and challenges of SMEs in the 21<sup>st</sup> century Africa' applying content and narrative analysis. The study does not show any evidence of the mode (manual/electronic or both) used to analyse data. In the study to assess SMMEs access to credit, Dlova (2017) applied content analysis with more emphasis on usage of SPSS statistical programme. The manual part of the process was obscure.

The study on 'Strategies to reduce employee turnover in Durable Goods Industry' by Burnett (2018) also applied content analysis by using the NVivo programme, with no clearly defined evidence of how the researcher interacted with the data on manual basis. Given the lack of evidence of researcher's manual role, it was sufficient to conclude that there was overdependence on computer software programme at the detriment of researchers' reflective thinking. Thus, in effort to strike a balance, the researcher will apply both manual and automated coding. The process will be undertaken in four phases: transcription and familiarization; coding; categorising; and generation of themes, as suggested by Merriam and Tidsell (2015), Holloway and Calvin (2016) and Klenke (2016).

# 3.6.2.2 Data Analysis Phases

Figure 3.1: Data Analysis Phases



Source: Researcher's own creation

**Figure 3.1** above represents the four phases of content analysis technique. Transcription and familiarisation constitutes the first phase at which the researcher is confronted with original bulk amount of participants' responses or observed behaviours. These data need to be converted into written copies, and subsequent engagement thereof. Coding represents the second phase at which large amount of data are reduced into smaller units by assigning attributes in the form codes. Generation of categories represents the third phase at which data are further reduced by clustering codes into categories, while collapsing non-essential codes. Generation of themes is the final phase at which categories are further explored and reduced in search of meaning, by identification of similarities, differences, as well as their relevance to the phenomenon under investigation. While the phases could be identified, it should be noted that the process is iterative and the phases might overlap. The phases are outlined in full in the ensuing paragraphs.

### Phase 1: Transcription and Familiarisation

*Transcription* of interview data entails written recording of participants' responses as per the notes or taped record of interview sessions. According to Leavy (2014) transcription affords researcher opportunity to gain cognitive ownership of data through sensing emerging patterns, connecting parts, and building towards a meaningful whole. The process of transcription was be undertaken immediately after data collection to revive the actual and vivid memory of interaction with participants, as recommended by (Salazar, Crosby and DiClemente, 2015).

These authors further hold the view that data should be transcribed verbatim to retain participants' own feelings, attitude and experiences about the phenomenon being studied. Pages will be sorted, numbered and organised into files bearing date; location; time; and code number of participant (Halloway and Calvin, 2016). These identification labels will serve the purpose of future accessibility and retrieval. Following the recommendations of Halloway and Calvin (2016) and Flamez *et al* (2017) for multiple data storage, data was safely stored in the form of printed, Universal Serial Bus (USB) devices and computerised versions.

*Familiarisation*, on the other hand, entails researcher's intense engagement with participants' responses by repetitive reading to get better understanding of the transcripts. Participants' thoughts, opinions, perceptions, feelings and experiences captured were examined to get a sense of the data as a whole before breaking it into parts. In accordance with Kuckartz (2014) the researcher were read data word by word, and subsequently line-by-line to identify key words, phrases or sentences that bear relevance to the phenomenon under study.

In the view of Halloway and Calvin, 2016), the process of familiarisation involves horizontal and vertical routes. Horizontal route entails reading and re-reading to get an overall picture, find supporting evidence, search for alternative meanings, as well as attempt to link some discrepancies. Vertical route, on the other hand, entails reflecting and reviewing one section of the data at a time to look for insights, build a contextualised and holistic understanding, review assumptions, as well as develop framework for further analysis.

In the process of familiarisation the researcher searched for words or phrases that are more frequent in the participants' responses (Alase, 2017). This step was intended to narrow down or reduce the often large amount of information provided, by writing memos at the margins to help to document initial interpretations of the data as well as engage in reflexivity (Kimball and Loya, 2017). In the view of Sundler *et al* (2018) researchers succeed in achieving familiarity with transcribed data by reading with open-minded, exploring experiences and searching for uniqueness and novelty about the phenomenon. Above all the researcher looked for possible links and relationships that exist between parts of the data that could lead coding.

#### **Phase 2: Coding**

Leavy (2014) and De (2014) describe coding in qualitative data analysis as a process applied through word/s or phrases to assign essence-capturing and/ or evocative attribute for a text-based or visual data. These codes serve the purpose of identifying patterns, classes, as well as subsequent reorganisation into emergent categories for deeper analysis. Code notes in the form

of memos will be written in the margins for responses that reflect a single and specific thought (Leavy, 2014). The process of coding followed a three step procedure: open coding, selective coding and identification of patterns, as recommended by Gupta and Aswarthy (2015).

Open coding is a process whereby large amount of data will be reduced to a small set of initial and provisional concepts that bear relevance to the phenomenon under study (Klenke, 2016). At this stage the researcher will embark on the practice called 'in vivo' coding which implies singling out exact words or phrases articulated by participants to assign labels or memos to the text (Halloway and Calvin, 2016). In vivo coding was applied to ensure that the researcher refrain from imposing their own ideas or perceptions on the data. The text was coded line-by-line, sentence-by-sentence and paragraph-by-paragraph, with descriptive meanings written in few words and notes in the margins.

Selective coding entails merging of codes that bear similar attributes to create some form of patterns (De, 2014 and Gupta and Aswarthy, 2015). At this stage the researcher engaged in further analysis of the notes/memos/comments written in the margins, following the open coding stage (Merriam and Tisdell, 2015). Codes that bear similar or common attributes in terms of meanings attached were merged together. According to Gupta and Aswarthy (2015) this stage affords the researcher opportunity to reduce the number of units of meaning expected to be explored. This is, in essence, consolidation process aimed at deriving small number of manageable units. Units of meaning were compared in terms of similarities and differences, and later organised into patterns (Sundler et al, 2018).

Pattern coding represents integration of recurrent patterns that exist among codes across all data for the purpose of generating categories (De, 2014). In support of this view, Bryman *et al* (2014) further assert that the process entails identification of frequencies with which particular units of meaning (codes) occur, and which codes occur together (pattern). The process affords the researcher opportunity to relate different sections of the text and create a more meaningful unit. Identification of patterns in qualitative data represents an effort to establish the underlying relationship between codes and subsequent grouping into small clusters (Gupta and Awasthy, 2015). Patterns were identified by comparing the number of codes in terms of similarities and frequencies. These patterns and regularities formed the basis from which the text was further reduced into small number of units in the form of categories ((Merriam and Tisdell, 2015).

#### **Phase 3: Generation of Categories**

This phase entails the process of clustering codes with similar or comparable codes into groups for further analysis (Leavy, 2014). Codes that share interrelationships were reorganised into constructs for the purpose of generating meaning-rich units in the form of categories. According to Gupta and Awasthy (2015) generation of categories implies reduction process by comparing and connecting codes with recurrent patterns into meaningful and smaller groups. The process was essential for identification of data that was relevant and useful, while assisting in collapsing data that fall outside the scope of the study. Merriam and Tisdell (2015) further posit that the researcher should ensure that each category generated is representative of participants' experiential knowledge, relative to the phenomenon under study.

Alase (2016) warns researchers against any tendency to diminish or misrepresent participants' actual lived experiences in the process of generating categories. Every effort was made to retain the original version as presented by the respondents. In an effort to uphold the "lived experiences" of respondents, Klenke (2016) holds the view that generation of categories should be systematic process informed by purpose statement, researcher's orientation and knowledge, as well as participants' explicit meanings about the phenomenon.

The author further suggests criteria to be followed in generating categories: responsiveness (amenable to the purpose of the study); exhaustiveness (sufficient categories to cover a wider array of relevant data); mutual exclusiveness (one category can accommodate only one unit of relevant data); sensitiveness (categories being representative of data) and conceptual congruency (categories generated at the same level of abstraction). The names of categories were derived from the researcher's own creation, participants' exact words, as well as sources from literature.

#### **Phase 4: Generation of Themes**

Leavy (2014) defines a theme in qualitative data analysis as an extended phrase or sentence that provides summary of both manifest and latent meanings of data. Themes are intended to represent the core essentials of participants' lived experiences. This was done by identifying patterns of relationships within, between and among categories generated (Gupta and Awasthy, 2015). Themes emerged as a result of systematic interaction with data in search apparent and deeper meanings among categories (Sundler *et al*, 2015). Generation of themes represents reduction of categories into small and manageable amount of data. In the view of Alase (2017)

this process should under no circumstances compromise the core meaning of the text. All efforts were made to preserve participants' original version of the phenomenon.

Thus, in the process of identifying themes, the researcher established categories that were vague or not relevant enough to be kept for further engagement. Categories that bear the potential of becoming themes in their own right were retained, while similar categories were incorporated into them. Different themes with different meanings were established to accommodate as many categories as possible. The researcher further reviewed themes to establish the extent to which they are representative of the data in question. Themes were compared against data for the purpose of reaffirmation, splitting, combining, creating new ones, as well as discarding those deemed not useful and accurate. This step was followed by the process of defining exactly what each theme mean, in relation to the phenomenon under investigation. Subsequent to confirmation of each theme, the researcher gave each theme a brief and easily understandable name.

# 3.6.2.3 The Use of Computer Assisted Qualitative Data Analysis Software (CAQDAS)

The process of content analysis was further undertaken through computer software programme, Nvivo, designed to assist in analysis and interpretation of textual data (Bryman *et al*, 2014). The software was used to complement the manual pen-paper approach, which was expected to be labour-intensive. All transcripts from interviews and participants observation were first recorded in Microsoft Word, and thereafter transferred into the NVivo programme, as recommended by De (2014). The software was expected to facilitate the process of analysis by assisting with modification of raw data, coding, connecting codes and text segments, creating memos, editing passages, sorting and organising into categories, as well as for visual display of data and findings (Gupta and Awasthy, 2015).

The application of computer software programme was appropriate for purposes of storage, annotating and retrieval, which were some essential elements in interacting with data. The researcher engaged in data preparation, data identification and data management, as recommended by Merriam and Tisdell (2015). The programme assisted in managing large amount of data envisaged collected. It also supported the analysis of different types of sources of data, creation of diagrams, extracting quotes, as well as naming. In the view of Halloway and Calvin (2016) computer software programmes render the overall process of data analysis easier, as they offer advanced data organisation and management solutions. The researcher also heeded to the authors' call that the application of software programmes should not be viewed

as replacement of the intellectual reflective process that is core in qualitative analysis. The researcher remained in charge of the entire analysis process in compliance with this advice.

While technology was recommended for data analysis, the researcher was aware of the limitations accompanying its application. The use of technology in analysis could lead to over-dependence, thus compromising the reflective thinking required of the researcher. This over-reliance might also lead to collection of more data, than it is necessary, thus defying the rule of saturation (Fusch and Ness, 2015). According to Klenke (2016) computer software programmes lack the natural language processing capacity; cannot read language nuances, and is susceptible to glitches that might lead to loss of data. The researcher might also lose sight of the deeper meaning of data in relation to phenomenon under investigation. Be it as it may, technology remained part of the project, and the researcher wass committed to retaining the basics of qualitative data analysis: multiple storage devices, reflection and engagement.

#### 3.6.1.4 Appropriateness and Limitations of Content Analysis

Content analysis technique was appropriate for this study due to its relevance in analysing a variety of human communication and interaction that include transcripts of interviews and participant observation. The process was characterised by transparency, objectivity and immense flexibility in that it can be applied to a variety of data sources (Bryman et al (2014). It was inductive and comparative in nature, as described by Merriam and Tisdell (2015). The choice was also based on the volume of data the researcher was expected to record during one-on-one interviews, participant observation, as well as the subsequent transcription thereof.

Content analysis allowed the researcher opportunity to engage the text intensively for the purpose of organising observed data meanings into some form of patterns that could be categorized into themes. The technique afforded the researcher opportunity to explore details and aspects of meanings through recurrence reading and reflective writing. The researcher studied parts of the text in distant and subsequently moved closer to understand how each (part) contributed towards a meaningful whole, hence themes.

# **Limitations of Content Analysis**

The main criticism levelled against content analysis includes the amount of time required to engage with the data. Its reflective nature demands a high balance in terms of knowledge and skills, which might be a challenge for novice researchers. Researchers might also find it difficult to draw the essential meaning due to large volume of text. Continuous fragmentation

of data has the potential to obscure the real participants' 'lived experiences'. The application of technology in content analysis demands higher level of knowledge, which might pose a challenge to novice researchers in the application of computer software programmes. Despite the limitations alluded, the researcher regarded them as opportunity to engage in extensive preparation for purposes of mitigation. Systematic management plan, continuous practice in relevant technology and consultation formed part of the measure to alleviate the challenges.

#### 3.7 Summary

# Research approach and design

The task was intended to provide details regarding the selected research approach and design thereof. Interpretivism paradigm was discussed as the basis for the qualitative research approach Blumberg, Cooper and Schindler (2014). The latter was described based on foundation assumptions, attributes, appropriateness and limitations. Quantitative research approach was eliminated on the basis of controlled environment that would defy the natural setting required for flexibility and non-threatening environment (Bryman *et al*, 2014 and Blumberg, Cooper and Schindler, 2014). Mixed-methods approaches, as alternative approaches, were found less feasible given the requisite to close the knowledge-gap between quantitative and qualitative approaches (Bryman *et al*, 2014). Phenomenological research design was selected based on its alignment with interpretivism philosophy and qualitative research approach. Both the strengths and limitations of the design were highlighted.

#### Population, sampling technique and sample

Description of the target population and sampling for the study was covered. According to Blumberg, Cooper and Schindler (2014), Crosby, Salazar and DiClemente (2015) and Rajaram (2017) a population would refer to a clearly defined target group of individuals about which the researcher wishes to draw conclusions. In the view of Holloway and Galvin (2016) experience and knowledge of the phenomenon, as well as accessibility play a leading role in the determination of target population. Stakeholders in the small business sector were identified as the target population. A purposive non-probability sampling type was adopted to select study samples. A list of elements from which the sample will be selected was outlined through a sampling frame. The actual sample of the study was discussed based on their attributes relevant to the phenomenon under investigation. The sample size and its calculation thereof were covered. The criteria for the inclusion of participants was also provided.

#### Data collection

This discussion has covered the choice of appropriate data collection tools for the study. Unstructured interview and participant observation were selected to collect primary data. The former was described as a process characterized by flexibility with the purpose of collecting and understanding underlying meaning as constructed by people with direct experience about phenomenon under study (Bryman *et al*, 2014, Gupta and Awasthy, 2015 and Klenke (2016).

Participant observation, on the other hand, was found to be an ideal opportunity for the researcher to collect original information recorded at the time and place of occurrence, thus collaborating interviews in unearthing some information that was withheld (Bryman *et al* (2014, Merriam and Tisdell, 2015 and Patton, 2015). The two were found to be playing a complementary role in enhancing triangulation. The need to engage and solicit deeper information from experienced participants formed the basis of this choice. The choice was further informed by the need to bring about continuity in terms of alignment of research data collection tools, design, approach, as well as the philosophy. Secondary data were also given attention with specific reference to nature and sources, advantages, as well as disadvantages. The instruments to be applied were described and summarised in tabular form.

The process of pilot-testing was also described focusing on detecting potential challenges in the research instrumentation as well as improving aspects reliability and validity (Dlova, 2017). Reliability was found to be about the consistency of an instrument, while validity was found to be about accuracy of an instrument (Blumberg, Cooper and Schindler, 2014). Study procedures and ethical assurances were also dealt with. Ethical assurances, according to Bryman *et al* (2014), are fundamental values upon which the integrity of a study is assessed. In compliance with the institution's ethical requisites, the researcher obtained approval from UREC and permission letters from target institutions/offices. In terms of interaction with human participants, the researcher highlighted ethical considerations in relation to informed consent, protection of participants, confidentiality and debriefing of participants.

#### Data analysis technique

Content analysis was discussed as proposed data analysis technique. Illustration of content analysis technique, in the form of a figure, was provided to give a picture of the phases. The phases: transcription and familiarization; coding; categorising; and generation of themes, as suggested by Merriam and Tidsell (2015), Holloway and Calvin (2016) and Klenke (2016) were outlined to give full account of each step. It has been highlighted that the researcher will

apply both manual and electronic analysis. It was also established that any analysis tool should under no circumstance be viewed to replace the researcher. The latter remains core decision-maker in all the phases mentioned. Computer Assisted Qualitative Data Analysis software was also outlined, highlighting its use as well as relevance. The appropriateness and benefits of applying content analysis were discussed, and its limitations were also acknowledged.

#### **CHAPTER 4: DISCUSSION OF RESEARCH FINDINGS**

#### 4.1 Introduction

The purpose of this research study was to establish the extent to which entrepreneurship education and training could be adopted as role player in sustaining Small and Medium Enterprises (SMEs) in rural areas, with specific focus on Sekhukhune District. This purpose was a response to high and alarming SMEs failure rate in rural areas, despite government's commitment to support this business sector. The main aim was to explore education and training mechanisms to be embraced in the planning, design and implementation of skills development strategies for rural entrepreneurs. The study, based on phenomenological approach, sought to explore participants' experiences, perspectives and attitudes regarding the topic under investigation. The objective was to solicit the significance attached to education and training as a role player in entrepreneurship skills development.

In the guest to achieve the purpose of the study, this section outlines processes, procedures and activities undertaken by the researcher to ensure that the findings could be confirmed to be the actual representation of the data, hence trustworthiness. The latter is outlined following a quality criteria that focusses on credibility, transferability, dependability and confirmability. The section also presents systematic outline and justification of the research findings. Participants' demographic characteristics are presented in table form, followed by brief description thereof. Reporting of analysis of transcripts for interviews, participant observation and documents review and summary of themes identified are presented. The research questions are recapitulated to revive the research purpose and form the basis for the findings. All identified themes and sub-themes are presented in tabular form. Each research question is restated with a brief justification. The main theme and subthemes relevant to the each research question are presented in detail. Justification of the findings is supported by brief extracts/quotes of participants' responses from the interviews.

This section also covers evaluation of findings of the study, on the basis of final information gathered from respondents. The research questions are used as guidelines in the organisation of the evaluation process. Each question is justified to highlight its relevance to the study. The findings are further interpreted following respondents' views, opinions and experiences. The actual findings are compared and contrasted with previous studies as perused in the process of literature review. Potential explanations are provided for conflicting or unexpected results. The

results are also interpreted against the theories upon which the study was undertaken: the human capital and andragogy.

#### **4.2 Trustworthiness in Research**

According to Polit and Beck (2014) trustworthiness in research entails the extent to which the researcher could claim confidence in data, sources, interpretation and methods adopted to ensure that a study is of an acceptable quality standard. It serves the purpose of providing guidelines upon which an assessment of the quality of qualitative research is based. In the view of Amankwa (2016) it is expected of researchers to establish a set of acceptable rules, guidelines and procedures deemed necessary for undertaking a study in order to justify its trustworthiness. These steps are essential in ensuring that the study has been conducted within acceptable scientific frameworks. Connelly (2016) highly regard the criteria coined by Lincoln and Cuba in 1985 as acceptable for assessment of the quality of research in terms of trustworthiness. The criteria included credibility, dependability, confirmability and transferability. Each of this criterion is discussed in the ensuing paragraphs, relative to their contribution in ensuring the quality of this study.

### Credibility

According to Rajaram (2017) credibility refers to the extent to which a study was conducted on the basis of typical standard procedures indicated for qualitative research approach. It is the basis for ascertaining the level of confidence in the truth of the study, and subsequently in the findings (Polit and Beck, 2014). It is a measure to ascertain the extent to which respondents' views and researcher's reconstruction and representation (of those views) match. According to Connelly (2016) this criterion equates internal validity in quantitative research. In the quest to promote credibility of this study, strategies adopted are discussed below.

#### Prolonged engagement with participants

The researcher conducted pilot-testing for semi-structured interviews for the purpose of detecting and mitigating envisaged challenges in the research instrumentation. The interview questionnaire was piloted on 4 participants purposively selected by virtue of being exact representation of the samples targeted for the study. This step was undertaken to ensure that appropriate time was allocated based on the outcome of the pilot project. As a result, the time allocated for engaging each participant was 90 minutes. This duration was appropriate in affording the researcher opportunity to: create a relaxed atmosphere; build trust; engage in

introductions, actual interviews and follow-ups, without the hassle of time constraints. As time progressed, conversational-type of atmosphere gradually developed, thus giving respondents freedom to share their experiences, opinions, attitudes, as well as perceptions.

#### Persistent Observation

The researcher adopted this strategy to attain deeper understanding and experience of the phenomenon under study. For purposes of broadening the scope of prolonged engagement, the researcher attended 2 workshops, 2 sector meetings and 1 seminar organised by/in collaboration with government agencies to support SMEs. The following items formed part of the focal points of attention: (a) setting; (b) participants-demographics and behaviour; (c) education and training- activities, focus areas, adopted approaches, government role, as well as commercial banks' role. This strategy had the advantage of observing different participants in different settings. The researcher was able to observe, identify and record different aspects essential for the study.

### Triangulation

Bryman *et al* (2014) defines triangulation as the use of more than one method in the study of a social phenomenon to increase the quality of the findings. In the process of aligning with this technique, the researcher adopted data triangulation by using two different sources of data: unstructured interviews and participants observation. The two different sources of data afforded the researcher opportunity to gain deeper insight in the analysis and interpretation of the data collected. The interpretation was thus based on different perspectives. The researcher also adopted theoretical triangulation by using two different theories: human capital and andragogy. Collaboration of these two theories played the role of broadening the scope upon which phenomenon under investigation could be perceived and understood.

# Member-Checking

This technique entails steps undertaken by the researcher to return to participants for purposes of confirming the findings against views/experiences expressed during data collection (Connelly, 2016 and Rajaram, 2017). In the view of Birt *et al* (2016) member-checking is about approaching respondents to check for data accuracy and resonance with the actual presentations. Following the trust built during prolonged engagements and persistent observation, the researcher had been able to meet respondents for member-checking. Interview transcripts were returned to respondents for validation, thus enhancing accuracy of data. The

process was undertaken on the basis that the quality of findings depends on accurate description and interpretation of the phenomenon.

# **Transferability**

Transferability refers to the extent to which study findings can be applied to other settings, populations and treatment arrangements (Polit and Beck, 2014). This technique is regarded as equivalent to external validity which determines the degree to which research findings can be generalised to different contexts in terms of people, situations and measures. According to Connelly (2016) researchers have a duty to support study's transferability by providing rich and detailed description of the research context, location, people studied, as well as transparency about data analysis. In the process of compliance with this trustworthiness technique, the researcher has accurately given full description of the context in terms of field of study, importance of the field under study, currents state of the field, as well as specific area to be studied. All this areas were covered under literature review chapter. The details of location of the study, the people to be involved in the study and how data would be analysed were given full attention under research methods and data collection chapter.

# **Dependability**

According to Bryman *et al* (2014) dependability is concerned with logic, documentation and audit of the research process. The technique, equated with reliability, entails the researcher's account for the changes in conditions of the study phenomenon, as well as changes in the study design as prescribed by better understanding of the setting. This, according to Polit and Beck (2014) and Elo *et al* (2014), entails stability of the data over time and under changing conditions of the study. Connelly (2016) posits that procedures to assess dependability should include record of audit trail of process logs that are expected to provide information on study activities and decisions on participants and what to observe. In compliance with this technique, the researcher has made sure that audit trail is constituted by records of raw data, field notes and transcripts, as recommended by (Nowell *et al*, 2017). The researcher has made all efforts to ensure that all processes logical, and activities are well documented as recommended.

### **Confirmability**

Confirmability, which is the alternative of objectivity, refers to the degree to which the study findings could be confirmed by another researcher (Moon *et al*, 2016). This technique seeks to ascertain the extent to which the researcher was neutral in the process of undertaking the study

(Polit and Beck, 2014). According to Korstjens and Moser (2018) confirmability is concerned with ascertaining that data and interpretation of the findings are the actual representation of data collected, and that they are free from researcher's mental fabrication. Thus, in compliance with this prerequisite, the researcher has provided a detailed methodological description to assure the reader of neutrality. An audit trail of analysis was accurately maintained. Detailed records of all activities, decisions and analysis are kept. The findings were further subjected to peer-review for objectivity. All efforts were made to ensure any form of researcher's predisposition, belief and assumption did not influence the study findings.

# 4.3 Reliability and Validity

According to Bryman *et al* (2014) reliability and validity are two analytically distinguishable concepts, yet closely complementary. The authors base their argument on the basis of assumption that an unreliable measure cannot be presumed valid. The implication is that the more a measure becomes unstable and fluctuates under different circumstances and time, the more it cannot provide valid results of the phenomenon under investigation. Thus, an element of stability need to be attained to achieve validity of a measure.

Reliability ascertains the degree to which an instrument yields results that are constant over time and could be declared exact representation of the total population under study (Blumberg, Cooper and Schindler, 2014 and Dlova, 2017). Apart from the process of pre-testing the research instrument, the sample selected for the study possessed attributes required to contribute meaningfully to the study. They were purposively selected on the basis of vast amount of experience they possess in the field of small and medium entrepreneurship. They were interacted with at settings of their choice, thus creating a relaxed environment for collection reliable data. The researcher also opted for the manual content analysis as alignment with Halloway and Calvin's (2016) call that the application of software programmes should under no circumstances replace the intellectual reflective process that is core in qualitative analysis. The researcher remained in charge of the entire analysis process, thus maintaining the human reflective thinking required.

*Validity*, on the other hand, ascertains the extent to which an instrument really measures that which it was intended to measure and its ability to be generalised in terms of population, settings and times (Blumberg, Cooper and Schindler, 2014 and Dlova, 2017). In an effort to uphold validity, the research interview instrument was subjected to pre-testing in a pilot study involving similar prospective participants. Areas of concern were recorded and improved

accordingly. The multiple data collection techniques adopted: unstructured interviews and participant observation ensured that an element of triangulation is adhered, thus enhancing validity. The time spent with each participant ranged up to 90 minutes, thus creating a relaxed atmosphere required for mutual trust and cooperation. The time-range was also enough to afford the researcher opportunity to dig deeper for underlying meaning on the phenomenon under study.

#### 4.4 Results of Findings

The current study employed exploratory qualitative research methods to investigate the role of education and training in sustaining small and medium enterprises (SMEs) in the rural areas of Sekhukhune District of Limpopo Province of South Africa. Data were gleaned through face-to-face semi-structured interviews, participation observation and documents analysis methods. The main research question that current study intended to answer was: What is the role of education and training in sustaining small and medium enterprises in rural areas? The main research question was broken down into four sub-questions which were:

- What is the importance of entrepreneurship education and training for rural entrepreneurs in Sekhukhune District?
- What are the critical areas of entrepreneurship education and training for rural entrepreneurs in Sekhukhune District?
- What are the approaches of implementing entrepreneurship education and training interventions for rural entrepreneurs in Sekhukhune District?
- What is the role of government in entrepreneurship education and training for rural entrepreneurs in Sekhukhune District?
- What is the role of commercial banks in entrepreneurship education and training for rural entrepreneurs in Sekhukhune District?

## **4.4.1** Analysis of Interview Transcripts

The interview schedule consisted of two sections (Sectiona A and Section B) (one per sub-question. Section A (structured/closed questions) of the interview schedule aimed at collecting demographic information while Section B (semi-structured/open-ended questions) consisted of questions intended to answer the research questions. In addition, the number of entrepreneurs who consented to take part in the current study was 24. The interviews were recorded and later transcribed. Thematic analysis, using coding technique, was employed on the transcripts and

the coding was done on a sentence-by-sentence basis. Participants were given code numbers: from P01 to P24 to hide their identity

# **4.4.1.1 Interview Participants Demographic Characteristics**

**Table 4.1: Participants demographic characteristics** 

Demographic Variable		Population		Sample	
		N	%	N	<b>%</b>
1.	Gender				
	Male	36	50	12	50
В.	Female	36	50	12	50
C.	Other	0	0	0	0
D. 1	Preferred not say	0	0	0	0
	Total	72	100	24	100
2	Ann				
2.		18	25	6	25
	25 – 35 36 – 45	18	25	6	25
	36 – 43 46 – 55	18	25 25	6	25 25
D. :		18	25	6	25
		72	100	24	100
	Total	12	100	24	100
<b>3.</b> ]	Place of Residence				
<b>A.</b> ]	Burgersfort	18	25	6	25
В	Jane Furse	18	25	6	25
C. (	Groblersdal	18	25	6	25
D. (	Ohrigstad	18	25	6	25
,	Total	72	100	24	100
4.	Level of Qualification				
	Grade 12 (University Entrance)	30	41.7	10	41,7
	Bachelor Degree	30	41.7	9	37,5
	Postgraduate Degree	9	12.5	4	16.7
	Preferred not to say	3	4.1	1	4.1
	Total	72	100	24	100
<b>5.</b> ]	Employment Status				
	Permanently Employed	42	58.3	14	58.3
	Temporarily Employed	0	0	0	0
	Self Employed	30	41,7	10	41,7
	Other	0	0	0	0
,	Total	72	100	24	100
6.	Job Title				
	Owner/Manager	30	41,7	10	41,7
	Trainer/Facilitator	42	58,3	14	58.3
	Other:	0	0	0	0
,	Total	72	100	24	100

7. Years of Company Operation				
A. 0 - 3	33	45,8	5	20.8
B. 4-6	17	23.6	10	41.7
C. 7+	22	30.6	9	37.5
Total	72	100	24	100

Source: Narang and Dwivendi (2015)

Table 4.1 depicts an assessment of the research participants' demographic characteristics in terms of gender, age, place of residence, level of qualification, employment status, job title and years of company operation. There was a balance in terms of gender representation: 12 males and 12 females. The age of the participants in the current study ranged from 27 to 57 years (30 years range). Participants were evenly distributed among the four major areas in Sekhukhune District, with 6 from each area. The level of education of the participant cut across the qualifications spectrum. All participants were permanently employed. Their job titles range from SME owner/manager to trainer/facilitator. Furthermore, the sample was inclusive in terms of age and experience of running the business as and that of running a business from 3 to 8 years (5 years range). It can thus be argued that, in general, the participants of the current study were not well experienced in running a business and required all the support they can get from government and other interested parties, hence the current study is a step in the right direction in a ploy to make SME self-sustaining.

#### 4.4.1.2 Reporting of analysis of the interview data

The reporting of the analysis of the interview data is presented according to the answers to the sub-questions in the order that they were asked.

# 4.4.1.2.1 The importance of entrepreneurship education and training for rural entrepreneurs in Sekhukhune District.

One of the sub-questions that the current study intended to answer was: What is the importance of entrepreneurship education and training for rural entrepreneurs in Sekhukhune District? As a result, five themes emerged from the data that were aimed to answer the question. The themes that emerged are: orientation on external factors in entrepreneurship; how government influence the entrepreneurship sector; adaptation to changes in entrepreneurship; basic relationships in entrepreneurship; and impact of the market factors in entrepreneurship. This section outlines the result of the current study, under the first sub-question, based on the identified themes.

#### Orientation on external factors in entrepreneurship

P02 "My understanding suggests that entrepreneurship education and training is everyone's basic knowledge about doing business".

P02 "The first focus here is on aspiring group who, in my opinion, possess no/little knowledge about the business environment. They need knowledge of legislation to comply with, economic landscape as influenced by political climate, social dynamics, level of competition, as well as a whole lot of people or companies one is required to interact with".

P03 "Remember, education and training facilitates skills development in the business field. It is about instilling skills required to start, grow and sustain the business. So, the less one is experienced, the more they will benefit from education and training interventions".

P12 "I have come to realise that a lot is needed when coming to supporting small business sector. Most of the entrepreneurs, especially in rural areas, enter the sector without the proper knowledge required to operate. In most cases people use their hard money to fund the enterprise, with the hope of quick returns, only to be surprised by the sudden loss in investments. People need to be taken on board, from the beginning. My experience tells me that most entrepreneurs seek education and training when it is late".

P15 "I have a high regard for entrepreneurship education and training as the foundation of knowledge in running a business. It builds one knowledge about certain elements that form part of the daily decisions undertaken to shape the business going forward".

P22 "The programmes in this field should be about preparation for business start-up, nurturing skills for business growth, and instilling knowledge for adaptability to the business factors. All these are key. You prepare entrepreneurs about what lies ahead of them in the sector. It is in fact knowledge about risk analysis with regard to factors that might affect your dream of growing and sustaining your business".

P24 "Rural entrepreneurs need these type of programmes. They need to learn a lot regarding characteristics or rather factors that characterise the enterprise stage...This is figurative meaning. It is an enterprise stage in the sense that there are many actors on the business stage. The actors include the entrepreneur who on daily basis ensures that the business is operational. The economists engage in forecasts and monitor the inflation trends. The politicians in parliament engage in laws and policy development that impact on business operations. The society on the ground make choices and preferences on services and products on offer based

on several aspects like age, education, income, residence and marital status. IT specialists keep upgrading technology to match the global business trends. Environmentalist advises government on areas of pollution and its impact in the future. All these actors have direct or indirect impact on enterprise operations".

#### How government influence the entrepreneurship sector

P01 "I started the business out my own thinking, without any training. I just learn by doing, and sometimes I realise my mistakes after money has been wasted. It is late there is nothing I could do, money gone. We struggle to understand how government works, because we are always caught by surprises when visiting government offices".

PO3 "Business environment relates to all factors that affect the operation of the business. Be it policies governing business operations in terms of interacting with stakeholders, competitors, marketing or compliance with the regulations".

P04 "I didn't receive any funding from government to start or boost my business operations. Yet I am required to account for my annual income and at some point pay tax. I really don't understand. We need education and training to have clear knowledge and understanding of how the business environment works".

P07 "A successful business is measured by the amount of funds you invest in it, but the skills you apply in the running of the business. These skills are not inborn, but learned through processes like education and training. For instance, the change in government has an impact on entrepreneurship. The National Party government collapsed in 1994, and was replaced by ANC government. It was unpredictable because we have no knowledge of how the... politics can affect the way we run our business. Almost everything changed overnight...the economic policies, human settlement, etc".

P09 "Apart from advancing the skills in entrepreneurship, experience tells me that education and training plays the role of introducing entrepreneurs into the business world...The business world, I mean the overall environment charactering the business sector. This is the real environment, rather than what I can term 'fantasy' environment. The business world is made of several factors that shape, impact, grow or even collapse the enterprise. So, education and training has a role to play to ensure that participants in the field acquire knowledge about the factors".

P10 "I need knowledge on what informs government decisions on the economy. I am heavily impacted on, yet I don't understand these decisions".

P14 "Entrepreneurship education and training impact positively on clarifying critical factors characterising the environment in which enterprises operate. Contrary to what majority of entrepreneurs think, the reality characterising the business world is challenging and somewhat cruel".

P17 "The impact for a rural entrepreneur should be visible in unlocking knowledge in the entrepreneur environment. This is very important. The level of knowledge in the business environment is still a serious challenge. A lot has to be done to educate the people about this aspect, as well as their interaction with the business world around them".

P18 "I refer to political dynamics, economic trends, social dynamics and other factors like technology. Majority of enterprises falter at early stages due to lack of understanding of internal dynamics of the business".

P19 "Ok, in simple terms the reality behind the business environment is hidden behind several factors like Reserve Bank's decisions on the economy, parliamentary decisions on foreign relations, competition on the market, social trends impacting on customers, a whole lot of things. The cruel part lies in the lack of knowledge about these things. Therefore education and training in entrepreneurship should be the answer to this".

#### Adaptation to changes in entrepreneurship

P16 "Laws change regularly to protect the country's economy. In the process enterprises are affected, and need to adjust to comply. For example, customer complaints might lead to change in law protecting their interest. Local suppliers' complaints against their foreign counterparts might lead to change in law to protect local production. All these trends require knowledge and adaptation".

P20 "Entrepreneurship education and training plays important role in improving the knowledge base of entrepreneurs. It is a requisite in the life of an entrepreneur to acquire knowledge and skills. It affords entrepreneurs opportunity to keep abreast with the latest developments in the business sector...The impact of changes in political parties ruling the country, impact of policy changes in the economy, as well as impact of introduction of technologically inclined services".

P21 "Entrepreneurship education and training is essential for orientation, skills transfer and adaptation to changes...Orientation implies preparation of entrepreneurs on the actual environment that lies ahead. You see, the problem is that many aspiring entrepreneurs enter the sector with imagination about the sector. The sector is very risky for investment. The business space is characterised by volatile changes that the entrepreneur has no control over".

P23 "These platforms are essential for exchanging experiences that range from good practices to frustrations in the sector...Frustrations around changes in policies, economic instability that impact on inflation, the migration from manual to electronic form of registrations due to technological changes, higher competitions due to unregulated entry in to the market, market frustrations related to oversupply of products, the list is endless".

#### Basic relationships in entrepreneurship

P1 "My staff lacks knowledge of customer service, because I personally don't know. I fear to commit myself to contracting with suppliers, what if I fail to pay? My business does not grow, I don't know how expand it".

P05 "I am referring to knowledge on how the overall country's economy affects my business, how the political changes affect my business, how advancement in communication affects my business, how marketing strategies and restrictions affect my business. A whole lot of factors. Relationships with customers, suppliers and distributors are also regulated. I have had opportunity to learn a few things around this".

P06 "I basically try to indicate that an enterprise is run within prescripts of the law predetermined at particular level. Once registered, the enterprise does not entirely enjoy the freedom of operation. Customer rights, tax obligations, import and export duties, legality of suppliers and distributors, and so forth. All these are regulated, and they need to be adhered to".

P08 "Most importantly, how to interact with key stakeholders in the business. Funny enough they are there, and we interact with them at various levels, yet we cannot identify them in terms of categories. The only category of people I am familiar with is that of customers. So, we need to know and understand these things".

P10 "I need knowledge on the business factors, and there has never been commitment from the relevant authorities to prioritise education and training in areas of customer service, supply chain and channels of distribution. I learn by myself".

P13 "Rural SMEs have difficulty in mastering the basics of entrepreneurship like identifying their customer base; marketing strategies to be adopted; management processes to be implemented; government policies working their favour, etc. Entrepreneurship education and training, had it being effective, would play a role improving skills base in the business sector, the rural areas being the focus of attention".

P15 "Good. Growth in unemployment rate has increased competition in the business sector. There is a need to take entrepreneurs through the basic knowledge of survival in an environment characterised by stiff competition, as it is experienced now".

P18 "Knowledge of the different relationships that shape the business is very key, and the market is saturated by both small and big businesses with advanced skills to survive. Rural entrepreneurs find it hard to make a cut due to lack of capacity to stay afloat".

#### Impact of the market factors in entrepreneurship

P1 "In the process of establishing a business the market is less assessed, and this creates replication of products less demanded".

P04 "The 'weather' at the market is always changing and demands for sophisticated apparatus to make appropriate predictions. The apparatus in this instance would mean skills and knowledge to foresee the impact of internal and external factors on the market".

P07 "A business is based on the market, and the market is characterised by laws, economic trends, as well as competition for customers and suppliers. That's the business environment I am referring to. In the process of deciding on a service or product, one is guided by government laws. Competition strategies adopted should also be economically feasible. Knowledge of all these factors is important. That's where education and training is required".

P14 "Cruel in the sense that if you enter the business world full of hope for quick returns, you might be surprised by the outcome. Having lot of money at your disposal does not guarantee success in business. Knowledge is what counts. Knowledge about your product offering, competition level, the market, kind of suppliers to deal with, government legislative requirements, etc. These the few things one should know about".

P17 "Then market, for example, is not understandable. Understanding the market is challenging and requires thorough education and training. On many occasions I feel the support in this regard is not adequate, and should be strengthened".

P20 "Entrepreneurship education and training would first impact on the understanding regarding the market environment...I mention the market, because there is no business that operates outside the market. The market environment shape influence decisions about the products, completion, suppliers, customers, and so forth. Understanding the market is key".

# 4.4.1.2.2 The critical areas of entrepreneurship education and training for rural entrepreneurs in Sekhukhune District.

The second sub-question that the current study intended to answer was: What are the critical areas of entrepreneurship education and training for rural entrepreneurs in Sekhukhune District? From the data that were intending to answer the abovementioned sub-question, five themes emerged. The themes are: registration of enterprise; regulatory compliance areas; financial record keeping; integration of technology; and marketing skills. This section presents the results from the data that were intending to answer the second sub-question according to the themes that emerged from the data.

#### **Registration of enterprise**

P05 "Another priority knowledge area relates to registration of business. The legal environment has always been a challenge. We are not adequately prepared in terms of capacity to comply. Remember your business would only be legit if its operations are legal. So, this is the area where most of small businesses are struggling. To have a business legally registered in rural areas is a challeng".

P12 "For a rural entrepreneur the issue of business registration is still a serious challenge. The government agencies should put rural entrepreneurs on priority list for skills development, with legal factors as major focus area. This is a major stumbling block towards accessing funding, tender certificates, as well as sub-contracting".

P14 "The legal part of the enterprise is also important, because no one could be allowed to trade without proper registration".

#### Regulatory compliance areas

P1 "I just started my brickyard without knowledge of legal requirements to meet for such things as registration, tax issues, tendering, etc".

P13 "Rural entrepreneurs need knowledge on operating on legal platform. There is no enterprise that could be considered for funding unless it duly registered and comply with tax requirements".

P17 "It is a given proof that rural entrepreneurs are struggling with the government regulations. It is a challenge, and given the understanding that not everyone has reached education level to can interpret the regulations to comply with. That's where agencies are required to support rural entrepreneurs. Majority enterprises resort to operating illegally".

P22 "I would simply mention government compliance requirements for SMEs. This is key because it is a determinant for funding and other skills development support programmes. Simply I would go for compliance with the regulations as the first knowledge area, because without this competency an enterprise would not be considered for funding, either by government or commercial banks".

### Financial record keeping

P01 "We establish businesses by investing lot of funds we, in most cases, struggle to source. Financial institutions are strict in their criteria to qualify one for funding. I, for one, good financial recording is a must for any enterprise".

P03 "You can't provide good financial records unless you have knowledge of financial record keeping. So, these two are key areas".

P06 "Two, knowledge of financial records. I don't qualify for funding due to lack of appropriate financial records. I lack skills and knowledge to meet the standard required. To make matters worse, financial records need to be prepared on the computer. Manual handwritten records are not preferred. So, it a mountain to climb because we don't have adequate knowledge to operate these computers".

P13 "As government support agencies, we should consider financial literacy as one major priority for rural entrepreneurs. This area is crucial in the sense that it plays important role in application for funding".

P14 "The legal part of the enterprise is also important, because no one could be allowed to trade with proper registration. Keeping and audit of financial records is another key knowledge area. It very import, and millions of funds are returned to national treasury, due to low number of SMEs qualifying for funding. The major problem being inability to produce the required financial records. Finances remain the backbone of any enterprise".

P22 "Lastly, the most critical one, finance, finance and finance. This is undoubtedly the most key knowledge area. Simply it is about accounting for your enterprise transactions, in written form. The business language talks about financial record keeping. That's all".

P24 "Adding to resource allocation and control brings us to finances. Proper knowledge and skills are required in keeping records of finances, as accurately as possible. This skill is non-negotiable. It is must to have knowledge in this area. How would one apply for funding if there are no records of enterprise finances? It can't be. All these need to be taken into consideration as priority knowledge areas".

### **Integration of technology**

P06 "Communication is my main priority in the running of an enterprise. Technology is advancing at fast rate, and one cannot afford to be left behind. Communication determines relationships with customers, suppliers, distributors, government support agencies, small business funders etc. So, one need to be ahead of the game as far as communication is concerned".

P07 "We don't have the resources and skills in technology. I have given up applying for funding due to lack of knowledge in online system of operation. Commercial banks demand that supporting documents be uploaded. I don't know how to do it".

P10 "A rural entrepreneur needs knowledge in online interaction with government authorities, customers, suppliers, distributors, and business funders. That's advanced level of communication. There is no need to visit all these stakeholders. The need for continuous changes in technology demands continuous capacity development on the part of the user. We always plead with support agencies to run refresher education and trainings sessions to keep us abreast with latest developments".

P16 "Communication is also critical area. Both verbal, written and electronic. This nowadays, technology is gaining momentum day-by-day, so enterprises need to adapt. The challenge for rural entrepreneurs goes beyond skills in ICT. They need a fully-functional ICT centre in the community to ensure that the skills learned are continuously refined".

P19 "The Covid-19 pandemic has made things worse because no one is allowed to visit the offices. Only online services are functional. Rural entrepreneurs can't register their businesses online. They are stuck due to lack of skills. They need skills in technology".

P20 "I am of the support to empower SMEs with information and communication technology skills. This is the first area to be strengthened. All programmes run on the basis of communication. Information is disseminated through the medium of communication. So this area should receive first priority".

P22 "Integration of technology in communication and record keeping is one key knowledge area to be noted. The current technology environment is fast changing, and thus require continuous adaptation".

#### Marketing skills

P08 "Marketing is one area that rural entrepreneurs need to have skills on. We offer products or services not required. Our pricing strategies are not informed by the market trends. So, we just think and implement".

P13 "Marketing is another area to be prioritised. Small business owners make the mistake of offering the similar products in a large scale. They need to understand issues regarding marketing".

P14 "Entrepreneurs should acquire knowledge on products and services they need to offer. Duplication of offerings has on many occasions lead to the demise of many enterprises".

P22 "Knowledge marketing in its totality is very essential for all entrepreneurs. This would assist in decisions regarding what to offer, where to offer and how to reach potential customers".

# 4.4.1.2.3 The approaches of implementing entrepreneurship education and training interventions for rural entrepreneurs in Sekhukhune District?

The third sub-question of the current study was: What are the approaches of implementing entrepreneurship education and training interventions for rural entrepreneurs in Sekhukhune District? Five themes emerged from the data that were intended to answer the question. The five themes are: needs-based approach; classroom-instruction approach; workplace practical approach; continuous learning approach; and mentorship approach: This section presents the results of the current study based on the third question per theme.

### **Needs-based approach**

P02 "And these sessions should consider grouping participants according to aspects such as experience, needs and expectations".

P03 "Grouping learners according to their profiles, as I have indicated earlier. According to the experience I have is that entrepreneurs come from different industries, learn for different reasons, and with different educational levels. It would be better for the instructor to engage in the process of profiling to ensure that learners are grouped accordingly. Then the approach would be appropriate, and above all relevant".

P06 "Good question, and thanks for asking. The issue of considering learners' demographics sums it all. We learn at different levels, for different purposes, depending on individual profiles. Most of the training approaches don't cater for the needs of the target learners".

P09 "An appropriate approach should be informed by the target beneficiaries of the programme. We already have challenges that inform our expectations and needs for particular workshop. If they don't engage us, they will always get it wrong. They must consult us for proper planning".

P11 "Inability to engage rural entrepreneurs themselves, robs them of the opportunity to address their real challenges. The weakness in support from agencies is the tendency of manuals to address urban challenges in a rural setting. This approach denies instructor opportunity to address the real problems experienced on the ground. The training should not be centred on assumptions".

P12 "Reality on the other hand refers to the actual scenario on the ground. Here I must be honest it is not good. We deliver skills development programmes based on manuals. There is no little time to consult. The infrastructure is poor. We hardly engage rural entrepreneurs. In short the approaches we adopt are not appropriate".

P16 "Based on engagement I spoke out earlier, I would suggest an approach that puts the learner/entrepreneurs first...It would be the one that is aimed at addressing the entrepreneurs' skills gaps".

P17 "An appropriate approach should, above all, be learner-considerate...It should be answerable to learners needs. The programme in question would be about addressing particular skills gap, therefore it should aligned to respond to that. For example, it would serve no purpose to engage entrepreneurs in a computer exercise if majority of learners are computer illiterate".

P20 "It will be appropriate approach if it is leaner-orientated. Remember the ultimate person to benefit is the entrepreneur, not the facilitator. Therefore a lot should be done to ensure that

the entrepreneur is at the centre of choosing an approach. The target learners need to be consulted to ensure that the instructor prepares training in accordance with the needs and expectations as informed".

#### **Classroom-instruction approach**

P06 "I would recommend a classroom-like situation where an instructor facilitates to group of entrepreneurs. This arrangement should still consider grouping them according to their expectations, apart from that, it would be good to engage learners in different activities depending on their level of needs".

P14 "Thank you. A well-thought approach would imply taking entrepreneurs on board in a classroom-like setting...The problem is the time period between the theoretical instruction and the practical engagement. You see, a well-thought approach would ensure that the gap between the two steps, in terms of timeframes, does not exceed two weeks. That is important in bringing about a link and synergy in learning".

P19 "A classroom teacher-learners situation. It is old and still functional, because it form the basis for all other modes one can think of. The next should be the task-related one, which emphasises practising what one has learnt in the classroom. These are the least key approaches that should be adopted".

#### Workplace practical approach

P04 "Notwithstanding the theoretical classroom facilitator-learner situation, there is a need for reinforcement. We need to learn by doing, the saying goes hands-on-deck. It is important to engage in practical activities that cement whatever we might have learnt in classroom setting".

P05 "Remember, majority of entrepreneurs are adults. We expect a situation where the learning environment would be characterised by the actual activities. Yes, teaching and learning should be there, but emphasis should be on the practical part thereof. While appreciating the training we receive, I would suggest that the approach move from being theoretical to hands-on practical. The normal classroom training we attend should be complemented by a practical one". Follow-ups are also important after workshops".

P09 "If I may suggest, entrepreneurs at rural areas should be exposed to practical form of training. Yes, theory is good, but should be limited. We need knowledge and skills that would

enhance our performance in business operation. We don't have time to spend in listening to long presentations. We need practice".

P13 "As government support agencies we are more conversant with theory than practice. I want to challenge our seniors to consider introducing the type of training that would afford entrepreneurs opportunity to put their hands on the work. Learning by doing would better suit an adult entrepreneur... A simple example, distribution of manuals on financial record keeping. All learners would be engaged in an exercise specifically dealing with recording income and expenditure. This is a practical exercise that warrants learning by doing".

P20 "Practical programmes should also be undertaken to give entrepreneurs opportunity to learn by doing, and doing until they master the skill".

P22 "For example, if the topic is about enterprise registration, (firstly) hand-over hard copies of registration forms. Go slide-by-slide, item-by-item outlining how the form should be filled. Secondly, let everyone fill the form with a pencil on a step-by-step process until the end. That is practical. Even if it is to be done electronically, select venue with computer lab for this practical purpose. I am not sure if it didn't waste your time".

P24 "Well, my view is that if a programme addresses gaps in Information and Communication Technology, the next step would be to visit a computer lab where all participants would be exposed to the actual and practical exercises. The session should include several activities under the guidance of the trainer. That would cement the learning".

#### **Continuous learning approach**

P07 "We need variation in sequence. Remember, we are adult learners. We need proper planning and logical sequence...Ok. If, for example, the sessions run bi-monthly, the first session would take the form of teacher-learners situation where we engage in presentation, question-and-answer, as well as discussions. The second session would be practical in the form of actual manuals for each entrepreneur to engage with. The third would require some form of individual evaluation focusing on individual entrepreneur performance and challenges".

P15 "I mean SMEs education and training should be delivered on several modes, from one approach to the next. It can't be one approach all the time. Instructor-led approach. This is common and cheap. I don't have a problem with this approach. As long as it is the basis upon which other approaches could be adopted".

P18 "We talking about adult learners here. I have had the chance to engage them on several occasions. If you want to win the battle working with them, educate like in a classroom and subsequently afford them opportunity to do. It is not often that learners are engaged in hands-on activities that would probably cement the skills being learned. This approach should, henceforth, form part of the training".

P21 "Lastly, which is very important, an appropriate approach would stimulate continuous learning...I mean an approach adopted should lead to a need to acquire more knowledge on the subject. It shouldn't create an impression that the end of the intervention programme implies the end of learning. Participants should have a sense that more knowledge is required to build on the one attained".

P23 "Approaches for SMEs education training should take the form a building a house...Approaches should build on one after the other, like a bricklayer working on bricks. They put one brick on top of the other. The first approach should serve as foundation to the others, and should not be the first and the last. It can't be. The first approach should be presentation in form, incorporating question and answers, interactive in nature. Activities should include group and individual sessions".

P24 "Implementation of education and training for SMEs requires approaches that call for continuity, retraining and constant complementary support. The challenge facing SMEs in rural areas is lack of continuity in their training schedule. One training would follow after a long time, and addressing a different aspect altogether. There is no way programmes build on the previous ones".

# Mentorship approach

P01 "As a well-established owner, I would rather prefer mentorship type of approach, because already I am three steps ahead. The smaller the number of learners per instructor, the better. Adult learners require individual attention, and therefore call for a situation where they would feel valued and appreciated. I need intervention that would directly address my failures, as well as improving on my achievements".

P02 "Three hour-sessions don't really work for us. Government should look into the issue of mentoring to assist rural entrepreneurs. Business experts should be given tasks to mentor these SMEs on one-on-one basis. Appointing experts to work closely with particular group of SMEs

(sharing similar products/service) would assist in keeping them on track until they reach sustainable stage".

P05 "Support agencies should draw programmes allowing their agents to visit the business sites or conveniently, one centre for a group of similar entrepreneurs as a follow-up to receive feedback regarding the intervention delivered earlier. This arrangement would serve the purpose of providing some sort of mentorship, as well as establishing the extent to which particular intervention has been successful".

P09 "The follow-up programmes should take the form of mentoring. We need closer contact with facilitators, and in instances of frustrations and require individual attention, there is no one to turn to. Sometimes it's not about frustrations, but growth plans, and you need a mentor to discuss anything about the business".

P10 "One monitor can be assigned a group of entrepreneurs to work with. This would ensure that challenges in implementation are addressed adequately".

P12 "It is often difficult to dream about growing your business without proper guidance and encouragement from an expert you can trust. It's not easy sharing your vision to anyone, one needs a mentor to confide with. Mentorship is the way to go".

P16 "In this instance I would suggest mentorship programmes, because they offer opportunity to engage at individual level. Workshops in groups are also ideal, but individual attention is not attained. Mentoring is good for addressing individual challenges".

P20 "I want to suggest those approaches I think will benefit entrepreneurs, notwithstanding the issue of resources. Mentorship programmes should be introduced...Such programmes bring the entrepreneur and mentor together for mutual understanding. Specific challenges are observed and discussed at length. Individual attention is at the centre of operation".

# 4.4.1.2.4 The role of government in entrepreneurship education and training for rural entrepreneurs in Sekhukhune District.

The fourth sub-question of the current study was: What is role of government in entrepreneurship education and training for rural entrepreneurs in Sekhukhune District? Five themes emerged from the data that were intended to answer the question. The five themes are: non-visible support by agencies; ineffective support agencies; poor communication strategies; constraint government regulations; and need for local complementary support

centres. This section presents the results of the current study based on the third question per theme.

#### Non-visible support by agencies

P05 "I am of the view that in no time the government would realise the need to review its support approach, and above all embark on extensive process of communication to ensure all views are represented. We are being subjected to continuous tax burden, though we are don't qualify for funding. We need to be supported, not deprived of every opportunity to grow our businesses".

P07 "Their approach to designing support for rural SMEs should be based on what we have submitted for consideration, not what they think can work for us. We can't access government funding because we don't know what to do correctly. Everything must be revisited".

P09 "Had government been playing their part optimally...coordination of these programmes would be of high standard, not what is happening now...There are several support agencies on the ground running parallel programmes. Interestingly, all these agencies are funded by the government. There is no coordination and synergy. Each agency runs its own programmes".

P20 "If all structures were well coordinated, with synergised programmes, rural SMEs would be seeing improvement in growth. The level at which rural enterprises fail is an indication that not enough is done to support the sector".

P21 "If I were to advise government on how to improve SMEs education and training for sustainable impact, I would suggest they set-up highly skilled coordination office to deal with challenges of poor provision of resources, poor planning, duplication of programmes, as well as poor communication. Above all, they should institute monitoring and evaluation mechanisms to improve accountability and efficiency. Once all these measures are put in place, government support would be effective and efficient. Majority of rural SMEs will surely be sustained".

P22 "Support structures are not visible due to poor communication, delayed provision of feedback, delayed follow-ups, as well as lack of complementary support centres. Government should consider revisiting support structures to improve efficiency...By revisiting I mean review, restructure, realign or critique all government support structures in terms of their respective mandates, strategic goals, action plans, performance evaluation, monitoring of performance against targets, etc".

P24 "Had all things being properly designed, monitored and continuously reviewed, the impact would be remarkable. The challenges of registrations would be things of the past. The number of rural SMEs qualifying for funding would be higher, due to skills and knowledge imparted on them. Rural SMEs would be in a position to adapt to technology, and thereby advance communication with relevant stakeholders. The challenges related to accessing services would be minimal. I really feel government should do more to restructure their services for the benefit of rural entrepreneurs".

#### **Ineffective support agencies**

P02 "Review of government agencies. I don't see them delivering on their mandate. These are structures or rather implementing structures required to see government commitment realised. I can't really explain what their mandate is, where they account to".

P08 "Government has several departments and support agencies with programmes to support small businesses, but the work they do is less visible".

P10 "Programmes do not address our needs. We lack critical information regarding funding, registration and taxes. It is difficult to access these agencies because they are located far from our communities. Where should we go for assistance? We indeed frustrated".

P10 "Lastly, there is a need to consider monitoring the work of support agencies...They don't seem to take their work serious. Accountability is key. They need to account for poor performance and continuous failure of rural enterprises".

P12 "Structures supporting small businesses need to be restructured to clearly define their mandates. As of now, each operates on its own, and it is not yielding positive outcomes at all".

P19 "One would expect a functional government support machinery to be well-oiled to provide services in entrepreneurship preparatory programmes, clarity on legal aspects, enterprise registrations, tax filling, drawing business plans, book keeping, information and communication technology, you name them. Currently it is not as expected".

P21 "The fact of the matter is that the government commitment I referred to earlier does not have the expected impact. All systems are in place, yet the implementation part leaves much to be desired. All government support structures are not coordinated. Each performs its own programmes. There are no integration systems in place. Programmes are characterised by fragmentation, parallelism (if there is such a word), duplication, poor resource allocation, poor communication and the doctrine of laissez-faire. The number of people engaged is more

important than the impact a particular programme had. That's quantity that matters, instead of quality. It's not good at all".

P22 "To be honest with you, government programmes fall short on the mandates outlined. There is no balance between the funding and performance outcomes, as expected. Majority of rural SMEs have collapsed/failed, despite government support programmes. Lower percentage of rural SMEs still receive funding, despite government support programmes. Majority of rural SMEs are not registered, despite government support programmes. There are no technological infrastructure for rural SMEs, despite government support programmes. There are no complementary support centres for rural SMEs, despite government support programmes. A lot of challenges, yet government support structures are in place for assistance. If all these aspect were addressed, government impact would be visible".

#### Poor communication strategies

P01 "Technology is now becoming a need. And we are less trained, how do you compete in the market without knowledge of the current technology"?

P03 "Rural entrepreneurs are not consulted in the process of planning and designing education and training intervention strategies. The support we getting is not relevant to our needs and expectations. There is no communication. We need to be heard to be served... Consultation is key, and government should consider reviewing the current support approach. Government should work around this aspect to ensure that rural entrepreneurs' voice is heard. Rural entrepreneurs are at the receiving end as far as marginalisation of services is concerned. Reviewing support approach would mean beginning on clean slate through consultation process".

P06 "These complaints would stand as long as measures to address the challenges are informed by wrong feedback. We need to be engaged to assist in the planning process".

P08 "There are no clear programmes in place. There is poor communication in place, even between the agencies themselves...We have evidence of conflicting or parallel programmes running. This is not good for us on the ground".

P08 "Government should learn from the disabled people who hold the view that 'nothing about us without us'. In the guest to reviewing support approach for the rural SMEs, communication channels should be opened to accommodate their views... We need to be consulted, so that we

present our challenges, expectations and needs. The planning process should be consultative in nature".

P10 "You know what? I would like the government to focus on working on proper strategies to improve their engagements with rural entrepreneurs. We need to be heard. This is about us. They need to consult us".

P11 "The issue of communication is important. Consultation of rural entrepreneurs remains key. Surveys to elicit views regarding the functionality and impact of support agencies are conducted online, thus closing doors for rural entrepreneurs with relatively poor technological infrastructure. Their views are therefore not heard".

P13 "Rural SMEs would have information about government services like training offered, funding qualification requirements, support agencies in place, and the location of these agencies. Currently we rely on our database to try and reach rural entrepreneurs, only to find that the details provided are no longer valid. That results communication breakdown. We don't know how to contact them for invitations, update of profiles and important announcements. Major engagement sessions end up cancelled due to poor attendance".

P16 "Yes. I know, but sometimes I fail to account for some government regulations imposed on small enterprises. Well, yes in defence of the state I would say the regulations are necessary, but communicating them is a serious challenge. People need resources to communicate effectively and timeously. As of now it takes long to respond to queries due to poor communication infrastructure".

#### **Constraint government regulations**

P01 "You see, the major issue here is the regulations we are subjected to without understanding. How do you comply without knowledge and understanding? It is unreasonable, unjust and unfair. We need thorough education and training to overcome these challenges".

P02 "All legislation regulating SMEs should be reviewed to afford us, players, opportunity to comply without several huddles to cross".

P06 "I am of the view that government should revisit the legal framework governing SMEs. We don't get the necessary support we expect".

P07 "I earlier indicated the challenge in complying with the laws. I personally feel the government, in the guest to improve support for rural SMEs, needs to consider revisiting the regulatory environment to make it more supportive. It is a serious challenge".

P10 "... the issue of taxation even if we don't qualify for funding is unfair. They should look into it. We are struggling to raise funds".

P11 "I also share the same sentiments that government regulations should be reviewed to accommodate rural entrepreneurs. The level of education should inform us when designing these regulations".

P12 "The issue of laws governing small business sector are a challenge. I am supposed to facilitate their implementation, but in some instance I think they are unfair to small businesses. P12 Structures supporting small businesses need to be restructured to clearly define their mandates. As of now, each operates on its own, and it is not yielding positive outcomes at all".

P13 "The issue of regulations governing small business is a nightmare, and the most challenging issue about this regulatory environment relates to "non-discriminatory" nature in which both small and big businesses are treated the same. Some level of concessions for small businesses is required".

P17 "Revisiting taxes imposed might also serve the purpose of encouraging registration of enterprises. These entrepreneurs remain discouraged to comply, while making little or no profit at all".

P18 "The processes dictated by regulations should be reassessed. Some businesses are duly registered, but the complex nature of these regulations is frustrating. Government needs to embark on review to accommodate small business. Government should also provide some form of tax incentives for rural entrepreneurs to allow them to grow".

## **Need for local complementary support centres**

P04 "Support services would be accessible at local level. We struggle a lot in accessing services due to location of agency offices. Information does not reach us on time. We struggle to have our businesses registered, due to lack of proper information and knowledge. The number of support structures in place should be doing exceptionally well to assist business growth and sustainability. On the contrary, we experience the opposite".

P05 "If those structures mandated to support us were delivering on their mandates, there would be information readily available to all of us. The need for offices in the rural areas would have been long addressed... Not really establishing new offices in all rural areas. I have to be practical here. Local municipal offices are already in existence in all rural centres. It is therefore feasible for support agencies to be located in the same buildings, right where we access community serves on daily basis. Alternatively, mobile structures might be located at police stations for this purpose. It is feasible, if the will is there. There is no need for a fully-fledged building".

P06 "We need information. We can't access it on the government websites without technological resources. They are expensive, we can't afford them. Satellite offices will cater for our needs at local level".

P09 "Let me tell you this. You wake early and spend your last cent to visit support centre for assistance. You know what? It hard to believe that in some instances you will be told somebody who is supposed to assist you is attending a week-long workshop somewhere far away. It is devastating. Service delivery is in shambles, and no one seems to care. What kind of service is that? They need to localise these offices to spare us time and money. Government should do something".

P11 "We are unable to provide them full service in their area of locations, because there are no offices. We only meet them during workshops or meetings. It is not good time to deal personal matters like taxes, registrations, funding, etc. They need space of their own to get the full attention they deserve. This is not possible, given the challenges encountered".

P12 "Firstly, physically by opening satellite offices in the rural areas where basic services like business registrations, tax matters, applications for funding and other information could be processed".

P14 "It is on record that rural entrepreneurs are not well catered for as far as support structures are concerned. The main challenge relates to non-allocation of offices in their areas. This has a huge impact on communication, as challenges experienced are addressed long after a damage has been done. I have mentioned that funding the projects was not a solution, if closer monitoring was not possible. Allocation of agency offices at local level would play the role of monitoring the projects at close range".

P15 "Education on business regulations is still a serious challenge. Government should pay special attention to this area to clarify advantages and disadvantages of non-compliance with the legal frameworks. This area would be receive priority if government could establish 'makeshift' offices in each village to provide basic services at close range. The fact that support offices are far away is the reason why majority of enterprises are not registered".

P16 "The issue of providing offices closer to rural entrepreneurs should be prioritised. Bringing the offices closer to the rural people would improve their confidence in the system, thus boosting their morale in growing their SMEs".

P19 "For government support agencies to perform as expected, there is a dire need to localise support offices. I am really convinced that this step would deal directly with other challenges...Issues like clarifying the business legal implications, ICT, registrations, skills in basic book keeping, as well as the running of in-house workshops. All these will be addressed at close range".

P23 "The issue of centralisation of satellite offices in towns is a serious disadvantage to rural SMEs. The level of poverty experienced is a detriment to affording transport costs to the offices. It is a problem. The same offices could not communicate upcoming support programmes on time due to poor communication infrastructure. This challenge lead to poor attendance for intervention programmes".

# 4.4.1.2.5 The role of commercial banks in entrepreneurship education and training for rural entrepreneurs in Sekhukhune District.

The fifth sub-question of the current study was: What is role of commercial banks in entrepreneurship education and training for rural entrepreneurs in Sekhukhune District? Five themes emerged from the data that were intended to answer the question. The five themes are: commercial banks operating in silos; need for shared support for SMEs, lack of synergy in training manuals; commercial banks' focus on big business sector; and lack of specialised services/products for small business sector. This section presents the results of the current study based on the third question per theme.

## Commercial banks operating in silos

P02 "Given the rural environment, poor resources and skills, it difficult to describe relations between banks and SEMs as friendly. The requirements for accessing funding are strict given

the type of documentation required. Government support agencies do not provide the knowledge and skills in this regard. So, we are lost".

P07 "We highly need and expect support from commercial banks. They need to be part of the system to support small business growth and development. Inaccessibility of their funding products should inform them of the need to come on board and support small business sector".

P08 "The reason is that by virtue of our rural setting, we rarely engage with commercial banks on matters related to small business. We lack proper information to comment on how commercial banks function. We know they offer some funding, but we cannot specifically say much on that".

P09 "In spite of running small businesses, they need to see and understand us as potential clients. They need to work with us until the stage where we fit in the services and products. They always looking for finished products, they need to engage actively on the process of manufacturing. Who should inform us? Who should educate us? Who should train us? It is all about their products and services. They should take responsibility".

P10 "Commercial banks focus much on profit than educating the people. I still have to see programmes aimed at assisting rural entrepreneurs. They don't have interest in small businesses. I really know less about banks offerings. I am not even interested. They just don't want to associate with struggling small businesses".

P11 "The matter I have just raised should be enough to inform commercial banks of the necessity to work closely with us. Rural entrepreneurs need them for funding. Government alone cannot fulfil this mandate. We need commercial banks to come on board. Commercial banks are private institutions, and entrepreneurs rely on government agencies for accurate information for applying for funding. We are less informed, because we cannot provide accurate information. Sometimes we feel embarrassed for failing to provide information required".

P12 "Commercial banks are professional institutions working on tight scope to defend their business interests. They nevertheless have an obligation to grow their business in areas less explored. I would suggest they reach out on small business through information gathering techniques like surveys to get first-hand information regarding their offers. Another critical part is that of engaging authorities in government to discuss the issue of small business funding. This is the area they share common interest in".

P13 "Depending on their approach, the need to come nearer to small businesses is non-negotiable. If really their services and products are meant to benefit small business owners, they need to educate and train the same potential beneficiaries on how successful they can apply for funding".

P14 "In order to support skills development initiatives, commercial banks should be seen to be partnering with government support agencies. I mean what is difficult in accommodating rural entrepreneurs, by launching special projects for small enterprises on a pilot basis. It is understood that their operational stances do differ, but they can find a way to work together in supporting rural entrepreneurs".

P16 "I still believe that government and commercial banks are parallel in approach, and that agencies would always lack accurate information required to support SMEs, unless some form of common approach is agreed upon. This collaboration would see them sharing valuable information about rural SMEs, like funding".

P17 "The gap between government agencies and commercial banks is doing disservice to small business sector. Support agencies have a lot information about the plight of small entrepreneurs in rural areas".

P18 "Given the complaints by small enterprises, though not proven, commercial banks should conduct a research-like project focussing on small enterprises status; challenges; needs; preferences, as well the kind of support required. I think that step would specifically inform these institutions of the need to support small businesses".

## **Need for shared support for SMEs**

P01 "Commercial banks, by virtue of being specialists in the financial sector, can assist government agencies in developing training manuals specific for financial literacy. They should forge partnership with government to educate and train us. Remember, government has policy in place. Their shortfall lies in implementation. A partnership with commercial banks would in a way improve their implementation drive".

P03 "Alternatively they should liaise with government support agencies to get appropriate information required to enhance their services for small businesses".

P04 "I know, on paper, they claim to be supportive of small business by offering loans and advices. I don't even try to apply for funding at the banks, because the qualification criteria, I am told, are too stringent to meet. They need to share information with government agencies

for public consumption. The qualification criteria are so stringent that one does bother to apply for their products. Maybe stringent is an unfair description of the criteria".

P04 "Alternatively they can still share the stage with government support agencies during SMEs workshops/meetings to disseminate relevant information regarding their services and products. They need us, as much as we need them. So, they have duty to meet us somewhere convenient. They possess lot of expertise by virtue of being specialists in the sector they operate".

P06 "I am impressed that now I have to be specific. These banks should consider engaging SMEs in groups to allow them to share information. The issue of accessing funding is another challenge, and government is not well positioned to cater for the funding needs of SMEs, that's why partnership with commercial banks is of paramount importance to share the burden of funding. This partnership should go beyond sharing funding burden by including information, training skills and experiences in interacting with SMEs".

P08 "Commercial banks are renowned for funding businesses, but for small business is something we really don't have information on. On many occasions, we put it forward that commercial banks accommodate small businesses. Instead, the call for government to reach agreement with commercial banks over new funding model for small business does not receive enough consideration".

P10 "I am afraid, by virtue of their approach, commercial banks, would not on their own support education and training for small business owners. There is only one approach they could lend a helping hand...By liaising with support agencies. They need to work closely with these agencies to share information about their offerings. Agencies would also share frustrations experienced on the ground. That type of engagement would lead to some form of cooperation, and subsequently influence decisions regarding services and products to be launched".

P12 "There is a need for commercial banks and government support agencies to find each other for exchange of ideas and experiences. Rural SMEs rely on government agencies for information, and thus working closer to commercial banks is in the best interest of information sharing".

P19 "Government should forge some form of partnership with commercial banks to share best practices, as well as reliable steps towards qualification for funding".

P21 "My view is that for the support initiative to bear fruits, it should be well informed, well planned, well implemented and well evaluated...It could be achieved through some form of association between commercial banks and relevant government support structures already implementing programmes. This kind of association is critical in gathering accurate information required for proper planning. Government support structures have relevant information on the challenges experienced by rural SMEs, but do not have the capacity to resolve them".

P22 "Good. I would recommend commercial banks use government agencies platforms to access small business sector. The platforms are already in existence, what matters is how they could plan to forge some form of ties to share the space. That would save time and resources, than starting from scratch".

P23 "How about forging ties, occasionally, to educate and train these enterprises? That would be good. Such mutual interaction would also assist in identifying common challenges that in turn require common approach. Bringing government and commercial banks closer would benefit rural SMEs in acquiring valuable and accurate information as build-up to funding application. It should not always be about funding, but education and training towards qualification for funding. Preparation, preparation and preparation towards funding".

## Lack of synergy in training manuals

P05 "Commercial banks might not interact directly with us, but they can still work closely with government support agencies. It is understood that the issue of SMEs funding is what brings the banks and government together. This common commitment should assist in sharing expertise and experiences in the preparation for training manuals. That would amount to information sharing. This is what we need, information".

P07 "Gathering information during agency sessions would mean interacting directly with government partners. That in itself is a means to share experiences relating to small business sector, which would be much appreciated. Going further, that would play prominent role in bringing commercial banks and support agencies together to design measures and products in support of the small business sector".

P20 "I think we need share a lot about small enterprises. In some instances we find ourselves in better positions to sell their products, but lack of information is the barrier. We do get questions regarding banks funding options, and you find it difficult to respond accurately to a

question in relation to banks criteria for funding. It's somehow embarrassing, because this information might be available on request from the banks. The other way round, it would be enough to work on training manuals that would include both government and banks funding criteria. This can only be possible if the parties are ready and prepared to support the rural enterprises".

P24 "For purposes of bringing about synergy with government support programmes, commercial banks should also consider building sort of alliance with government support agencies in order to deliver one message".

## Commercial banks' focus on big business sector

P02 "I don't have idea about commercial banks. They focus much on big businesses. I really don't know about these institutions".

P09 "Their services and products are well designed to cater for the well-established and successful businesses. I am way below that league, so I don't bother myself approaching them... Majority of their clients are big businesses. That is enough to enlighten them. They should support us".

P18 "I don't have clear information about the two parties' relations. All I know is that SMEs are reluctant to approach commercial banks for funding...The main reason, I am told, commercial banks look down upon them. Preference is given to big businesses with well-established track record."

P19 "Commercial banks should, at some time to come, consider differentiating small enterprises from the big ones. The sectors operate at different levels, and their plight are different too. Separation of the two would assist in relaxing some restrictions to accommodate the less fortunate rural enterprises".

P20 "Commercial banks and rural SMEs do have relations as far as I know. The relations are at a smaller scale, compared the one between commercial banks and big businesses... Big businesses are way on course as far as establishing themselves is concerned. They have, over the years, learned the art of building a visible track record that put them in an advantageous position. So, their relations with commercial banks is solely based on their ability to fulfil what is required of them, something small enterprises could not afford to do".

P21 "Commercial banks would enter into relationship with any SME on condition that association has a form of guarantee for returns instead of losses. That is where the problem

lies. Majority of rural SMEs don't have what it takes to provide the kind of guarantee required. Most of the enterprises are not registered, don't keep credible financial records and could not provide collaterals in case of loan applications. The challenge, to the detriment of SMEs, is that commercial banks operate on the basis of non-compromising policy. You can't blame them, it is the way they operate".

P24 "Commercial banks' focus is on big and viable businesses. Their primary concern is on compliance with their prerequisites, nothing else. No one can blame them, they are running a business. Every minute is money, all resources need to be utilised effectively and efficiently. I don't see SMEs in the picture for now, unless something drastic happens. Yes, few SMEs in urban areas do find opportunity funding form commercial banks. But rural SMEs who just struggle with registration, I don't know. Not now".

## Lack of specialised services/products for small business sector

P09 "They should launch programmes to support us by sharing information about their services and products. In the process of interacting and engaging us, they might pin-point areas where they could relax their qualifying criteria to suit small businesses. Relaxing might not be an option, but the need to introduce new options for small businesses might be considered. So, they have a lot offer, it is matter of working closely with the people in need".

P11 "Remember, commercial banks are specialists in the financial sector. They possess lot of expertise due to their business focus and daily operations. Working closely with them will surely benefit government agencies in engaging on relevant matters pertaining to supporting small businesses. This would also serve the purpose of sharing specific challenges facing rural entrepreneurs. Maybe in the long run, banks could consider introducing more affordable options for small business sector".

P13 "SMEs are customers, and commercial banks should treat them as such by relaxing or introducing specialised services for them. Another cost effective method of supporting rural SMEs is by collaborating with government support agencies. This step has the potential to work on training manuals to address important challenges related to information backlogs. Support agencies already possess a lot of information regarding the challenges experienced by rural SMEs in accessing products such as funding. I think by working together important information could be sourced, and subsequently have a bearing on determination of appropriate services and products".

P15 "Educate SMEs on the products and services they offer. Embark on educating SMEs on how to apply for funding. Educate SMEs on the documents required for application of funding. Educate SMEs on the correct form in which the required documents should be. The process of engaging SMEs through education, has the potential to enlighten their approach in the process of introducing new products and services, as well as reviewing existing ones. Their approach would be informed by accurate information collected from the entrepreneurs themselves".

P17 "The powers that might be should engage commercial banks on this. We really need to share a lot of information that would also culminate into education and training manuals. The thing is that there is no difference between big and small business in terms of banks offers. They are treated the same, and majority of small business have failed because they were subjected to the same services or products with big businesses without consideration of the context under which they operate. There is a need to differentiate the two in terms of services and products".

P24 "Lastly, commercial banks should support rural SMEs by drawing a line, in terms products/services on offer, between small business and big business sectors. The current arrangement works well for big business sector at the detriment of small one. These steps are crucial in supporting rural SMEs education and training".

## 4.4.2 Analysis of Participant Observation Transcripts

## 4.4.2.1 Participant Observation Demographic Characteristics

**Table 4.2: Participant Observation Demographic Characteristics** 

Demographic Variable	Work	shop 1				ing 1	Mee	ting 2	Semi	nar	
	N	%	N	%	N	%	N	%		N	%
1. Gender											
A. Male	17	68	15	62.5	21	65.6	16	72.7		20	71
B. Female	8	32	9	37.5	11	34.4	6	27.3		8	28
C. Other	0	0	0	0	0	0	0	0		0	0
D. Withheld	0	0	0	0	0	0	0	0		0	0
Total	25	100	24	100	32	100	22	100		28	10
2. Age											
A. $25 - 35$	6	24	4	16.7	9	28.1	3	13.6		7	25
B. 36 – 45	4	16	7	29.2	8	25	7	31.8		9	32
C.46 - 55	10	40	9	37.5	9	28.1	8	36.4		7	25
D. 56+	5	20	4	16.6	6	18.8	4	18.2		5	17
Total	25	100	24	100	32	100	22	100		28	10
3. Race											
A. African	25	100	24	100	32	100	22	100		28	1(

B. Coloured	0	0	0	0	0	0	0	0	0	0
C. Indian	0	0	0	0	0	0	0	0	0	0
D. White	0	0	0	0	0	0	0	0	0	0
Total	25	100	24	100	32	100	22	100	28	100
4. H. Language										
A. Sepedi	25	100	24	100	32	100	22	100	28	100
B. Afrikaans	0	0	0	0	0	0	0	0	0	0
C. English	0	0	0	0	0	0	0	0	0	0
Total	25	100	24	100	32	100	22	100	28	100
5. Education										
A. Grade 12	15	60	16	66.7	20	62.5	14	63.6	16	57.1
B. B. Degree	3	12	1	4.2	2	6.2	4	18.2	5	17.9
C. P. Degree	1	4	2	8.3	3	9.4	2	9.1	1	3.6
D. Withheld	6	24	5	20.8	7	21.9	2	9.1	6	21.4
Total	25	100	24	100	32	100	22	100	28	100
6.Designation										
A. Owner	18	72	21	87.5	24	75	17	77.3	22	78.6
B. Trainer	2	8	2	8.3	3	9.4	2	9.1	2	7.1
C. Other:	5	20	1	4,2	5	15.6	3	13.6	4	14.3
Total	25	100	24	100	32	100	22	100	28	100
7. Company										
A. SME	18	72	21	87.5	24	75	17	77.3	22	78.6
B. SEDA	2	8	0	0	3	9.4	0	0	2	7.1
C. LEDA	0	0	3	12.5	0	0	2	9.1	3	10.7
D. Other	5	20		0	5	15.6	3	13.6	1	3.6
Total	25	100	24	100	32	100	22	100	28	100
8. Experience										
A. 0 - 3	9	36	10	41.7	15	46.9	12	54.5	14	50
B. 4 – 6	12	48	9	37.5	12	37.5	8	36.4	10	35.7
C. 7+	4	16	5	20.8	5	15.6	2	9.1	4	14.3
Total	25	100	24	100	32	100	22	100	28	100

Source: Narang and Dwivendi (2015)

Table 4.2 presents an assessment demographic characteristics of participants who featured in participant observation. Five sessions: 2 workshops, 2 meetings and 1 seminar were attended. The assessment was undertaken in terms of gender; age; race; home language; level of qualification; designation; company and experience in SMEs sector. Male participants in all the five sessions were represented at an average 68%, while female representation was 32 %. The implication is that the SME sector is still male dominated. The age average of all participants was 40. All participants in all sessions were Africans, and the home language of all participants was Sepedi, not surprising given the rural setting of the study. In terms of designation, 77.9% of participants were owner/managers, 8.4% were trainers, and 13.7% were those in the category of other, and this is emphasis of passion for survival on the part of SME owners. In terms of company representation, 77.9% of participants represented SMEs, 5.3% represented SEDA, 6.1% represented LEDA, and 10.7% represented the other category. In terms of years of experience in the sector, 0-3 years category was 45.8%, 4-6 years category

was 39%, and 7+ years was 15.3%. This is evidence of how the number of SMEs fail to survive beyond five years of existence.

### 4.4.2.2 Reporting on Analysis of Participant Observation Data

The analysis was undertaken on the basis of data collected from 2 workshops, 2 meetings and 1 seminar. The following codes are used to identify the source of each data: *WK1* represents Workshop 1; *WK2* represents Workshop 2; *MT1* represents Meeting 1; *MT2* represents Meeting 2; and finally *SM* represents Seminar.

# 4.4.2.2.1 The importance of entrepreneurship education and training for rural entrepreneurs in Sekhukhune District

The first sub-question that the current study intended to answer was: What is the importance of entrepreneurship education and training for rural entrepreneurs in Sekhukhune District? As a result, two preliminary themes emerged from the data that were aimed to answer the question. The themes that emerged are: knowledge of the entrepreneurship environment, and mental preparation of for entrepreneurship. This section outlines the result of the current study, under the first sub-question, based on the identified themes.

## **Knowledge of enterprise environment**

This theme emerged as a result of analysis of data from participant observation *WK1*, *MT1* as well as *SM*. *WK1* highlighted the need for *provision of training on entrepreneurship environment*. The recommendation followed participants' lament for entering the business sector with little or no knowledge of the environmental challenges that lie ahead. This lack of knowledge has been identified as one major contributing factor towards failure among rural small and medium enterprises.

MT1 focused mainly on three areas: operating a business in a rural setting and identification of challenges expected. Participants held the view that a line should be drawn to differentiate between operating a business in a rural area and urban area. Much of the discussions were around exposure to resources like technology infrastructure, availability of support centers, as well as skills development programmes run by private institutions/companies. The identification of challenges expected for rural entrepreneurs included lack of knowledge of factors that might impact on the enterprise like politics, economic policies and social dynamics. In support of MT1, MT2 participants also identified poor or lack of understanding of the business environment as one of the major challenges facing rural entrepreneurs.

The SM further focused on the need for knowledge of an enterprise environment. The session played crucial role in the *Description of a functional an enterprise and description of supportive enterprise environment*. A functional enterprise was described as *one that is adaptive to the environment in terms of the factors that might be*. Supportive enterprise environment was described *as one that is politically, socially, economically and technologically feasible for business operations*.

## **Preparation of potential entrepreneurs**

MT1 emphsised the need to educate and train potential and practicing entrepreneurs on the factors that characterise entrepreneurship environment. This measure was viewed as a measure to mitigate the challenge of lack of knowledge on enterprise environment.

MT2 emphasised the need for *orientation on entrepreneurship environment for mental* preparation. It was further held that the orientation programmes should focus on preparing potential entrepreneurs to avoid similar mistakes committed by their predecessors.

# 4.4.2.2.2 The critical areas of entrepreneurship education and training for rural entrepreneurs in Sekhukhune District.

The second sub-question of the current study was: What are the critical areas of entrepreneurship education and training for rural entrepreneurs in Sekhukhune District? Three preliminary themes that emerged were: compliance standards, managing finances and provision of Information and communication facilities. This section outlines the result of the current study, under the second sub-question, based on the identified themes.

## **Compliance standards**

WK1 participants held the expectations that the session should assist with knowledge and understating of the process of business registration, as well as tax compliance.

WK2 also emphasised the need to take participants through the enterprise *registration process* as a measure to enhance their capacity to comply with relevant and applicable legislations.

MT2 identified enterprise registration as one major challenge facing rural entrepreneurs.

SM session described a functional enterprise, among others, as one that complies with the legal requirements of the state.

## **Managing Finances**

WK1 highlighted government funding as one major topics to be fully covered, it emerged that government funding institutions, like their private counterparts, expect evidence of credible financial management track record before any application could be considered for approval.

WK2 participants recommended that skills development programmes be launched focusing on training on management of cash flow to be aligned with funding models.

MT2 identified financial management skills as a challenge for rural entrepreneurs. This challenge was identified as one huddle towards accessibility of funding for both government and private funders.

#### **Provision of ICT facilities**

MT1 participants recommended that government should consider provision of technology infrastructure at central facilities like government clinics, police stations and education circuit offices. The sites were identified as temporary measure to mitigate the cost of establishing new permanent service centers.

MT2 participants held the view that *rural entrepreneur challenges identified included... technological skills*. The challenge was described as one responsible for poor communication between support agencies and target entrepreneurs.

4.4.2.2.3 The approaches of implementing entrepreneurship education and training interventions for rural entrepreneurs in Sekhukhune District.

The third sub-question of the current study was: What are the approaches of implementing entrepreneurship education and training interventions for rural entrepreneurs in Sekhukhune District? Two preliminary themes emerged from analysis of data: instructor-led facilitation and practical type of exercises. This section outlines the result of the current study, under the second sub-question, based on the identified themes.

## **Instructor-led facilitation approach**

WK1 facilitators adopted instructor-led facilitation as dominant approach.

WK2 adopted an instructor-led facilitation as dominant approach.

MT1 adopted instructor-led facilitation as dominant approach

MT2 adopted instructor-led facilitation as approach.

SM adopted instructor-led facilitation and group tasks as dominant approaches.

## **Practical type of exercises**

WK1 participants were appreciative of the approach, but they suggested more practical exercises as complementary approach.

WK2 participants recommended that a practical session be organised to supplement the learning.

*MT2* participants suggested that a more needs-based approach be considered to align with target participants expectations.

# 4.4.2.2.4 The role of government in entrepreneurship education and training for rural entrepreneurs in Sekhukhune District.

The fourth sub-question of the current study was: What is the role of government in entrepreneurship education and training for rural entrepreneurs in Sekhukhune District? In the process of analysing data, three preliminary themes emerged: local-based support centres, improvement of communication and review of government regulations. The section below outlines the result of the current study, under the second sub-question, based on the identified themes.

## **Local-based support centres**

WK1 participants suggested *establishment of local support offices* to mitigate the challenges of travelling to towns for assistance.

WK2 participants held the view that government should consider decentralizing their services by *establishing local support offices* in rural areas.

MT2 participants were less impressed as the support offices were described *inaccessible due to location*. The view held was *establishment of fully functional support offices* to mitigate challenges related to registrations.

## **Improvement of communication**

MT1 participants felt marginalised in areas of...communication compared to their urban counterparts. WK1 and MT1 participants shared the same view that their expectation was a much more improved communication between support agencies and rural entrepreneurs.

MT2 participants also emphasised a more *improved communication strategy to accommodate* rural entrepreneurs. It was felt that review of communication strategies would impact positively on visibility of support agencies.

## **Review of government regulations**

WK1 participants suggested *relaxation of regulations* to create a supportive entrepreneurship environment.

WK2 participants recommended relaxation of registration and other administrative red-tapes that hamper enterprises growth and sustainability.

MT2 participants held the view that government should embark on revision of registration protocols that were identified to be too strict to comply with.

# 4.4.2.2.5 The role of commercial banks in entrepreneurship education and training for rural entrepreneurs in Sekhukhune District.

The fifth sub-question of the current study was: What is the role of commercial banks in entrepreneurship education and training for rural entrepreneurs in Sekhukhune District? The following preliminary themes emerged during the process of data analysis: focus on big business, information sharing, collaboration between commercial banks and government, and introduction of specialized services for SMEs. The section below outlines the result of the current study, under the second sub-question, based on the identified themes.

#### Focus on big businesses

WK1 participants felt that banks were very much strict, and much of their focus is on big businesses.

MT1 participants viewed commercial banks as highly respected financial institutions serving highly established big businesses to detriment of small business sector.

#### **Information sharing**

WK2 participants lamented that majority (of rural entrepreneurs) are not aware of the conditions under which banks offer funding. There was evidence of lack of information on how commercial banks operate in regard to funding the small business sector. Facilitators were advised to consider liaising with commercial banks to share valuable information. It was felt that facilitators should, if possible rob in bank representatives during workshops to share this information on their own.

MT2 embarked on the qualification part of commercial banks' funding model, and a debate was sparked on what exactly should an applicant do to qualify for bank funding. Facilitators' responses were speculative in nature, which proves the need for information sharing.

#### Collaboration between commercial banks and government

MT1 participants felt the need for commercial banks to work with government to formulate common funding model that would accommodate rural entrepreneurs. Facilitators held the view that commercial banks and government could find a way of exchanging information on how to support small business sector. The anticipated move enjoyed the support of all participants.

## **Introduction of specialized services for SMEs**

MT2 participants held the view that *commercial banks should consider revising or introducing* special services for the small business sector. The general mood was that rural entrepreneurs would be considered on the basis of the context under which they operate.

SM participants remained emphatic that while there is a need to adhere to conditions of commercial banks' qualification criteria, it was also felt that these institutions should introduce programmes aimed at educating the small business sector on the services and criteria for approvals. The recommendation was evidence enough to suggest the need for commercial banks to come on board in introducing specialised services and products for SMEs.

## **4.4.3** Analysis of Document Review Transcripts

### 4.4.3.1 Record of Documents Reviewed

**Table 4.3: Documents Review** 

<b>Basic Information</b>	Document 1	Document 2	Document 3
Author	Small Enterprise Development Agency.	Department of Small Business Development	Sector Education and Training Authority
Title	Analysis of the Needs, State and Performance of Small and Medium Businesses in the Agriculture, Manufacturing, ICT	2016/2017 Annual Review: Small Business and Cooperatives in South Africa.	Services SETA Learning Academy Brochure.

Audience Purpose	and Tourism Sectors in South Africa.  SEDA Support Agencies  Provision of guideline on how the small	SMEs, Cooperatives, Government Departments and Agencies To contribute towards promotion and	SMEs Trainers  Provision of quality, relevant and
	business sector can be supported for growth and sustainability in the achievement of government objectives.	development of SMMEs by building better understanding of the complexities in the sector.	professional training
Type of document	Government- Publication	Government- Publication	Government- Publication
Main points	<ul> <li>Barriers to new entrance.</li> <li>Operations challenges experienced by SMEs</li> <li>Growth challenges experienced by SMEs.</li> </ul>	<ul> <li>Struggles of SMMEs owners</li> <li>Entrepreneurial environment</li> <li>Recommendations</li> </ul>	<ul> <li>SME Start-up</li> <li>Rural Economic Empowerment Process</li> <li>Private providers of training</li> <li>Tools Training</li> </ul>
General Message	The need for integration support programmes; support to be tailored-made; provision of practical sessions; focus support in areas of market research, financial management and ICT skills development.	The need for integrated and well-coordinated efforts by all Government Departments and agencies in the development and growth of the sector.	Improvement of quality services delivered to small enterprises Improvement of business management skills sustainability of small enterprises.
Significance	The document highlights the need for synergy in support programmes, differentiation in terms of target learners, as well as key focus areas in supporting SMEs.	The document is a step in the right direction by reflecting on the role of Government Departments and support agencies in supporting small business growth and sustainability.	The document addresses two focus areas: advancement of SMEs trainers' skills, and empowerment of rural enterprises. The two focus areas are aligned with the study in pursuit.

Source: Cardino (2018)

Table 4.3 presents documents reviewed. The **first document** titled: *Analysis of the Needs, State* and *Performance of Small and Medium Businesses in the Agriculture, Manufacturing, ICT and Tourism Sectors in South Africa*, is government publication targeting SEDA Support Agencies. The purpose of the document is to provide guideline on the support required for the small

business sector in the achievement of government objectives of contribution towards economic growth and development. The main points addressed include barriers to entry and challenges experienced by SMEs. The general message carried relates to the need for integration of support in identified skills areas. The message is further supported by the significance of the document in its emphasis for synergy in support programmes.

The **second document**: 2016/2017 Annual Review: Small Business and Cooperatives in South Africa, is a government publication targeting SMEs, Cooperatives, Government Departments and Agencies. The purpose of the document is to contribute towards promotion and development of SMMEs by building better understanding of the complexities in the sector. The main points addressed relate to struggles of SMMEs owners, as well as entrepreneurial environment. The general message carried is the need for integrated and well-coordinated efforts by all SMEs support structures in the development and growth of the sector. The significance of the document lies in its endeavour to reflect on the role support structures in the growth and development of SMEs.

The **third, and final document** titled: *Services SETA Learning Academy Brochure*, is a government publication targeting SMEs trainers. The document is intended to assist trainers in the provision of quality, relevant and professional training. The document addresses issues of SME start-up; processes geared towards rural economic empowerment; private training providers; as well as tools required for effective training. Emphasis on quality services and skills development for small enterprises was key message of the documents. Its significance lies in its commitment to improve support for SMEs for the ultimate purpose of growth and sustainability.

## 4.4.3.2 Reporting on Analysis of Documents Review Transcripts

The analysis process focussed on three government published documents. The first document being Analysis of the Needs, State and Performance of Small and Medium Businesses in the Agriculture, Manufacturing, ICT and Tourism Sectors in South Africa, the second document being 2016/2017 Annual Review: Small Business and Cooperatives in South Africa, and the third document being Services SETA Learning Academy Brochure. The following codes are used to identify the documents referred to: DC1 for document 1, DC2 for document 2, and DC3 for document 3.

# 4.4.3.2.1 The importance of entrepreneurship education and training for rural entrepreneurs in Sekhukhune District.

The first sub-question that the current study intended to answer was: What is the importance of entrepreneurship education and training for rural entrepreneurs in Sekhukhune District? In the process of data analysis two preliminary themes emerged: understanding the business environment, and understanding the market factors. Each of the themes identified is outlined in the section below.

### Understanding the business environment

*DC1* is intended, among others, to assess the context under which small business sector operates in the Republic of South Africa. In the process it was found that *majority of rural SMEs owner/mangers lack specific knowledge of the entrepreneurship sector*. This knowledge gap was also found to be contributory factor towards failure among rural SMEs.

DC3 is aimed at enhancing the capacity of trainers involved in skills development for both aspiring and practising small enterprise owner/mangers. The document highlights the importance of emphasising the need to know and understand the business institutional environment, as characterised by risk factors embedded in political and economic models. Knowledge of this environment is described to have positive impact in the process of undertaking feasibility study.

## **Understanding the market factors**

DC1 came to the conclusion that small and medium entrepreneurs in townships and rural areas lack related information as far as market is concerned. It was further emphasised that this knowledge gap result in poor understanding of market needs, as well as characteristics thereof.

*DC2*, in the process of annual review of small business performance, found *lack of marketing knowledge* as constraint towards enterprise growth and development. This skills gap was found to be playing a major role in rendering enterprises stagnant, and eventually collapsing.

*DC3* provides a guideline for skills development trainers in preparation for market knowledge and understanding. The document highlights the importance of incorporating the explanation of the *concept of marketing*; outlining *the essentials of conducting market research*; assessment of the *market needs*; identification of appropriate *techniques in promoting a service or product*; as well as assessment of factors influencing *product choice*, *pricing*, *promotion and place* 

# 4.4.3.2.2 The critical areas of entrepreneurship education and training for rural entrepreneurs in Sekhukhune District.

The second sub-question of the current study was: What are the critical areas of entrepreneurship education and training for rural entrepreneurs in Sekhukhune District? The process of analysing the data from documents review, the following preliminary themes emerged: compliance with regulations, financial record keeping and Information and Communication Technology skills training. The themes identified are outlined in the section that follows.

#### **Compliance with regulations**

*DC1*'s assessment of the needs of small enterprises found the need for training in *basic business* skills. The basic skills alluded hereto were further identified to play a profound role in assisting SMEs owner/mangers to *understand and consequently comply with the prescribed regulatory* standards.

DC3 proposes that skills development trainers for SMEs owner/managers should consider striving for proper knowledge and understanding of legislation governing small enterprise sector. It is further emphasised that such training should cover essential aspect such as legal forms required for operating a business or new venture, the process of enterprise registration, as well as other related statutory prerequisites.

## Financial record keeping

*DC1* identified the need for SMEs owner/managers capacity building in basic areas of *book-keeping*, as well as adoption of basic accounting software. This type of knowledge was found to be essential to address poor accounting practices related to *contradictions in cash flow*.

DC3 provides a simple guideline for skills development practitioners in the field of small enterprise to prioritise the *importance of understanding business administration and record keeping*. It is further emphasised that SMEs owner/managers need a thorough basic knowledge of establishing new venture financial requirements, appropriate system for accurate recording, as well as management of cash flow in terms of income and expenditure.

## ICT skills training

DC1 found that the small business sector in South Africa is lacking behind as far as adopting and incorporating technology as concerned. The sector, notably in rural areas, was found to be lacking access to services like internet connectivity, thus hampering Information and Communication Technology support required. It was recommended that a favourable ICT environment be established as provision support to the sector.

DC2, in the annual assessment of small business performance, identified *inaccessibility to* technology infrastructure as one contributory factor towards poor performance of small enterprises. It was recommended that small business owner/managers should be exposed to knowledge of communication and technology facilities through intensive skills training.

# 4.4.3.2.3 The approaches of implementing entrepreneurship education and training interventions for rural entrepreneurs in Sekhukhune District.

The third sub-question of the current study was: What are the approaches of implementing entrepreneurship education and training interventions for rural entrepreneurs in Sekhukhune District? The process of analysing data from documents review resulted in two preliminary themes being: differentiated approach and mentorship programmes. The section below outlines each of the identified themes.

## Learner centred approach

*DC1*, in the process of assessing the needs for the small business sector, found that support programmes provided by government agencies adopt a 'one-size-fits-all' approach, thus rendering them less contextualised to cater for the needs of the target group. The programmes are further criticised for not sufficiently hands-on to make provision for practical activities. It was recommended that support programmes be designed specifically for particular group.

DC2's assessment of annual small business sector performance found the need for provision of differentiated services in the sector. The finding was based on the complex context under which the small and medium enterprise sector operates, thus necessitating a more differentiated support programmes. The current support arrangement was found to be lacking specific expertise about the sector, thus rendering services at a level too high for SMEs.

## **Mentorship programmes**

*DC1*'s assessment of the needs for the small enterprise sector found that support agencies do not conduct *follow up support and mentorship programmes* aimed at cementing the learning provided at the initial stage. Follow-up support programmes in the form of *business mentorship* are recommended.

## 4.4.3.2.4 The role of government in entrepreneurship education and training for rural entrepreneurs in Sekhukhune District.

The fourth sub-question of the current study was: What is the role of government in entrepreneurship education and training for rural entrepreneurs in Sekhukhune District? The following preliminary themes emerged in the process of analysis of data from documents review: lack of local support centres, ineffective communication channels, and unsupportive regulatory environment. The section below outlines each of the themes identified.

## Lack of local support centres

*DC1*'s assessment of small enterprise sector needs found that *SMEs in urban areas* enjoy a higher percentage of support from agencies than their rural counterparts. It was established that rural enterprises couldn't access support due to *their distance from agency branch offices*.

DC2's annual small enterprise sector performance found that government initiatives and support programmes do not adequately address the challenges faced by vulnerable SMEs groups. This constraint is attributed to, among others, the central location of support centres which renders services inaccessible.

#### **Ineffective communication channels**

*DC1* found that communication channels adopted by support agencies were less effective in nature. The agencies were reported to be taking too long to *respond to applications for support*. Communication for arranged skills development training are reported to be *delayed*, *uncoordinated and insufficiently integrated*, thus rendering the support services less effective.

DC2, in the annual assessment of performance for the small enterprise sector, found that SMEs owner/managers have little or no knowledge of where to access information regarding support required. Communication strategies adopted are reported to be characterised by long feedback timeframes; failure to keep promises; poor levels of coordination; provision of duplicated

and/or parallel support, as well as lack of awareness campaigns. The major concern was reported on the failure of agencies to reach rural SME communities.

## **Unsupportive regulatory environment**

*DC1*'s assessment of the small enterprise sector needs reports that the current government regulatory environment is characterised by *constraint processes and procedures* that are less supportive to the sector.

*DC2*'s annual review of small enterprise sector performance established that government regulatory system is *bureaucratic*, *burdensome* and *constraint* in its current form. The small business sector is unable to comply with due to higher legal demands to be adhered to. The recommendation is the government should consider *creating environment conducive* for small business development and growth.

# 4.4.3.2.5 The role of commercial banks in entrepreneurship education and training for rural entrepreneurs in Sekhukhune District.

The fifth sub-question of the current study was: What is the role of commercial banks in entrepreneurship education and training for rural entrepreneurs in Sekhukhune District? The process of data analysis resulted in one preliminary theme: support for networking and development of partnership. The identified themes is outlined in the section below.

## Support for networking and development of partnerships

*DC1*'s assessment of small business sector needs established that government alone could not provide the necessary support required by SMEs. In the guest to lessen the required support burden, it was recommended that government should find a way of supporting network initiatives and developing partnerships with identified stakeholder institutions.

#### **4.4.4 Summary of Analysis and Generation of Themes**

The section below provides a summary of analysis of transcripts for interviews, participant observation and documents review. The summary is presented in table form addressing each research sub-question in the order they were prepared. Identified preliminary themes for each data category are presented in accordance with their mutual relationship to form a sub-theme. The main theme are consequently identified following merger of sub-themes. Each data category is presented in the form of code to indicate its original source. A full description of each table is provided underneath.

# **RQ1:** What is the importance of entrepreneurship education and training for rural entrepreneurs in Sekhukhune District?

CODES: IPT= Interview Preliminary Theme

POPT= Participant Observation Preliminary Theme

DRPT= Document Review Preliminary Theme

Table 4.4 Generation of themes for RQ1

CODE	PRELIMANARY THEMES	SUB-THEMES	MAIN THEME
IPT	Orientation on external factors in entrepreneurship		
	Government impact on entrepreneurship sector		
	Adaptation to changes in entrepreneurship		
POPT	Knowledge of enterprise environment	Knowledge of the external environment	
DRPT	Understanding entrepreneurship environment		Learning the basics of
			business environment
IPT	Basic relationships in entrepreneurship	Knowledge of the internal environment	
IPT	Impact of the market factors in entrepreneurship		
		Knowledge of the market environment	
DRPT	Understanding the market factors	g	

Source: Amanfi (2018)

**Table: 4.4** above presents the process of generating themes as a result of analysis of transcripts from interview, participant observation and document review. Preliminary themes from the three sources of data have been merged to arrive at the sub-themes/theme mentioned. The following preliminary theme: Orientation on external factors in entrepreneurship; Government impact on entrepreneurship sector; Adaptation to changes in entrepreneurship (from interview transcripts) preliminary; knowledge of enterprise environment (participant observation); and Understanding entrepreneurship environment (Document Review) were merged to form the sub-theme: knowledge of the external environment. Basic relationships in entrepreneurship (interview transcripts) was adopted as standalone sub-theme: knowledge of the internal environment. Impact of the market factors in entrepreneurship (interview transcripts) and understanding the market factors (document review) were merged to form the sub-theme: knowledge of the market environment. All the three sub-themes resulted into the main theme: learning the basics of business environment.

# RQ2: What are the critical areas of entrepreneurship education and training for rural entrepreneurs in Sekhukhune District?

CODES: IPT= Interview Preliminary Theme

POPT= Participant Observation Preliminary Theme

DRPT= Document Review Preliminary Theme

Table 4.5 Generation of themes for RQ2

CODE	PRELIMANARY THEMES	SUB-THEMES	MAIN THEME
IPT	Registration of enterprise		
	Regulatory compliance areas		
POPT	Compliance standards	Entrepreneurship legal literacy skills	
DRPT	Compliance with regulations		Basic entrepreneurship
IPT	Financial record keeping		literacy skills
POPT	Management of finances	Entrepreneurship financial literacy skills	
DRPT	Financial record keeping		
IPT	Integration of technology	E. I. I.C. di I	
POPT	Provision of ICT facilities	Entrepreneurship Information and Communication Technology literacy	
DRPT	ICT skills training	skills	

Source: Amanfi (2018)

**Table: 4.5** above presents the process of generating themes as a result of analysis of transcripts from interview, participant observation and document review. Preliminary themes from the three sources of data have been merged to arrive at the sub-themes/theme mentioned. The following preliminary themes: registration of enterprise and regulatory compliance areas (interview transcripts); compliance standards (participant observation); and compliance with regulations (document review) were merged to form the sub-theme: entrepreneurship legal literacy skills. Financial record keeping (interview transcripts); management of finances (participant observation) and financial record keeping (document review) were merged to form the sub-theme: entrepreneurship financial literacy skills. Integration of technology (interview transcripts), provision of ICT facilities (participant observation), and ICT skills training (document review) were merged to form the sub-theme: Entrepreneurship Information and Communication Technology literacy skills. All the three sub-themes resulted into the main theme: basic entrepreneurship literacy skills

# RQ 3: What are the approaches of implementing entrepreneurship education and training interventions for rural entrepreneurs in Sekhukhune District?

CODES: IPT= Interview Preliminary Theme

POPT= Participant Observation Preliminary Theme

DRPT= Document Review Preliminary Theme

Table 4.6 Generation of themes for RQ3

CODE	PRELIMANARY THEMES	SUB-THEMES	MAIN THEME
IPT	Classroom-instruction approach	Instructor-led training approach	
POPT	Instructor-led facilitation	instructor-red training approach	
IPT	Workplace practical approach  Complementary learning approach	Hands-on training approach	Differentiated training approach
DRPT	Learner-centred approach		
IPT	Mentorship approach Needs-based approach	One-on-one mentoring approach	
DRPT	Mentorship programmes		

Source: Amanfi (2018)

**Table: 4.6** above presents the process of generating themes as a result of analysis of transcripts from interview, participant observation and document review. Preliminary themes from the three sources of data have been merged to arrive at the sub-themes/theme mentioned. The following preliminary themes: classroom-instruction approach (interview transcripts) and instructor-led facilitation (participant observation) were merged to form the sub-theme instructor-led training. Workplace practical approach, complementary learning approach (interview transcripts) and differentiated approach (document review) were merged to form the sub-theme: hands-on training. Mentorship approach, needs-based approach (interview transcripts and mentorship programmes (document review) were merged to form the sub-theme: One-on-one mentoring. All the three sub-themes resulted into the main theme: differentiated training approach.

# RQ 4: What is the role of government in entrepreneurship education and training for rural entrepreneurs in Sekhukhune District?

CODES: IPT= Interview Preliminary Theme

POPT= Participant Observation Preliminary Theme

DRPT= Document Review Preliminary Theme

Table 4.7 Generation of themes for RQ4

CODE	PRELIMANARY THEMES	SUB-THEMES	MAIN THEME
IPT	Non-visibility of support agencies		
	Ineffective support agencies		
	Poor communication strategies		
POPT	Improvement of communication	Review of communication strategies	
DRPT	Provision of uncoordinated services	7	
	Ineffective communication channels		Review of government
IPT	Need for local complementary support centres		support approach
POPT	Local-based support	Establishment local complementary	
DRPT	Lack of local support centres	support centers	
IPT	Constraint government regulations		
POPT	Review of government regulations	Review of the regulatory factors	
DRPT	Unsupportive regulatory environment		

Source: Amanfi (2018)

Table: 4.7 above presents the process of generating themes as a result of analysis of transcripts from interview, participant observation and document review. Preliminary themes from the three sources of data have been merged to arrive at the sub-themes/theme mentioned. The following preliminary themes: non-visibility of support agencies, ineffective support agencies, poor communication strategies (interview transcripts); improvement of communication (participant observation) and provision of uncoordinated services, ineffective communication channels (document review) were merged to form the sub-theme: review of communication strategies. Need for local complementary support centers (interview transcripts), local-based support (participant observation) and lack of local support centres (document review) were merged to form the sub-theme: establishment local complementary support centres. Constraint government regulations (interview transcripts, review of government regulations (participant observation) and unsupportive regulatory environment (document review) were merged to form the sub-theme: review of the regulatory factors. All the three sub-themes resulted into the main theme: review of government support approach.

# **RQ5:** What is the role of commercial banks in entrepreneurship education and training for rural entrepreneurs in Sekhukhune District?

CODES: IPT= Interview Preliminary Theme

POPT= Participant Observation Preliminary Theme

DRPT= Document Review Preliminary Theme

Table 4.8 Generation of themes for RQ5

CODE	PRELIMANARY THEMES	SUB-THEMES	MAIN THEME
IPT	Commercial banks operating in silos.		
	Need for shared support for SMEs.	Sharing building blocks for funding	
POPT	Information sharing.	compliance	
IPT	Lack of synergy in training manuals.		
POPT	Collaboration between banks and government.		Banks-government
DRPT	Support for networking and development of	Synergy in training manuals	partnership
	partnerships.		
IPT	Commercial banks' focus on big and viable		
	businesses.	Introduction of custom-made	
	Lack of specialised services/products for SMEs.	services/products	
POPT	Focus on big businesses.		
	Introduction of specialised services for SMEs.		

Source: Amanfi (2018)

**Table: 4.8** above presents the process of generating themes as a result of analysis of transcripts from interview, participant observation and document review. Preliminary themes from the three sources of data have been merged to arrive at the sub-themes/theme mentioned. The following preliminary themes: commercial banks operating in silos, need for shared support for SMEs (interview transcripts) and information sharing (participant observation) were merged to form the sub-theme: sharing building blocks for funding compliance. Lack of synergy in training manuals (interview transcripts), collaboration between banks and government (participant observation) and support for networking and development of partnerships (document review) were merged to form the sub-theme: synergy in training manuals. Commercial banks focus on big and viable businesses, lack of specialised services/products for SMEs (interview transcripts), focus on big businesses and introduction of specialised services for SMEs (participant observation) were merged to form the sub-theme:

introduction of custom-made services/products. All the three sub-themes resulted into the main theme: banks-government partnership.

### 4.4.5 Recapitulation of the research questions

## **Research Questions**

**Q1**: What is the importance of entrepreneurship education and training for rural entrepreneurs in Sekhukhune District?

**Q2**: What are the critical areas of entrepreneurship education and training for rural entrepreneurs in Sekhukhune District?

Q3: What are the approaches of implementing entrepreneurship education and training interventions for rural entrepreneurs in Sekhukhune District?

**Q4**: What is the role of government in entrepreneurship education and training for rural entrepreneurs in Sekhukhune District?

**Q5**: What is the role of commercial banks in entrepreneurship education and training for rural entrepreneurs in Sekhukhune District?

#### 4.4.6 Research Results

Data analysis was undertaken through content analysis technique. The process was undertaken in phases: transcription and familiarisation, coding, generation of categories and finally, generation of themes. In the process of generating themes, the researcher was guided by William Owen's criteria in Lawless and Chen (2018): recurrence, repetition and forcefulness. In the view of the author recurrence implies same meaning could be identified in two parts of the data, although the wording might be different. Then researcher has a duty to look for underlying meaning. Repetition implies the extent of frequency in terms of same key words, phrases or sentences. Lastly, forcefulness entails the extent to which a message is conveyed through emphasis. Following an extensive interaction with the research data 5 main themes and three sub-themes for each main theme were identified, as indicated in the table 4.2 below.

#### **Identified themes and sub-themes**

Table 4.9: Identified themes and sub-themes

Theme	Sub-theme
Theme 1	1.1 Knowledge of the external environment
Learning the basics of entrepreneurship	1.2 Knowledge of the internal environment
environment	1.3 Knowledge of the market environment
Theme 2	2.1 Entrepreneurship legal literacy skills
	2.2 Entrepreneurship financial literacy skills
Basic entrepreneurship literacy skills	2.3 Entrepreneurship Information and Communication Technology literacy Skills
Theme 3	3.1 Instructor-led training approach
D:00	3.2 Hands-on training approach
Differentiated training approach	3.3 One-on-one mentoring approach
Theme 4	4.1 Review of communication strategies
Review of support approach	4.2 Establishment of Local Complementary Support Centres
	4.3 Review of the regulatory factors
Theme 5	5.1 Sharing building blocks for funding Compliance
Banks-Government Partnership	5.2 Synergy in training manuals
	5.3 Introduction of custom-made services/products

Source: Carter et al (2017)

Table 4.9 introduces the main themes and sub-themes identified as per data analysis process. Theme 1: learning the basics of entrepreneurship environment was identified as the main theme in response to research question 1 on the importance of education and training for rural entrepreneurs. In support of the main theme, three sub-themes: 1.1 understanding the external environment, 1.2 understanding the internal environment, and 1.3 understanding the market environment were also found. In response to research question 2 on critical focus areas, Theme 2: basis entrepreneurship literacy skills, and sub-themes: 2.1 entrepreneurship legal literacy skills, 2.2 entrepreneurship financial literacy skills and 2.3 entrepreneurship Information and communication technology literacy skills, were identified. In response to research question 3 on appropriate approaches, the following themes were identified: Theme 3: Learner-centred approach and sub-themes: 3.1 instructor-led training, 3.2 hands-on training and 3.3 one-on-one mentoring.

The following main theme and sub-themes were identified in response to research question 4 on the role of government: Theme 4: review of support approach and sub-themes 4.1 review of communication strategies, 4.2 decentralisation of support structures and 4.3 review of the legal factors. In response to research question 5 on the role of commercial banks, the following main theme and sub-themes were identified: Theme 5: banks-government partnership and sub-themes: 5.1 sharing building blocks for funding compliance, 5.2 synergy in training manuals and 5.3 introduction of custom-made services/products. Each of the themes and sub-themes are fully unpacked in relation to the relevant research question.

#### **4.5 Reporting the Research Results**

It is imperative to provide a background upon which the small business sector operates in South Africa. The advent of democracy in 1994 in South Africa prompted adoption of macroeconomic regime in order to rebuild and reshape the economy towards growth and stability (Mosala, Venter and Bain (2017). In the process, the government of the day had the responsibility to ensure that the entrepreneurship environment is conducive enough to facilitate economic development and growth. In this instance, it has been noted that the SMME Support Strategy was introduced as part of government's commitment to support the small business sector (Parliament of the Republic of South Africa, 1995). On the contrary, Kalane (2015) found the same government to be battling to deal decisively with acts of fraud, corruption and crime. These acts were also found to be impacting negatively on service delivery for infrastructure facilities, as well as other basic welfare services. The financial administration was also affected to the extent that the country was rendered a risk to invest in (Oliphant, 2017).

Low investor confidence implies higher risk premiums for raising money (Mosala, Venter and Bain (2017). This in turn has negative impact on the business sector's measures to access funding. Commercial banks are forced to provide loans at higher interest rate, beyond majority SMEs' affordability. While policy efforts have been made to transform the mainstream economy to be inclusive, it is noted that small business sector suffer from critical knowledge and skills deficit (Bhorat and Steenkamp, 2016). This challenge leads to poor decision making in adopting effective strategies to exploit and increase their market share (Olusola and Oluwasola, 2014). The results, hereunder, are reported in the order the questions were addressed.

# **4.5.1 RQ 1**: What is the importance of entrepreneurship education and training for rural entrepreneurs in Sekhukhune District?

The question was intended to establish the basic essentials of entrepreneurship education and training with specific focus on rural entrepreneurs. The focus on rural entrepreneurs was informed by higher failure rate recorded, and the limited resources with which the SMEs are expected to operate. Participants, in both interviews and observation, were expected to share their opinions, views and attitudes based on lived experiences regarding the importance of knowledge acquisition in the field of entrepreneurship. In response to the question, one main theme and three sub-themes were found, as shared in table 4.10 below.

Table 4.10: Importance of entrepreneurship education and training

Theme	Sub-theme
Theme 1	
	1.1 Knowledge of the external environment
Learning the basics of entrepreneurship	
environment	1.2 Knowledge of the internal environment
CHVIIOIIIICH	
	1.3 Knowledge of the market environment

Source: Carter et al (2017)

## 4.5.1.1 Theme 1: Learning the basics of entrepreneurship environment

Majority of participants were found to be in agreement that majority of rural entrepreneurs enter the sector with little or no knowledge of the environment under which they have to operate. Inaccessibility of support and other resources were cited as major contributing factors towards poor exposure to the business environment. This lack of knowledge, in their view, impact negatively on their operations once reality about the environment starts to unfold. The entrepreneurship environment reality cited included knowledge and interaction with factors, outside the business, inside the business, as well as on the business market. It is on this basis that three sub-themes were found: (1.1) understanding the external-environment, (1.2) understanding the internal-environment and (1.3) understanding the market environment. Each of the sub-themes is dealt with below.

#### **4.5.1.2 Sub-themes**

## **Knowledge of the external-environment**

Participants held the view that there is a need for entrepreneurs to acquire knowledge about the factors outside the business which, in one way or the other, impact on the operations. It was established that in some instances rural entrepreneurs underestimate the impact of political changes, economic trends, social mobility, technological advancement, as well as legal factors on business growth and sustainability. For example, a change in the ruling party might imply a change in economic policy, thus impacting on the business operations. Equally, noncompliance with the legal statues implies disqualification on support benefits, such as funding and training. All these factors constitute external-environment with which any entrepreneur is required to interact. Knowledge of this factors were found to be of paramount importance as far as learning the basics of entrepreneurship environment is concerned. Participants P02, P07, P11, P04, P03, P17 and P22 shared the same view. Verbatim extracts from the interview transcripts are indicated in table 4.11 below.

**Table 4.11: Knowledge of the external environment** 

CODE	VERBATIM QUOTE
P02	"no one can deny the fact that most of us enter the business world ill-prepared as far as understanding the environment is concerned. Our main focus is around what is happening within the business, forgetting the impact the outside world might have on our operations."
P07	"It was unpredictable because we have no knowledge of how the politics can affect the way we run our business. Almost everything changed overnightthe economic policies, human settlement, etc."
P11	"and I have to submit monthly reports online on how the funds are expended, yet I am not computer literate. It's really disturbing and frustrating".
P04	"I have never approached the government for funding for fear of accountability, but the revenue services sector requires me to disclose the annual financial transactions. I need to understand how these things work".
P03	"Sometimes you assume your business is so small that you don't need to register it, only to find that at some point you are required to furnish registration number and tax number to be assisted".
P17	"The level of knowledge in the business environment is still a serious challenge.  A lot has to be done to educate the people aboutas well as their interaction with the business world around them.
P22	"The programmes in this field should be about preparation for business start-up, nurturing skills for business growth, and instilling knowledge for adaptability to the business factors."

Source: Corden and Sainsbury (2006)

## **Knowledge of the internal-environment**

Participants' responses were emphatic on preparatory knowledge as far as relations with the internal factors is concerned. In their view of P05, P08, P18, and P10 in table 4.12, knowledge of what constitutes internal factors plays a significant role in identifying relevant role players in this environment. P16 and P15 shared the same view that one dominant weakness evident among new entrepreneurs is poor judgement of competition in the industry. While the prospects of success might look brighter, the reality on the business-field calls for a thorough knowledge of the factors, and how they complement each other. It was also evident that in most cases rural entrepreneurs could not distinguish between external factors and internal factors, a scenario that justifies the importance of entrepreneurship education and training.

Table 4.12: Knowledge of the internal environment

CODE	VERBATIM QUOTE
P05	"It was not easy, but in the last three years I have, on my own, learned to interact with various people and organisations. Everyone needs some form of training to understand the people closer to the business. It is a must, because without this knowledge you can't succeed".
P08	"and we interact with them at various levels, yet we cannot identify them in terms of categories. The only category of people I am familiar with is that of customers".
P18	"Majority of enterprises falter at early stages due to lack of understanding of internal dynamics of the business. Knowledge of the different relationships that shape the business is very key".
P10	"and there has never been commitment from the relevant authorities to prioritise education and training in areas of customer service, supply chain and channels of distribution".
P16	"underestimation or lack of knowledge of the level of competition has always been a problem".
P15	"Growth in unemployment rate has increased competition in the business sector.  There is a need to take us through the basic knowledge of survival in an environment characterised by stiff competition, as it is experienced now".

Source: Corden and Sainsbury (2006)

#### **Knowledge of the market environment**

There was evidence among respondents regarding the importance of learning and understanding the market environment. The latter is said to be among the basic knowledge rural entrepreneurs need to acquire before embarking on the business journey, as expressed by P01, P17, P04 and P18 in table 4.13 below. It was also established that in the process of

implementing education and training interventions, there is a need to impart knowledge on the direct and indirect impact of both external and internal factors on marketing activities. Thus, to a large extent the market environment is influenced by those factors outside the business control, as well as those within the business control. Respondents justified this influence based on predictions marketers engage in to position their businesses for future survival. According to P03 and P11 changes in technology might require changes in marketing, changes in competition might impact on changes in marketing.

**Table 4.13: Knowledge of the market environment** 

CODE	VERBATIM QUOTE
P01	"well you can't judge anyone for lack of knowledge. In the process of establishing a business the market is less assessed, and this creates replication of products less demanded".
P17	"Understanding the market is challenging and requires thorough education and training. On many occasions we feel the support in this regard is not adequate, and should be strengthened".
P04	"The 'weather' at the market is always changing and demands for sophisticated apparatus to make appropriate predictions. The apparatus in this instance would mean skills and knowledge to foresee the impact of internal and external factors on the market".
P18	" and the market is saturated by both small and big businesses with advanced skills to survive. Rural entrepreneurs find it hard to make a cut due to lack of capacity to stay afloat".
P03	"The call for measures to enhance the capacity of rural entrepreneurs in marketing is long overdue. The environment is always changing and demands for change in knowledge".
P11	"and for example, technology and competition have greater influence on the market. Unfortunately not everyone would understand the extent of the impact on his/her business without proper education and training".

Source: Corden and Sainsbury (2006)

# 4.5.2 RQ 2: What are the critical areas of entrepreneurship education and training for rural entrepreneurs in Sekhukhune District?

Research question 2 was deemed critical in terms of determining and prioritising the most basic entrepreneurship skills for growth and sustenance of rural SMEs. The question was informed by the need for SMEs owner/managers to make entrepreneurship skills a learning priority. Participants held the view that critical knowledge expected of SMEs relates to skills in compliance. In the process of interacting with the data, one main theme and three sub-themes were identified, as outlined in the following table 4.14.

Table 4.14: Critical areas for entrepreneurship education and training

Theme	Sub-theme
Theme 2	2.1 Entrepreneurship legal literacy
Basic entrepreneurship literacy skills	2.2 Entrepreneurship financial literacy
	2.3 Entrepreneurship ICT literacy skills

Source: Carter et al (2017)

# 4.5.2.1 Theme 2: Basic Entrepreneurship Literacy Skills

Respondents were of the view that rural entrepreneurs were struggling to grow and sustain their businesses due to, among others, poor compliance skills. It was established that these entrepreneurs either don't know what is expected of them or they simply don't have the capacity/skills to comply. Given the difficult circumstances under which they operate, access to support services is reported to be major constraint towards learning the basic compliance skills. Compliance was deemed a basic necessity for positive relations between entrepreneurs and support agencies. Critical areas of compliance for rural entrepreneurs were identifies in terms of the following sub-themes: (2.1) entrepreneurship legal literacy, (2.3) entrepreneurship financial literacy, and (2.3) entrepreneurship information and communication technology literacy.

#### **4.5.2.2 Sub-themes**

#### **Entrepreneurship legal literacy**

P05, P20, P04, P12, P17, P11 and P22 in table 4.15 share the view that rural entrepreneurs struggle to comply with the regulatory prerequisites expected of all businesses, irrespective of size. According to respondents, this impacts negatively on SMEs' chances of qualifying for support services offered by both government and private sector. Respondents cited business registration as major challenge among rural entrepreneurs. This step is deemed key in the allocation of business number, tax number and tax clearance certificate. These elements are in turn prerequisite for support services such as funding, training, sub-contracting and other tax concessions. Some respondents held the view that rural entrepreneurs were not adequately exposed to legal processes governing SMEs. This trend impacts negatively on growth and sustainability.

**Table 4.15: Entrepreneurship legal literacy** 

CODE	VERBATIM QUOTE
P05	"The legal environment has always been a challenge. We are not adequately
	prepared in terms of capacity to comply".
P20	"and as a result I am unable to apply for other support services such as funding,
	because I don't have business registration number. It is not my fault, I don't know
	what is required of me to comply".
P04	"At some point I blame the rural setting I find myself in. We are not exposed to
	the legal requirements expected of us. We need support to comply and qualify for
	other services on offer, like funding".
P12	"The government agencies should put rural entrepreneurs on priority list for skills
	development, with legal factors as major focus area".
P17	" given the understanding that not everyone has reached education level to can
	interpret the regulations to comply with. That's where agencies are required to
	support us".
P11	"The issue of non-compliance with the legal factors has impacted on our
	businesses negatively. We need assistance because we are unable to get sub-
	contracted due to lack of proper documentation.
P22	"I would simply mention government compliance requirements for SMEs. This is
	key because it is a determinant for funding and other skills development support
	programmes".

# **Entrepreneurship financial literacy**

The most dominant view held by respondents was inability of majority of rural SMEs to provide accounting records due to poor financial management skills. It was further established that investment in financial literacy skills was never a priority for rural entrepreneurs. This has impacted negatively on the skills to keep accurate records required for financial transactions, audit, and applications for funding. Thus, funding institutions, both public and private, hold rural SMEs in low esteem due to lack financial literacy. Poor financial accountability was reported a major concern that requires education and training intervention. This view is expressed by P19, P14, P06, P09, P02, P13 and P24 as shared in table 4.16 below.

**Table 4.16: Entrepreneurship financial literacy** 

CODE	VERBATIM QUOTE
P19	"Government agencies have not done enough to equip rural entrepreneurs with
	financial literacy".
P14	"and millions of funds are returned to national treasury, due to low number of
	SMEs qualifying for funding. The major problem being inability to produce the
	required financial records".
P06	"I don't qualify for funding due to lack of appropriate financial records. I lack
	skills and knowledge to meet the standard required".

P09	"be it the public or private institution, they require financial documentation as
	proof of accountability".
P02	"Poor financial record keeping does only impact on support expected, but also on
	the daily livelihood of the business itself. Skills in recording income and
	expenditure are basics expected of any entrepreneur".
P13	"Government support agencies should consider financial literacy as one major
	priority for rural entrepreneurs".
P24	Adding to resource allocation and control brings us to finances. Proper
	knowledge and skills are required in keeping records of finances, as accurately
	as possible. This skill is non-negotiable".

# Information and Communication Technology Literacy (ICT) skills

Literacy level in Information and Communication Technology (ICT) among rural entrepreneurs, as expressed by P08, P16, P19, P10, P07, P04 and P22 in table 4.17, is reported to be a cause for concern. Rural entrepreneurs were found to be struggling to have their businesses registered due to lack of exposure to appropriate technology. Exposure to technology alone was also deemed inadequate as technology undergoes advancement changes on continuous basis. Thus, the need for continuous training is non-negotiable to keep pace with latest development in the field. Respondents acknowledged the need to possess requisite technological skills to interact electronically (online) with various government agencies. Commercial banks are also reported to operate online as far as processing applications for funding are concerned. This impact negatively on rural SMEs due to lack of adequate ICT literacy skills.

Table 4.17: Entrepreneurship ICT literacy skills

CODE	VERBATIM QUOTE
P08	"and one is expected to communicate online to have his/her business registered.
	we are struggling with skills to operate these computers".
P16	"The challenge for rural entrepreneurs goes beyond skills in ICT. They need a
	fully-functional ICT centre in the community to ensure that the skills learned are
	continuously refined".
P19	"The Covid-19 pandemic has made things worse because no one is allowed to
	visit the offices. Only online services are functional. I can't register my business
	online. I am stuck due to lack of skills".
P10	"continuous changes in technology demands continuous capacity development
	on the part of the user. We always plead with support agencies to run refresher
	education and trainings sessions to keep us abreast with latest developments.
P07	"I have given up applying for funding due to lack of knowledge in online system
	of operation. Commercial banks demand that supporting documents be
	uploaded".

P04	"Most of institutions, public or private, have moved from manual to electronic	
	mode of operation in processing applications for whatever support. The level of	
	literacy on the side of rural entrepreneurs remains a cause for concern".	
P24	"Well, my view is that if a programme addresses gaps in Information and	
	Communication Technology, the next step would be to visit a computer lab	
	where all participants would be exposed to the actual and practical exercises".	

# 4.5.3 RQ 3: What are the appropriate approaches of implementing entrepreneurship education and training interventions for rural entrepreneurs in Sekhukhune District?

Research question 3 was intended to establish appropriate intervention approaches to be considered in the process of enhancing capacity of rural SMEs. The question was a response to the allegations that support agencies tend to adopt a one-size-fits-all approach, thus ignoring the different circumstances under which SMEs operate. Different variables such as geographical location, access to resources and level of literacy were expected to inform suggestion for intervention approaches. Participants were to respond to the question considering the target group, context and challenges encountered in rural settings. Given respondents views, one main theme: Differentiated Training Approach, and three themes: (3.1) Instructor-led Training Approach, (3.2) Hands-on Training Approach and (3.3) One-on-One Mentoring Approach were identified as indicated in table 4.18 below.

Table 4.18: Appropriate approaches for entrepreneurship education and training

Theme	Sub-theme
Theme 3	3.1 Instructor-led training approach
Differentiated training approach	3.2 Hand-on training approach
	3.3 One-on-one mentoring approach

Source: Carter et al (2017)

# 4.5.3.1 Theme 3: Differentiated Training Approach

Majority of respondents held the view that the type of training support agencies provide was not responding to the real challenges they encounter. The general view was that the approaches are in most cases based on case studies that do not represent their needs and expectations, but serve the interest of entrepreneurs in urban settings. The view held was that support agencies should consider adoption of approaches that would be informed by the needs, expectations and

context in a rural setting. Thus, it is on this basis that the following sub-themes were identified: (3.1) Instructor-led training approach, (3.2) Hand-on training approach and (3.3) One-on-one training approach.

#### **4.5.3.2 Sub-themes**

# **Instructor-led Training Approach**

Majority of respondents preferred the type of training where the instructor would facilitate the learning process to a small group of learners. Respondents were further critical of training manuals that, in most cases, are based on urban scenarios where challenges are incomparable to those in rural settings. The most important element emphasised was the need to carefully group the learners in accordance with the focus industry of the SME, type of product or service offered, expectations to be met, as well as challenges faced. The view held by respondents was that the instructor would be expected to embark on the process of needs analysis (profiling the SMEs) to ensure that the preparation for training-learning process is evidence-based. It was also established that this type of approach would afford learners opportunity to interact directly with the instructor, thus exchanging experiences from both the theoretical and practical point of view. The views were shared by P06, P03, P11, P20, P15 and P01 in table 4.19 below.

**Table 4.19: Instructor-led Training Approach** 

CODE	VERBATIM QUOTE
P06	"Most of the training approaches don't cater for the needs of the target learners.  I would recommend a classroom-like situation where an instructor facilitates to
P03	group of entrepreneurs".  "the experience I have is that entrepreneurs come from different industries, learn for different reasons, and with different educational levels. It would be better for the instructor to engage in the process of profiling to ensure that learners are grouped accordingly".
P11	"The weakness in support from agencies is the tendency of manuals to address urban challenges in a rural setting. This approach denies instructor opportunity to address the real problems experienced on the ground. The training should not be centred on assumptions".
P20	"The target learners need to be consulted to ensure that the instructor prepares training in accordance with the needs and expectations as informed".
P15	"and the training failed to live up to expectations due to assumptions held by the instructor. We need to be part of the planning, so that the instructor deals with relevant challenges".
P01	"The smaller the number of learners per instructor, the better. Adult learners require individual attention, and therefore call for a situation where they would feel valued and appreciated".

Source: Corden and Sainsbury (2006)

# **Hands-on Training Approach**

Table 4.20 shares participants' views held on appropriate approach. The view is that hands-on training approach should be adopted to complement the theoretical type of training. It was established that hands-on training could be adopted as extension to instructor-led training approach to put theory into practice as expressed by P05, P17, P13, P03, P14, P18 and P22. The view, according to respondents, was based on the belief that learning by doing is practical in nature, and can be repeated until the skill is mastered. This type of approach was also credited for affording learners opportunity to work on individual or group pace, assisting one another, as well as receipt of immediate feedback. The instructor is believed to be afforded enough opportunity to group learners according to particular skills needs, as well as plan appropriate exercises to enhance their capacity.

**Table 4.20: Hands-on Training Approach** 

CODE	VERBATIM QUOTE
P05	"While appreciating the training we receive, I would suggest that the approach move from being theoretical to hands-on practical. The normal classroom training we attend should be complemented by a practical one".
P17	"and the trainings do little to enhance our capacity, because the actual type of work was missing in the activities. There is a need for bringing reality in training in order to tackle real challenges experienced at the workplace".
P13	"Government support agencies are more conversant with theory than practice. I want to challenge them to consider introducing the type of training that would afford us opportunity to put our hands on the work".
P03	"for example, bringing the actual business registration form in the workshop would give every learner opportunity to interact with it, assisting one another until it is well understood".
P14	"Training instructors should group learners in small numbers, and engage them in practical and relevant activities that would ensure all-hands-on-deck".
P18	"It is not often that learners are engaged in hands-on activities that would probably cement the skills being learned. This approach should, henceforth, form part of the training".
P22	"For example, if the topic is about enterprise registration, (firstly) hand-over hard copies of registration forms. Go slide-by-slide, item-by-item outlining how the form should be filled. Secondly, let everyone fill the form with a pencil on a step-by-step process until the end. That is practical".

Source: Corden and Sainsbury (2006)

# **One-on-One Mentoring Approach**

In Table 4.21 P02, P07, P11, P04, P09 and P12 held the opinion that one-on-one mentoring should be considered as appropriate approach for implementation of entrepreneurship

education and training for rural SMEs. The view was based on criticism leveled against support agencies who rarely, if any, make follow-up after training to ascertain the extent of impact made. This type of approach, according to respondents, is yet to be realised in rural areas. It was felt that one-on-one mentoring approach is learner-centered, and fully addresses individual skills challenges. Respondents held the view that this approach affords the learner freedom to clarify individual frustrations, growth expectations, as well as the type of support expected. The mentor, on the other hand, would provide the necessary guidance, support and encouragement, based on expertise in the field.

Table 4.21: One-on-one mentoring approach

CODE	VERBATIM QUOTE
P02	"Consequent about the interthetical of mentoning to against mind outnomen one
PU2	"Government should look into the issue of mentoring to assist rural entrepreneurs.  Business experts should be given tasks to mentor these SMEs on one-on-one
	basis".
P07	"and in an effort to close the gap that exists between rural entrepreneurs and
107	support agencies, a closer mentoring system should be introduced".
P11	"We have the capacity to perform better, had we been allocated individual
	mentors to work with us".
P04	"Attending training alone is not enough for us to see growth and sustainability in
	our businesses. The government should review its approach and start a project in
	the form of mentoring. This would see us growing, because assistance would be
	very closer".
P09	"in instances of frustrations and require individual attention, there is no one to
	turn to. Sometimes it's not about frustrations, but growth plans, and you need a
	mentor to discuss anything about the business".
P12	"It is often difficult to dream about growing your business without proper
	guidance and encouragement from an expert you can trust. It's not easy sharing
	your vision to anyone, one needs a mentor to confide with".

Source: Corden and Sainsbury (2006)

# 4.5.4 RQ 4: What is the role of government in entrepreneurship education and training for rural entrepreneurs in Sekhukhune District?

Research question 4 was meant to identify the role of government as far educating and training rural entrepreneurs is concerned. The government's commitment to support SMEs has always been met with mixed reactions. While the establishment of support agencies was viewed as a step in the right direction, those in close proximity criticised government agencies for parallel mode of operation. The question was expected to elicit participants' views on how government could contribute towards enhancing capacity of rural SMEs. In the process of data analysis, one main theme: Review of Support Approach, and three sub-themes: (4.1) Review of

Communication channels, (4.2) Decentralisation of support structures and (4.3) Review of regulatory factors, were identified as indicated in table 4.22.

Table 4.22: Role of government

Theme	Sub-theme
Theme 4	4.1 Review of communication strategies
Review of support approach	4.2 Establishment of local complementary support centers
	4.3 Review of the regulatory factors

Source: Carter et al (2017)

# 4.5.4.1 Theme 4: Review of Support Approach

Respondents held the view that while government's commitment towards supporting SMEs might be appreciated, the approach thereof leaves much to be desired. It was established that support agencies are operating in silos, thus missing a chance of interacting with the actual role-players, SMEs, to make informed decisions. The support is said to be based on assumptions, thus neglecting the real challenges facing rural entrepreneurs. It was further felt that support structures are located in urban areas where accessibility of services is a challenge for rural entrepreneurs. According to respondents, compliance with government legal requirements is another constraint that hamper prospects of growth and sustainability for rural entrepreneurs. The challenge is said to be exacerbated by poor communication (sub-theme: 4.1) as well as centralisation of support services (sub-theme:4.2).

#### **4.5.4.2 Sub-themes:**

# **Review of communication strategies**

Respondents were of the view that in the process of reviewing support approach, government should consider restructuring its communication strategies to accommodate submissions from previously 'marginalised' rural entrepreneurs, as expressed by P08, P19, P10, 03, P11, 05 and P22. The mode of operation is said to be serving the interest of entrepreneurs in urban areas due to availability of resources at their disposal. Opinion surveys meant to improve support agencies' services/products are alleged to be conducted electronically to the detriment of rural entrepreneurs where technological infrastructure is under-developed. The view is that the voice of rural entrepreneurs remain silenced, as they are not afforded opportunity to present their

perceptions. The general feeling was that government should consult extensively in an effort to accommodate all entrepreneurs, irrespective of setting. Verbatim quotes are shared in table 4.23 below.

**Table 4.23: Review of communication strategies** 

CODE	VERBATIM QUOTE
P08	"Government should learn from the disabled people who hold the view that 'nothing about us without us'. In the guest to reviewing support approach for the rural SMEs, communication channels should be opened to accommodate their views".
P19	"the practice has been going on for so long that rural entrepreneurs were not given opportunity to state their views. The approach needs to be reviewed and invite submissions from relevant stakeholders".
P10	"If government wants to realise a supportive functional approach, its communication machinery needs to be overhauled to serve the interest of both urban and rural SMEs on equal footing".
P03	"Rural entrepreneurs are at the receiving end as far as marginalisation of services is concerned. Reviewing support approach would mean beginning on clean slate through consultation process".
P11	"Surveys to elicit views regarding the functionality and impact of support agencies are conducted online, thus closing doors for rural entrepreneurs with relatively poor technological infrastructure. Their views are therefore no heard".
P05	"I am of the view that in no time the government would realise the need to review its support approach, and above all embark on extensive process of communication to ensure all views are represented.
P22	"Support structures are not visible due to poor communication, delayed provision of feedback, delayed follow-ups, as well as lack of complementary support centres. Government should consider revisiting support structures to improve efficiency".

Source: Corden and Sainsbury (2006)

# **Decentralization of support structures**

The general opinion was that government approach to support SMEs falls short of the minimum expectations to cater for all entrepreneurs, notwithstanding the location. Support structures are said to be located in cities and towns where infrastructure is at an advance stage. Access to services for rural entrepreneurs is said to be costly in terms of travelling and time. The worst scenario given relates to lack of professionalism among staff members at the offices. P14, P17, P01, P09, P20, P16 and P23 felt that government should consider embarking on bringing the services/products closer to the people in rural areas. This, step, in their view would assist in improving accessibility of support, as well as enhancing communication channels. The view is

that the closer the support, the higher the prospects of growth and sustainability. Evidence of participants' views is shared in table 4.24 below.

**Table 4.24: Decentralization of support structures** 

CODE	VERBATIM QUOTE
P14	"It is on record that rural entrepreneurs are not well catered for as far as support
	structures are concerned. The main challenge relates to non-allocation of offices
	in their areas".
P17	"I am expected to travel to the cities for assistance regarding SMEs challenges
	encountered. It is unfair, why not decentralise the structures?
P01	"after spending money, time and effort, you arrive at the agency offices in the
	city only to be told they are offline".
P09	"It hard to believe that in some instances you will be told somebody who is
	supposed to assist you is attending a week-long workshop somewhere far away.
	The costs of visiting their offices do not seem to be cause for concern".
P20	"My business is not registered because the offices are far from my place of
	residence. Why in the cities, we need them in our area".
P16	"Bringing the offices closer to the rural people would improve their confidence in
	the system, thus boosting their morale in growing their SMEs".
P23	The issue of centralisation of satellite offices in towns is a serious disadvantage to
	rural SMEs. The level of poverty experienced is a detriment to affording transport
	costs to the offices. It is a problem".

Source: Corden and Sainsbury (2006)

# **Review of regulatory factors**

According to Table 4.25 below, government regulatory environment was found to be one constraint that calls for government review of support approach towards SMEs in rural areas, as per views by P02, P15, P18, P04, P13 and 07. Respondents held the view that rural entrepreneurs are hard done by government regulatory environment due to their complex nature, poor information dissemination and inaccessibility of support. This, according to respondents, impact negatively on compliance. The latter, in their view, is a qualification prerequisite for almost all services/products offered by support agencies. Failure to comply with the legal factors implies operation outside the parameters of the government regulatory environment. The view was that all SMEs are willing and prepared to operate within mandatory government regulations. It is on this basis that respondents felt the need for government to relax the regulation governing SMEs, improve support for compliance and enhance efficiency at service points. This would in turn impact positively on compliance rate, thus improving growth and survival of SMEs.

**Table 4.25: Review of regulatory factors** 

CODE	VERBATIM QUOTE
P02	"The call for review of government regulations has long being debated. Rural
102	entrepreneurs are the hardest hit".
P15	"There is no much information disseminated among rural communities to comply
	with the legal requirements. As result we operate at the mercy of our pockets
	because we don't qualify for any form of funding".
P18	"My business is duly registered, but the complex nature of these regulations is
	frustrating. Government needs to embark on review to accommodate small
	business".
P04	"paper work, attachments, registration fees and taxes, this is a burden for small
	businesses. A review of this approach is long overdue".
P13	"and the most challenging issue about this regulatory environment relates to
	"non-discriminatory" nature in which both small and big businesses are treated
	the same. Some level of concessions for small businesses is required".
P07	"I personally feel the government, in the guest to improve support for rural SMEs,
	needs to consider revisiting the regulatory environment to make it more
	supportive".

# 4.5.5 RQ 5: What is the role of commercial banks in entrepreneurship education and training for rural entrepreneurs in Sekhukhune District?

It is on record that banking sector is a prominent funding institution for SMEs. Despite its prominence, SMEs find it difficult to comply with requirements to qualify for funding. It is worth outlining SMEs financing system in South Africa. Government and commercial banks are distinguished institutions with regulated financing systems in place to support SMEs. The Department Trade and Industry (DTI) was mandated, through the Small Business Advisory Council (NSBAC), to facilitate a system for SMEs access to finance (Ngcobo and Sukdeo, 2015). This initiative resulted in establishment of a number of institutions/agencies to implement the small business financing system. The National Empowerment Fund supports small businesses of historically-marginalised groups, blacks in particular (ExpertHub Staff, 2018).

The Industrial Development Corporation (IDC) provides funding to entrepreneurs whose vision is to fight poverty, unemployment and poor supply in critical skills (Nieman and Nieuwenhuizen, 2014). The Small Enterprise Finance Agency (SEFA) provides loans, as well as credit guarantees for applications for bank finance (ExpertHub Staff, 2018). The National Youth Development Agency (NYDA) supports youth participation in economic activities (SEDA, 2016). In spite of these government financing system in place, it was noted that

majority of SMEs lack information regarding these funding initiatives (Osano and Languitone, 2016) and Bushe (2018).

Commercial banking sector is one institution with regulated financing system. According to Nieman and Nieuwenhuizen (2014) banks' services include bank credit in the form of an *overdraft*. The latter grants customer/client approval to have advance access to finances in excess of the actual balance in the account. The application is subjected to strict credit checks references, which according to Business Unity SA (2018) is an 'obstacle' for banks to lending SMEs. The sector also offer *business credit card* facility tailored for any business owner with over twelve month's track record of operation (Nieman and Nieuwenhuizen, 2014). Another financial offer is *leasing finance*, which is a timeframe mutually agreed contractual obligation between the lessor and lessee. The latter is in turn expected to make payments for the use of the asset.

Commercial banks also offer mid-term, revolving credit and long-term loans. *Mid-term business loans* are offered usually over a 24-60 months period, to businesses with twelve months credible track record and sustainable monthly or annual turnover (Nieman and Nieuwenhuizen, 2014). The *Revolving credit facility* is also available, with revolving withdrawals after monthly instalment repayments have reached certain predetermined percentage (Business Unity SA, 2018). Long term loans are also offered. While other criteria might be similar to those of mid-term, the main distinguishing criterion for this category is that a company is considered on the basis of owning immovable asserts not encumbered or partly encumbered (Nieman and Nieuwenhuizen, 2014). It is worth noting that in spite of availability of different financing options, commercial banks' SMEs financing system in South Africa has been found to be low compared to similar economies (Business Unity SA, 2018). The government's intervention through the Small Enterprise Finance Agency's (SEFA) to provide credit guarantees for applications for bank finance is yet to yield positive results (ExpertHub Staff, 2018).

Research question 5 was meant to identify the role commercial banking sector could play in the guest to educate and train rural SMEs. The question was intended to bring the sector on board to share the minimum records and procedural expectations to be met for SMEs to be considered for funding, as well as other capacity enhancing support services offered. In the process of data analysis one main theme: Banks-government partnership, and three sub-themes (Theme 5.1) Sharing building blocks for funding compliance, (Theme 5.2) Sharing training

manuals, and (Theme 5.3) Introduction of custom-made services, were identified as shared in table 4.26.

Table 4.26: Role of commercial banks

Theme	<b>Sub-theme</b>
Theme 5	5.1 Sharing building blocks for funding
	Compliance
Banks-Government partnership	5.2 Synergy in training manuals
	5.3 Introduction of custom-made
	services/products

Source: Carter et al (2017)

# 4.5.5.1 Theme 5: Banks-Government Partnership

Respondents brought into the spotlight the issue of support structures/agencies working in silos. It was opined that the approach did little, if any, to assist in supporting SMEs in rural areas. The view of respondents was to realise a closer working relationship between government support agencies and commercial banks. The latter, by virtue of their expertise in financial matters, would play a significant role in sharing first-hand information about credible record-keeping, developing relevant training manuals and designing SMEs-aligned services and products. This partnership is envisaged to have the potential to enhance the capacity of facilitators, sharing best practices and ultimately benefitting SMEs in rural areas.

# **4.5.5.2 Sub-themes**

# Sharing building blocks for funding compliance

According to respondents, rural SMEs' attempts to comply with the banking institutions for purposes of being granted funding has always been a serious challenge. The struggle is said to be related to accessing the banks' website; downloading and completing the application forms; as well as attaching the required documents in credible form. Respondents site lack of/poor technology infrastructure, lack of skills in technology, lack of information and poor financial record-keeping, as reasons for failure to qualify for funding.

The general view was to see the banking sector and government agencies forging partnership geared towards bringing about synergy in approach. The view was based on the assumption that bank agents/facilitators would not always be available to render education and training services to SMEs. Government agencies, by virtue of their mandate, are well positioned to provide training, disseminate information and support SMEs. Thus, according to P04, P11,

P19, 09, P12, P06 and P23 partnership between the two institutions would ensure that building blocks for funding compliance are shared, mastered, and subsequently delivered to the intended beneficiaries, SMEs. Table 4.27 shares verbatim quotes of participants in this regard.

Table 4.27 Sharing building blocks for funding compliance

CODE	VERBATIM QUOTE
P04	"I don't even try to apply for funding at the banks, because the qualification
	criteria, I am told, are too stringent to meet. They need to share information with
	government agencies for public consumption".
P11	"Commercial banks are private institutions, and we rely on government agencies
	for accurate information for applying for funding. We are less informed because,
	it seems, the agents don't have information".
P19	"Government should forge some form of partnership with commercial banks to
	share best practices, as well as reliable steps towards qualification for funding".
P09	"poor financial record keeping are stumbling blocks towards accessing funding
	from commercial banks. How to keep these records requires accurate information
	from these banks. Government agencies are better positioned to liaise with them
	to source information for rural SMES".
P12	"Rural SMEs rely on government agencies for information, and thus closer with
	commercial banks is in the best interest of information sharing".
P06	"and government is not well positioned to cater for the funding needs of SMEs,
	that why partnership with commercial banks if paramount importance to share the
	burden of funding".
P23	"How about forging ties, occasionally, to educate and train these enterprises?
	That would be good. Such mutual interaction would also assist in identifying
	common challenges that in turn require common approach".

Source: Corden and Sainsbury (2006)

# **Synergy in Training Manuals**

Respondents acknowledged differences in the scope of work between the commercial banks and government agencies in relation to support to SMEs. The former (commercial banks) are viewed in terms of specialization in the financial sector, while the latter (government agencies) are generalists mandated to support SMEs in terms of capacity building, including on how to finance their enterprises. In spite of this difference, the two institutions are intertwined by the issue of financing or accessing funding for SMEs from both government and commercial banks. It was established that banks, as specialists in finances, should consider developing and sharing relevant manuals with government agencies to enable them to disseminate credible and reliable information. The agencies, in the process of supporting SMEs, would therefore be in a position to educate and train, based on first-hand banking sector information. The view is shared by P01, P20, P04, P05, P10, P16 and P24, as indicated in table 4.28 that follow.

**Table 4.28: Synergy in Training Manuals** 

CODE	VERBATIM QUOTE
P01	"Commercial banks, by virtue of being specialists in the financial sector, can assist government agencies in developing training manuals specific for financial literacy".
P20	"and you find it difficult to respond accurately to a question in relation to banks criteria for funding. It's somehow embarrassing, because this information might be available on request from the banks".
P04	"Commercial banks facilitators and government agencies should work closely, in terms of training, to close the knowledge-gap that exists between the two institutions".
P05	"It is understood that the issue of SMEs funding is what brings the banks and government together. This common commitment should assist in sharing expertise and experiences in the preparation for training manuals".
P10	"and sometimes it is not good to realise that support agents do not have knowledge and information about commercial banks' requirements for SMEs funding".
P16	"I still believe that government and commercial banks are parallel in approach, and that agencies would always lack accurate information required to support SMEs, unless some form of common approach is agreed upon.
P24	"For purposes of bringing about synergy with government support programmes, commercial banks should also consider building sort of alliance with government support agencies in order to deliver one message".

#### **Introduction of Custom-made Services/Products**

Respondents held the view that commercial banks remains reliable financial institutions for SMEs funding, and as such the need to meet each other halfway is in the best interest of business, economic, and community development. According to respondents views, products and services offered by commercial banks were designed in such a way that big businesses remain majority beneficiaries due to financial returns they enjoy.

These businesses have the financial advantage of acquiring the services of private professionals to do whatever it takes to meet banks' prerequisites. In order to level the playing field, P13, P02, P14, P08, P04, P17 and P24 in table 4.29 hold the view that commercial banks should consider introducing custom-made services/products that would cater for rural SMEs needs and expectations. The design, promotion and implementation of the services/products should consider the challenges facing SMEs in the rural setting with contextual factors such as language, level of education, skills capacity, experience and technology. This approach, it was

established, has the potential to assist rural SMEs in their endeavour towards growth and sustainability. Participants' verbatim quotes are tabled below.

**Table 4.29: Introduction of Custom-made Services/Products** 

CODE	VERBATIM QUOTE
P13	"SMEs are customers, and commercial banks should treat them as such by
	relaxing or introducing specialised services for them".
P02	"SMEs are sharing the burden of eradicating poverty, unemployment and lack of
	skills. It is on this note that commercial banks should view SMEs as partners in
	economic development and put in place some concessions that would improve
	their growth".
P14	"The criteria laid down by commercial banks in providing services and products
	to business clients should consider the level struggle and challenges small
	business face".
P08	"the call for government to reach agreement with commercial banks over new
	funding model for small business does not receive enough consideration".
P11	"The challenges facing SMEs as far as funding is concerned should inform
	commercial banks in the process of remodelling funding for businesses".
P17	"and majority of small business have failed because they were subjected to the
	same services or products with big businesses without consideration of the context
	under which they operate".
P24	"Lastly, commercial banks should support rural SMEs by drawing a line, in
	terms products/services on offer, between small business and big business
	sectors. The current arrangement works well for big business sector at the
	detriment of small ones. These steps are crucial in supporting rural SMEs
	education and training".

Source: Corden and Sainsbury (2006)

# 4.6 Evaluation of the research findings

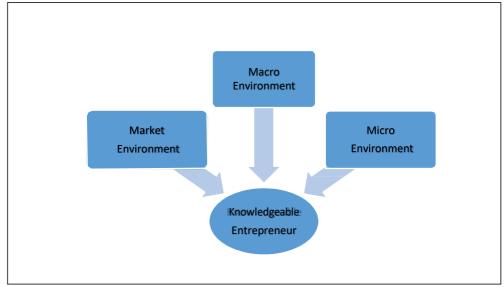
# **4.6.1 Research Question 1**

What is the importance of entrepreneurship education and training for rural entrepreneurs in Sekhukhune District?

# 4.6.1.1 Key research findings

Research question 1 was intended to elicit respondents' views, perceptions and experience regarding the importance of entrepreneurship education and training for rural entrepreneurs. According to the findings, respondents held the view that education and training was important in learning the basics of entrepreneurship environment.

Figure: 4.1 Knowedge of Entrepreneurship Environment



Source: Researcher' own creation

Figure: 4.1 illustrate the importance of education and training in entrepreneurship for SMEs in rural areas. The purpose is to enhance the capacity entrepreneurs' knowledge and understanding of the factors that characterize the business environment. These basics entails understanding the external environment, internal environment and market environment. Knowledge and understanding of this environment, through education and training, is perceived as the required capacity towards SMEs' survival. This view is in line with the theory underpinning this study, Human Capital theory, which holds the assumption that investment in education and training is essential for higher productivity and economic growth (Goldin, 2016). Each of the identified business environments is further interpreted in detail in the ensuing paragraphs.

# 4.6.1.2 Interpretation of the findings

Knowledge of the external environment is based on views that entrepreneurs enter the business sector with little or no knowledge on how the external factors are likely to impact on their operations. External environment refers to factors beyond the powers of the entrepreneur. This is expressed through frustrations surrounding policy changes in government that have impact on other external factors like economy, legislation, social and technological forces. All these factors have a bearing on how businesses should be operated. Understanding of these factors is not by choice, but a matter of business survival.

Knowledge the internal environment implies the need for rural entrepreneurs to know and understand the different relationships within business control. It is on record that entrepreneurs have knowledge of stakeholders they interact with, but could not specifically categorise them

according to their impact on the running of the enterprise. These stakeholders refer to customers, suppliers, distributors and competitors. Thus, knowledge of factors characterising this environment would imply application of skills to adopt appropriate strategies to stay relevant. The skills required depends, to a large extent, on education and training. In support of this view, the Human Capital theory holds the assumption that education and training has a significant role to play in enhancing capacity to meet customer needs, improve competitive advantage, as well as increasing business performance (Khayinga & Muathe, 2018) and Boon *et al*, 2018).

Knowledge of the market environment implies knowledge of dynamics involved in the market. These dynamics manifest in the form of offering products already on the market, continuous changes in the market, impact of market saturation, as well as impact of technology on the market. The market environment plays important role in ensuring that the business stays relevant to customer needs and expectations in terms of services/products offering. Changes in market trends impact on strategies adopted, thus demand for review to stay afloat. Thus, understanding of this environment is important to adopt strategies in dealing with these challenges.

#### 4.6.1.3 Reconnection with literature

Knowledge of the external environment is in support of literature. The latter has identified knowledge of the macro-environment as key in understanding factors beyond business control, though have impact on its (business) operations (Banahene, Ahudey and Mensah, 2016). The macro environment, according to the authors, refers to political decisions made, economic policies introduced, legal implications on an enterprise, as well as advancement of technology. The internal environment is also in support of literature findings that emphasised knowledge of the micro environment as important in interacting with factors within enterprise control (Plaatjies and Bruwer, 2014). Literature emphasised knowledge of the micro environment due to its impact on understanding suppliers' profiles and bargaining power (Louw and Venter, 2015), knowledge of distributors' role (Shiamwama, Ombayo and Mukolwe, 2014), knowledge of customers' needs and preferences (Plaatjies and Bruwer, 2014) and knowledge of competitors (Soh *et al* (2016) and Bruijl (2018).

#### 4.6.1.4 Conflicting findings

Literature has identified improvement of management functions, and learning growth and survival strategies as important for entrepreneurship education and training for rural entrepreneurs ((Nieman and Nieuwenhuizen (2014). It was further discovered that entrepreneurial orientation should be considered for inclusion in the education and training programmes (Ibrahim and Lucky, 2014 and Koe, 2015). Contrary to these findings, respondents held the view that understanding of the market environment is important for rural entrepreneurs. This contradiction could be attributed to the proximity and immediacy of influence the market factors have on daily operations of the enterprise.

This immediate influence manifests in terms of continuous changes experienced on the market environment. The latter is dynamic, and calls for continuous decision-making. The need to understand the market environment is affirmation of Knowles' theory of andragogy that hold the assumption that adults tend to learn if training intervention solves immediate challenge at their disposal (Cochran and Brown (2016), Merriam (2017) and Jasso (2018). Thus, different from literature, respondents view market environment as important element of entrepreneurship education and training, rather than management functions, and growth and survival strategies.

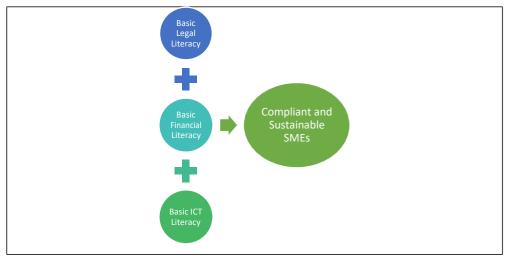
# 4.6.2 Research Question 2

What are the critical areas of entrepreneurship education and training for rural entrepreneurs in Sekhukhune District?

# 4.6.2.1 Key research findings

Research question 2 was meant to establish critical focus areas that need to be prioritised in the implementation of education and training for rural entrepreneurs. The aim was to identify areas of learning that could form the basis for enhancing the capacity of rural entrepreneurs. This would also ensure that challenges experienced are appropriately addressed. The findings indicate the need to prioritise basic entrepreneurship literacy skills. The emphasis is that majority of rural entrepreneurs enter the sector without basic entrepreneurship knowledge and skills required to grow and survive. The critical focus areas are illustrated by figure 4.2 below.

Figure: 4.2 Critical Focus Areas



Source: Researcher's own creation

Figure: 4.2 above depicts the critical areas support agencies should focus on in the process of education and training for rural SMEs. Areas, as illustrated, are basic legal literacy, basic financial literacy and basic information and communication technology. The basic entrepreneurship literacy is expressed through the need to learn entrepreneurship legal literacy skills; entrepreneurship financial literacy skills; and entrepreneurship information and communication literacy skills. Full details of the each critical area are discussed below.

# 4.6.2.2 Interpretation of the findings

Entrepreneurship legal literacy skills refer to capacity to comply with laws and regulations governing the business operations. The legal environment is mandatory, irrespective of the size of business. It is noted that rural SMEs find it difficult to work within the confines of the regulations for various reasons, such as lack of capacity, lack of information and frustrating nature of steps to be followed. As a result, some enterprises operate without proper registration, as required and mandated by law. Non-compliance robs SMEs of opportunity to access basic resources to grow and sustain their operations. Thus, in the guest to developing the capacity of rural entrepreneurs, legal literacy skills in entrepreneurship is deemed critical focus area for entrepreneurship education and training.

Entrepreneurship financial literacy skill is one identified priority area that is emphasised. According to the findings, rural SMEs lack the necessary capacity to produce quality financial records expected by funding institutions. The latter provide funding to qualifying SMEs on the basis of criteria determined to establish the level of financial accountability in terms record keeping. The criteria set are found to be way beyond rural SMEs' scope of operation. This is due to, among others, lack of the necessary skills, as well as accurate information on what is

expected of them. The skills and information expected require some form of intervention in order to assist entrepreneurs keep pace with the requirements. According to the findings, financial literacy skills should be one focus area to be prioritised.

Entrepreneurship information and communication technology literacy skill is another focus area identified to be prioritised in implementing education and training for rural entrepreneurs. This is rooted in the need to move from manual to electronic in all forms of communication with support agencies. Rural entrepreneurs, by virtue of their setting, lack the necessary technological infrastructure and basic skills to keep pace with the business world. As a result they find it difficult to register their businesses, thus operating outside the parameters of the law. The need to learn basic skills is a step in the right direction towards human development and business growth. This is in support of the Human Capital theory that highly value education and training programmes aimed at enhancing human capacity required for higher performance (Fareed *et al*, 2016). Thus, identification of critical focus areas is in line with Andragogy theory that emphasise the need to diagnose the learning needs of adult learners in the process of planning intervention (Ekoto and Gaikwad, 2015).

#### 4.6.2.3 Reconnection with literature

The need to acquire entrepreneurship legal literacy skills is in support of literature on the findings that majority of rural entrepreneurs were struggling with capacity to comply with the basic regulations governing the sector (Chimchaka and Mandipaka, 2015). Literature also noted that SMEs choose to ignore regulations on the basis of complexity (Ngcobo and Sukdeo, 2015 and Meyer, Meyer and Molefe, 2016). SME South Africa Report (2018) recorded 89% of participants who favoured learning mandatory laws and regulations. The research findings are therefore justification of what literature has found to be critical focus area.

Entrepreneurship financial literacy skill is one identified priority area. According to the findings, rural SMEs lack the necessary capacity to provide requisite financial documentation as form of evidence. This is justification of literature in the findings that SMEs have difficulty in accessing financial resources due to lack of skills in control of cash flow and record keeping (Ramukumba, 2014). Brijlal *et al* (2014) recommended three basic sources of financial analysis that each business need to keep: income statement, cash-flow statement and balance sheet. Thus, financial literacy skills is deemed a priority by both literature and research findings.

Entrepreneurship information and communication technology literacy skill is another focus area identified to be priority in implementing education and training for rural entrepreneurs.

This area is rooted in the advancement of technology that dictates movement from manual mode of operation to electronic in all forms of communication. The results are in agreement with literature which found that the need to learn ICT is not a luxury but a necessity for any business. According to literature technological environment has advanced to facilitate easy and fast access to resources, and thus dictating adoption by entrepreneurs (Quadri and Abiodun, 2017). The authors posit that entrepreneurs need to note that the prerequisite for learning technological skills is literacy skills of reading, writing and arithmetic. Thus, both literature and the research findings have found basic knowledge of ICT as another critical focus area for rural entrepreneurs.

# 4.6.2.4 Conflicting results

According to literature majority of rural SMEs fail to grow due to wrong product offering, incorrect location, poor pricing and lack of skills in promotion (Motsetse, 2015) and Chimcheka and Mandipaka, 2015). As an education and training intervention, Ahabeeb (2015) recommended that entrepreneurs be exposed to marketing-mix strategies known as four Ps: product, price, place and promotion. On the contrary, the research results did not identify this area as critical for rural entrepreneurs. This could be attributed to the fact that marketing strategies are not part of the solution to the key challenges they face, being compliance with the legal authorities, accessing funding sector and acceding to technological requirements.

The above assertion is supported by Andragogy theory that hold the assumption that adult learner is guided by life experience, and their choice to learn is based on reason (Merriam, 2017). The need to learn particular basic entrepreneurship skills in order to perform at the expected level is affirmation of the Human Capital theory which assumes that individual productivity is determined by knowledge and skills acquired through education and training (Blair, 2018).

#### 4.6.3 Research Question 3

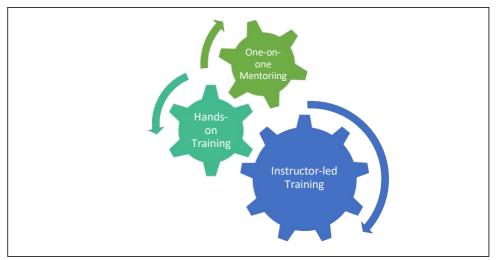
What are the approaches of implementing entrepreneurship education and training interventions for rural entrepreneurs in Sekhukhune District?

# 4.6.3.1 Key research findings

Research question 3 was intended to identify appropriate approaches to be adopted in the implementation of entrepreneurship education and training for rural SMEs. The question was informed by the need to align approaches with the specific target group, context under which

the learning would take place, and the type of intervention to be implemented. According to the research findings, differentiated training approach is identified as appropriate in implementing education and training intervention strategies. The results justify this approach on the need to consider entrepreneurs' learning needs in the process of planning education and training interventions. Figure 4.3 below depicts the training modes that complement differentiated training approach.

Figure: 4.3 Linear Training Approach



Source: Researcher's own creation

Figure: 4.3 above depicts the envisaged linear progression training approach. There are three interlocking gears illustrating sequential order in which the training programme should be undertaken. The position of the gears provides a complementary motion that links all the three levels of the learning process. The training starts with instructor-led training where the participants (instructor and learners) engage in a classroom-like setting. The nature of the learning is theoretical. The second wheel indicates hands-on training that builds on the previous one. The nature of the learning is practical. The last wheel indicates one-on-one mentoring that also builds on the previous one. The nature of learning is that of mentor and mentee. These training modes are dealt with in the paragraphs that follow.

# 4.6.3.2 Interpretation of the findings

Instructor-led training approach is viewed as key in affording both learners and trainer opportunity to interact in a classroom/conference like setting. The trainer facilitates the learning process, while the learners are active participants in learning the skills. This approach is interactive. The learners are engaged in various activities, and the trainer provides immediate feedback on progress being made. Appropriate measures are undertaken to ensure that the

learning outcomes are achieved. The approach is supported by Andragogy theory which emphasises a learning environment characterised by mutual respect, trust and understanding, rather than hierarchical authority (Kessels, 2015). According to the findings, the approach is revered for grouping learners according to their profiles, thus addressing real and common challenges as experienced on the ground.

Hands-on training approach is based on views that most of the training interventions are more theoretically oriented. The findings emphasise the need to see SMEs support becoming more practical in an effort to complement the theory. The approach is at most an attempt to bring abstract and reality together to form one complementary whole. It is an opportunity to interact and learn from actual activities that coincide with the real business situation. According to the findings, hands-on training would assist rural entrepreneurs to be actively involved in the actual business tasks like completion of business registration forms, financial record keeping and other forms of electronic mode of communication. The approach is viewed as one that could bridge the gap between the ideal and the actual situations.

One-on-one mentoring is based on the importance of giving rural entrepreneurs individual attention. It is a chance to work closely with someone possessing more experience in the field. This approach, according to the results, is an opportunity for entrepreneurs to freely share their frustrations and plans for growth. Entrepreneurs in turn expect an expert advice from the mentor, who is expected to possess the required skills to provide the necessary guidance. It is a chance for rural entrepreneurs to feel comfortable in a non-threatening environment. The one-on-one mentoring approach is in fulfilment of self-directedness which influences the choice and implementation of appropriate learning strategies, as advocated by Andragogy theory (Cochran and Brown, 2016).

# **4.6.3.3** Reconnection with literature

Hands-on training approach is in support of literature that emphasised the need for this type as opportunity to accurately respond to learners' skills gap (Fatumo, Shome and Macintyre, 2014). In support of this approach, Motsetse (2015) posits that such training is tailored to deal accurately with learners' skills needs, and the skills learned can be applied as a matter of immediacy. Literature also found one-on-one mentoring approach to be appropriate in ensuring that an expert in the field would engage in training, guiding and supporting the novice entrepreneur for the purpose of imparting knowledge, skills and techniques (Ismail *et al*, 2015 and Ilieva, 2015). Thus, both the research findings and literature view mentoring as appropriate

approach in the implementation of entrepreneurship education and training for rural entrepreneurs.

# 4.6.3.4 Conflicting findings

Literature further identified networking as appropriate approach in implementing entrepreneurship education and training. The approach was justified on the basis of mutual exchange of information for the purpose of achieving common understanding, and crafting strategies for appropriate response (Desta, 2015). On the contrary, the research results did not establish networking as appropriate approach in implementing entrepreneurship education and training. The reason for contradiction might be attributed to the entrepreneurs' low level of knowledge in micro-environment, which translates into relationships that impact on the business operation. These relationships include competitors. Thus, the level of competition on the market would potentially rule out the possibility of networking. This assumption is supported by literature that networking fails due to relations between rival companies that withhold important information for themselves (Gibson, Hardy and Buckley, 2014). Given their level of knowledge, it is therefore not in the best interest of rural entrepreneurs to engage in any form of networking. The approach might be given consideration at a later stage.

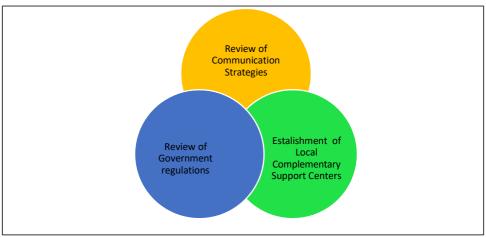
### 4.6.4 Research Question 4

What is the role of government in entrepreneurship education and training for rural entrepreneurs in Sekhukhune District?

# 4.6.4.1 Key research findings

Research question 4 was intended to establish the role government should play in the guest to enhance the capacity of entrepreneurs in rural areas. The question was informed by government's commitment to supporting SMEs towards economic development and growth. The research findings identified review of support approach as the main role government should play. This main theme is established on the basis of views held by respondents that government support was characterised by duplication of structures running parallel and uncoordinated programmes. This main role was based on supporting roles being: review of communication strategies, decentralisation of support structures and review of the regulatory factors, as illustrated on figure 4.4 below.

Figure: 4.4 Review of Government Support Approach



Source: Researcher's own creation

Figure: 4.4 above is illustrative of areas government should consider reviewing in order to achieve the expected outcomes in their commitment to support small enterprises in rural areas. The measures identified for reviewing government support approach are: review of communication strategies, establishment of local complementary support centers, and review of government regulations governing SMEs. The steps identified for review were found to be critical in supporting SMEs education and training towards growth and sustainability. Each of the steps is discussed in detail in the paragraphs that follow.

### 4.6.4.2 Interpretation of findings

Review of communication strategies is regarded as key in addressing the view that rural entrepreneurs' voice is suppressed, as far as planning and implementing support for SMEs. The view held is that government do little, if any, to engage rural entrepreneurs in an effort to accommodate their business needs and expectations. The use of technology in running surveys on support for SMEs was viewed to exacerbate marginalisation of rural entrepreneurs who experience poor technological infrastructure. The findings put emphasis on the need for government to consider opening communication channels to ensure that rural entrepreneurs are appropriately consulted. This, according to the findings, would pave a way for support agencies to engage in activities that accurately respond to the needs and expectations of rural entrepreneurs. The results are affirmation of Andragogy theory's assumption that adult learners need to be part of the process of planning, implementation and evaluation of learning (Leong, 2018).

Establishment of local complementary support centres is based on views that support agencies are located in urban towns, thus making it difficult to serve entrepreneurs in rural areas. The

findings indicate that the current arrangement for accessing services is too costly in terms of money, time and effort. It is on record that majority of rural SMEs operate without proper registrations due to lack of information. These SMEs find it difficult to access services due to the distance they are required to travel. As a result they choose to operate illegally. This non-compliance has negative impact on accessing other resources like funding. It is therefore opined that government should consider decentralising support structures to rural communities to serve them at close proximity.

Review of the regulatory factors is based on views held that the regulations governing the business operations are constraints towards SMEs growth and sustainability. The findings indicate that rural SMEs are the hardest hit, due to lack of information regarding compliance with stipulated regulations. The regulations are found to be less supportive and difficult to deal with. According to the findings, the regulatory environment is characterised by numerous overlapping steps to be followed in order to get assistance. Rural SMEs laments excessive demands for paper work, documentation and registration fees as frustrating. The view held is that government should consider reviewing the regulations and laws governing SMEs.

#### **4.6.4.3 Reconnection with literature**

The findings indicate the need to review communication strategies as the role government should play. These results confirm literature findings that local communities continue to struggle to access services from government, due to poor communication and coordination (Reddy, 2016). Literature further noted that the process of formulating policies and regulations governing business operations does not accommodate SMEs views (Copaul and Manley, 2015). Thus, both research results and literature agree on the role of government in reviewing communication strategies.

According to the findings government should consider decentralising support structures to serve local communities. These results affirm literature findings that little are known about government support agencies due to lack of coordinated visibility (Motseo, 2015). In support of this view, the study by Ngcobo and Sukdeo (2015) also found that nearly 60% of the respondents were struggling to identify government support agencies, regardless of the mandates and budget allocated to support SMEs. It is upon this agreement, between research findings and literature, that decentralisation of support structures is upheld.

The government is further expected to play a role in reviewing the regulatory environment. This result is in support of literature findings that South Africa is far behind in facilitating and

providing supportive policy environment for SMEs (GEM South Africa Report, 2014). To be specific, GEM South Africa Report (2014) found business registration process to be bureaucratic and resources straining, Imbadu Newsletter Q2 & Q3 (2016) found labour laws to be restrictive, and finally Cassim *et al* (2014) found SMEs to be overburdened by income tax requirements. Thus, both research results and literature hold the same view that government should consider reviewing the regulatory environment.

# 4.6.4.4 Conflicting findings

It is also noted that literature emphasised the need for government to consider adopting public-private partnership in order to improve efficiency in service delivery, while sharing applicable budget and risk implications thereof (Jabavu, 2014). Contrary to this finding, it is noted that at no stage did research results mention this partnership on the role of government. The reason for this contradiction might be attributed to the need to hold government (not any institution) accountable for poor communication strategies, centralisation of support structures and formulation of constraint regulations, hence review. It therefore remains the role of government to revisit its approach to support SMEs, in an effort to facilitating their (SMEs) growth and sustainability.

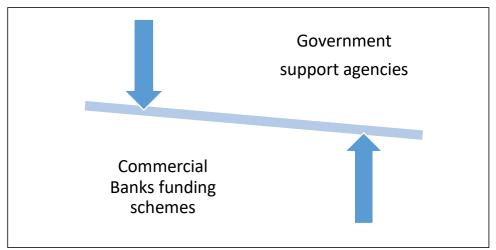
# 4.6.5 Research Question 5

What is the role of commercial banks in entrepreneurship education and training for rural entrepreneurs in Sekhukhune District?

# 4.6.5.1 Key research findings

Research question 5 was meant to elicit respondents views regarding the role the banking sector could play in enhancing the skills and capacity of rural entrepreneurs. The question was triggered by the strategic position commercial banks hold in terms provision of funding to SMEs. It was on this basis that the question was envisaged important in clearly defining the role of commercial banks in education and training for rural entrepreneurs. The research findings identified banks-government collaboration as key role in entrepreneurship education and training. The envisaged collaboration is illustrated through figure 4.5 below.

Figure: 4.5 Commercial Banks-Government Collaboration



Source: Researcher's own creation

Figure: 4.5 above depicts collaboration required between commercial banks and government in support small enterprises in rural areas. The current state of affairs shows imbalance on the scale in terms of support required to facilitate access to funding for small enterprises. There are government support agencies mandated to provide information through which small enterprises could access financial support. The agencies also have the responsibility to provide the actual funding to qualifying enterprises. Commercial banks also have funding schemes designed to assist the same sector in accessing funding. In terms of the scale depicted, it is noticed that the two institutions are not on the same level, despite the same gaol of supporting small enterprises.

The collaboration role is based on views expressed by respondents that commercial banks, as specialists in the financial sector, hold better information required for educating and training SMEs. In the guest to fulfilling the main role, the findings identified the following supporting roles: sharing building blocks for funding compliance, synergy in training manuals and introduction of custom-made services/products. Each of these sub-roles is discussed in detail in the ensuing paragraphs.

# 4.6.5.2 Interpretation of the findings

Commercial banks are expected to engage in sharing building blocks for funding compliance. This role is based on views that government could not afford to cater for the funding needs of all SMEs in the country. The banking sector is therefore identified as ideal institution in the guest to alleviating the funding burden. It is on this basis that the results emphasise the need for commercial banks to share accurate and relevant information regarding funding requirements. It on record that SMEs fail to access funding, among others, due to incapacity to provide the requisite documentation. Even those SMEs which have the will to produce the records, have no information regarding the format required. The capacity to comply with the

funding criteria lies in the information commercial banks are required to share. This information amounts to human development assumed by Human Capital theory as prerequisite for improvement of capacity (Blair, 2018).

The need to bring about synergy in training manuals, builds on the previous role that emphasised the need for banks to share information. While it is acknowledged that commercial banks enjoy superior information, the research findings indicate that this sector, being private, has no 'obligation' to educate and train entrepreneurs. Their business operations are guided by policy mandates, and therefore remain private. Be it as it may, the notion that SMEs need to be treated as customer, calls for closer cooperation in dissemination of accurate information.

The submission is that the sector should consider working closely with government support agencies in designing and developing manuals intended for educating and training entrepreneurs. This step will assist in sharing expertise and experiences in the development of relevant training manuals, thus closing the knowledge-gap between commercial banks and government support agencies. The latter, according to the research results, are better positioned to interact, communicate and disseminate accurate information to SMEs. This step is in essence reciprocal. Government support agencies would be able to fulfil their support mandate, while commercial banks would be in better position to increase the number of qualifying SMEs for funding.

Introduction of custom-made services/products is based on the views that commercial banks should view SMEs as customers, and above all as significant partners towards eradication of poverty, reduction of unemployment, as well as economic development. The results indicate that, in the design and development of services and products, commercial banks did not consider the challenges SMEs face in their endeavour to grow and sustain operations. The view is that the banking sector applied a one-size-fits-all approach, thus putting SMEs on the same level with big businesses that have the resources to accede to mandatory requirements. Given their resource capacity status, SMEs are viewed way below the standard required to operate on the current designed services or products. The call is that commercial banks should consider reviewing the funding model to accommodate SMEs' needs and expectations.

### **4.6.5.3** Reconnection with literature

The need for commercial banks to share building blocks for funding compliance is in support of literature findings that majority of SMEs struggle to access funding due to information opaque (Ngcobo and Sukdeo, 2015). Literature further clarifies this lack of information on the

basis of information asymmetry theory that holds the assumption that in any transaction that involves two parties, the likelihood is that one party enjoys superior information than the other (Osano & Languitone, 2016). It is upon this assumption that both research results and literature agree on the role of commercial banks to share valuable information about accessing funding.

The findings indicate the need for commercial banks to introduce custom-made services/products. This view is in support of literature findings that services and products offered by commercial banks were designed to provide for the needs of big businesses with the necessary resources to comply (Rasool, Dars and Shah, 2014). Literature further noted the need for commercial banks to introduce specialised units that would serve SMEs needs and preferences in terms of services and products (Bounouala and Rihane, 2014 and Subhanij, 2016). Cluster funding was one service/product recommended for introduction for purposes of mitigating compliance gaps experienced by individual SME applicant (Cejkova and Fabus, 2015 and European Commission, 2016). Thus, both research findings and literature agree on sharing information and introduction of custom-made services/products.

# 4.6.5.4 Conflicting findings

Literature found corporate social responsibility (CSR) as a role commercial banks should play. The results on the other end indicate the need for banks to be part of training manual development towards enhancing the capacity of rural entrepreneurs. While engaging in development of training manuals might be part of corporate social responsibility, it should be noted that planning and implementation of CSR requires formal processes. It should be commitment based on an adopted company policy that enjoys the support of majority shareholders and top management (Ahmadian and Khosrowpour, 2017 and Jeffrey, Rosenberg & McCabe, 2018). It is upon this argument that the results identify the lesser synergy in training manuals, rather than the more formal and complicated CSR.

#### 4.7 Summary

#### Trustworthiness of data

Trustworthiness of data was outlined as a measure to ascertain the extent to which a researcher could justify the quality of results, based on acceptable scientific processes and procedures adopted throughout the study (Polit and Beck, 2014). In an effort to ensure that the study was of acceptable quality, attention was given to the criteria developed by Lincoln and Cuba in 1985 for assessing the quality of qualitative research. Thus, the study was evaluated in terms

of credibility, transferability dependability and confirmability as highly rated by (Connelly, 2016).

Credibility was promoted by embarking on prolonged engagement with participants, persistent observation, triangulation and member-checking. The issue of transferability was complied with by providing detailed description of the context of study, importance of the field under study, currents state of the field, as well as specific area to be studied. Dependability was addressed by conforming to the need to keep audit trail including records of raw data, field notes and transcripts, as recommended by Nowell *et al*, (2017). A detailed description of methods, audit trail, activities undertaken and peer-review processes were provided to promote confirmability of the study.

# Reliability and Validity

In the process of addressing reliability and validity of the study, it was established that the two concepts could be distinguished, but could not be separated. They therefore play a complementary role in supporting the measures to establish the authenticity of the research findings based on consistency and accuracy. The emphasis was that for results to be declared valid, the measure should remain stable under different contexts. According to Blumberg, Cooper and Schindler (2014) and Dlova (2017) *Reliability* is concerned with establishing whether the measure produces consistent results over time and could be accurately attributed to the population studied. *Validity*, on the other hand, entails establishing the accuracy of an instrument in measuring the intended concept and its ability to be applied to other contexts in terms of population, settings and times.

# Results of research findings

This task meant was to provide a detailed presentation of the research results following extensive interaction with the data through content analysis technique. Sources of the results were identified as interviews, participant observations and documents review. Participants' demographic characteristics were outlined focussing on gender, age, place of residence, level of education, employment status, job title and years of company experience. The various variables were presented in both numbers and percentages. The five main research questions were restated to give an account of what the study was intended to achieve.

The following themes were outlined in relation to respective research questions. In response to research question 1 on the importance of education and training for rural entrepreneurs, *Theme* 

1: Learning the basics of entrepreneurship environment was identified. In support of the main theme, three sub-themes: 1.1 understanding the external environment, 1.2 understanding the internal environment, and 1.3 understanding the market environment were also found. In response to research question 2 on critical focus areas, Theme 2: basic entrepreneurship literacy skill was identified as main theme. Sub-themes: 2.1 entrepreneurship legal literacy skills, 2.2 entrepreneurship financial literacy skills and 2.3 entrepreneurship Information and communication technology literacy skills, were also identified. In response to research question 3 on appropriate approaches, the following themes were identified: Theme 3: Learner-centred approach, and sub-themes: 3.1 instructor-led training, 3.2 hands-on training and 3.3 one-on-one mentoring.

In response to research question 4 on the role of government: *Theme 4*: review of support approach was identified as the main theme, supported by the following *sub-themes*: 4.1 reviews of communication strategies, 4.2 decentralisation of support structures and 4.3 reviews of the legal factors. In response to research question 5 on the role of commercial banks, the following main theme and sub-themes were identified: *Theme 5*: banks-government partnership and *sub-themes*: 5.1 sharing building blocks for funding compliance, 5.2 synergy in training manuals and 5.3 introduction of custom-made services/products. Each of the themes and sub-themes were fully dealt with in relation to the respective research question. The findings are justified by brief verbatim extracts/quotes of participants' responses from the interviews.

# Evaluation of findings

The process of evaluating the research findings was organised based on the five research questions. The first key finding was the need to understand the basic entrepreneurship environment. In the interpretation of the results it was established that rural entrepreneurs need knowledge and understanding of the macro, micro and market environments, as they impact directly on business operations. It was also established that literature was in support of the first two (macro and micro) environments (Banahene, Ahudey and Mensah, 2016 and Plaatjies and Bruwer, 2014). Market environment was brought to the fore by participants, and this was attributed to its immediate influence on business operations. Literature suggestions on improvement of management functions, growth and survival strategies, as well as entrepreneurship orientation were found to be in conflict the findings, as they were not supported.

The second key finding: basic entrepreneurship literacy skills in legal framework, financial record keeping and information and communication technology, was in support of literature as posited by Ramukumba (2014), Quadri and Abiodun (2017) and SME South Africa Report (2018). The interpretation revealed the need to acquire basic knowledge in regulations, finance and technology as basic prerequisite to comply with legal mandates, qualification for funding and proficiency in facilitating communication with stakeholders. The need to acquire marketing skills, as suggested by literature, was found to be a critical area to be considered.

The third key finding: learner-centred approach was identified to be ideal in implementing education and training interventions for rural entrepreneurs. The approach was found to be ideal if implemented through collaboration of instructor-led training, hands-on training and one-on-one mentoring. The interpretation revealed importance of needs analysis to align interventions appropriately. Literature supported this approach as an accurate response to the needs of the target learners (Fatumo, Shome and Macintyre, 2014). Networking, as another ideal approach for delivery of education and training interventions was, not supported by the research findings.

The fourth key finding: government review of support approach was identified. The interpretation was that government strategies in communication, provision of support services and regulating small businesses were less effective and constraint. Literature was found to be in support of research findings on the need to review support approach for SMEs in rural areas (Copaul and Manley, 2015 and Ngcobo and Sukdeo, 2015). The interpretation revealed that government agencies were unknown, less accessible and ineffective. This was viewed as contributory factor towards poor access to all government support services designed to benefit the small business sector. The issue of Public Private Partnership, as brought forward by literature, could be justified through the findings.

The fifth key finding: banks-government collaboration was also identified. The interpretation established that commercial banks and government were operating in isolation, yet serving the same client. Collaboration was a need to meet SMEs needs in terms of closing the knowledge gap and provide them with accurate information required to access funding (Ngcobo and Sukdeo, 2015). The collaboration was viewed as positive step towards influencing commercial banks to consider redesign of services and products on the basis of accurate information. Collaboration was interpreted to be less 'formal' compared to partnership.

# **CHAPTER 5: IMPLICATIONS, RECOMMENDATIONS AND CONCLUSION**

#### 5.1 Introduction

The problem that triggered this study was the high failure rate among small and medium enterprises in rural areas. The purpose of this study was to establish the role education and training could play in sustaining SMEs in rural areas. This study was phenomenological in design, adopting non-probability purposive sampling technique. Data was collected through one-on-one unstructured interviews and participant observation. Content analysis was adopted to analyse data. Notable limitations of the study include time-constraints, impact of Covid-19 pandemic and changes in government policy. No challenges were experienced as far as ethical conduct was concerned. A brief overview of the chapter is presented in the subsequent paragraphs.

This chapter entails discussion of the implications of the research results. The implications are dealt with based on the respective research questions. A background on the intention of each research question is provided to highlight its relevance and bring about a link with the research results. The latter form the primary basis for implications drawn, with minimal references to literature. Every effort was made to ensure that the conclusions drawn are supported by the actual findings of the study. Potential factors that might have influenced the interpretation of the results are discussed. The task recapitulates both the study problem and purpose, and further highlights the extent to which the two are addressed by the research results. The study's contribution to existing literature is also given attention.

This section also presents recommendations for application based on the main research findings. The recommendations focused on the importance of entrepreneurship education and training; critical focus areas; appropriate approaches; role of government, as well as role of commercial banks. The aim is to highlight areas that require actions for effective implementation of entrepreneur education and training. The ultimate goal is to achieve viable and sustainable SMEs in rural settings. The recommendations are substantiated by evidence from both literature and research results. The section goes further to present recommendations for future research. These recommendations are intended to highlight areas identified to be critical for further exploration. The recommendations serve the purpose of expanding the study by conducting it in a new context. They also afford researchers opportunity to explore the phenomenon in a new dimension. The recommendations are built upon the research findings, as well as literature review. The suggested areas for future research are brought forward in the form of actions to be taken. A brief background of the need for further research is provided.

Sub-areas to be addressed by the study are highlighted. Evidence from literature review is furnished to serve as motivation for the need to embark on the study. Research findings bearing some relevance to the suggested areas for future studies are also given attention.

Lastly, a conclusion is presented to provide an overall summary account of the research results in respect of responding to the study problem. A description of what the study intended to achieve is provided. The major problem underpinning the project is briefly outlined. The task also gives an account of the knowledge gap the study intended to fill. Research questions are restated to bring about a link with the findings. The latter are presented in brief, following the sequence of the questions. Conclusions are drawn based on the research findings. A brief account of recommendations for applications and areas deemed critical for future is provided. The significance of the study is described to highlight its relevance. The task also provides a description of the potential contribution to the body of knowledge.

# **5.2 Research Implications**

# 5.2.1 Research Q1: What is the importance of entrepreneurship education and training for rural entrepreneurs in Sekhukhune District?

The question was intended to establish the value attached to entrepreneurship education and training interventions. In response to this research question, the findings indicate that entrepreneurship education and training is essential for enhancing knowledge and understanding of the basics of the entrepreneurship environment, as expressed in terms of external, internal and market environments. The external environment manifests in terms of factors beyond enterprise's scope of control (Banahene, Ahudey and Mensah, 2016). The internal environment manifests in terms of factors within the enterprise control (Plaatjies and Bruwer, 2014). The market environment entails the forces that continuously influence the choices, decisions and strategies to remain operational.

The environment has significant impact on all businesses, irrespective of size or the resource capacity to interact with it. It is therefore the responsibility all SMEs to acquire some basic knowledge of the environment to adopt strategies that would enable them to stay relevant. It is on this basis that understanding the basic entrepreneurship environment is identified as important element of education and training for rural entrepreneurs. Nevertheless, there is evidence of lack of capacity on the part of entrepreneurs to respond to challenges imposed by the environment. It is further noted that SMEs support by agencies is not aligned to enhance the capacity to understand the business environment.

### 5.2.1.1 Implication: Capacity development in entrepreneurship environment

Capacity in the context of this discussion refers to the minimum ability to respond appropriately to challenges of the business environment. This capacity manifests in terms of knowledge, skills and competencies required to perform at an expected level. This is the minimum level expected of rural entrepreneurs to grow and sustain their SMEs.

Contrary to this expectation, the research findings imply majority of rural entrepreneurs lack this capacity, as they enter the sector with less knowledge and understanding of the factors that characterise the business environment. This is evidenced by expressions that rural entrepreneurs undertake business route 'ill-prepared, without knowledge of how politics, regulations and technology can influence business operations'. There is further evidence that 'majority of enterprises falter at an early stage due to lack of understanding of the internal dynamics of the business'. The findings also suggest that the market is less assessed, thus resulting in 'replication of products less demanded'. The implication is that rural entrepreneurs lack the capacity to understand the basic entrepreneurship environment.

There is the need to learn how the business is likely to be impacted on by decisions taken at a particular level, in most cases without being consulted. The macro environment is characterised by reforms in political systems, which in turn influence economic policies that have impact on business operations. The micro environmental factors determine the 'temporary' relationships an enterprise establishes with key stakeholders. These relationships remain temporary based on the dynamic nature of the business environment. The market environment, on the other hand, refers to the ever-changing forces that characterise the market. These forces in turn influence decisions on the product/service to be offered, the competitive price-range to attract and retain customers, differentiated promotion strategies, as well as an ideal location of the business. Thus, conclusion could be drawn that rural entrepreneurs lack the capacity to interact with the environment. The need to enhance this capacity remains important for practice.

# 5.2.1.2 Implication: Alignment of support with developmental needs

Alignment of support with developmental needs entails taking steps to ensure that the training intervention implemented is based on needs analysis. It is on record that government's strategy is to support SMEs as key role players in the economic development. Various support agencies have been established with mandate and funding to implement the strategy (Niemann and Niwenhuizen, 2014). While this commitment is vital for economic growth and sustainability, the implementation thereof still needs to be evaluated to ascertain the extent to which the target

goals are achieved. The success of this strategy would be measured against, among others, the level of understanding displayed by rural entrepreneurs on the business environment. This understanding would further translate into percentage increase in the number of rural SMEs that grow and sustain their operations.

On the contrary, the research findings imply that the support provided does not address the real entrepreneurship environmental challenges facing rural entrepreneurs. The latter highly regard knowledge of the entrepreneurship environment as key in education and training. There is evidence (from the findings) of the need to 'understand how these things (environmental factors) work and learn different relationships that shape the businesses'. It is further acknowledged that 'understanding the market is challenging and requires thorough education and training'. Given these findings, it is enough to suggest that the support provided to rural entrepreneurs is not appropriately aligned to address the basic skills capacity required to interact with the environment as expected. Thus, knowledge and understanding of the environmental factors characterising entrepreneurship is of paramount importance for rural entrepreneurs.

# 5.2.2 Research Question 2: What are the critical areas of entrepreneurship education and training for rural entrepreneurs in Sekhukhune District?

The question was meant to identify areas to be prioritised in the implementation of entrepreneurship education and training interventions. Research findings identified basic entrepreneurship literacy skills as critical focus area for implementation of education and training for rural entrepreneurs. The findings are based on views that majority of rural entrepreneurs could not sustain their business operations beyond three years, due to, among others, lack of basic skills in entrepreneurship Leboea's (2017). The main entrepreneurship literacy skills identified relates to capacity to interact with the legal matters, financial record keeping, as well as information and communication technology.

The entrepreneurship legal literacy skills refer to ability and competencies expected to abide by the regulations and laws governing business operations. Compliance with the regulations implies operating within the framework of the law. Entrepreneurship financial literacy skills entail basic capacity to keep accurate record of financial transactions of the enterprise. These skills are critical for budgeting, management of credit and making informed financial decisions Muneer, Ahmad and Ali (2017). Entrepreneurship information and communication literacy skills relate to capacity to access information and interact with relevant stakeholders on

essential entrepreneurship matters. The skills also create better platform for learning, thus minimising the costs and saving time.

# **5.2.2.1 Implication: Enhancing entrepreneurship literacy level**

According to the research findings, the general view is that entrepreneurs are dealt a heavy blow by low entrepreneurship literacy level. While SMEs are expected to contribute towards the country's economic growth, their capacity to operate at an expected level is still far from being realised. There is admission that entrepreneurs 'are not adequately prepared in terms of capacity to comply' with the legal environment. There is a view that support agencies should consider 'rural entrepreneurs as priority for skills development, with legal factors as major focus area'. This is evidence of low entrepreneurship literacy level as far as the legal environment is concerned.

The findings indicate that support agencies did little, if any, 'to equip rural entrepreneurs with financial literacy'. This implies rural entrepreneurs are not better prepared to account for the income and expenditure transactions. The process of managing and monitoring the business cash flow remains a challenge for majority of SMEs (Brijlal et al, 2014). It is on record that entrepreneurs could not access funding due to 'lack of skills and knowledge to meet the standard required'.

Apart from inability to apply for funding, poor financial skills impact negatively on the daily operations of the business. Enterprise growth and survival depends on the extent to which financial stability could be sustained. This stability in turn requires competencies to capture the right information essential to make informed growth decisions. It is therefore expected of any entrepreneur to account for all financial decisions, and their implications thereof. This is impossible for rural entrepreneurs, given the low level of entrepreneurship financial literacy, as implied by the findings.

Technology has made remarkable strides in advancing communication and access to information (Bui, 2014). The constant change in information and communication technology has put 'dynamic' enterprises in a competitive level, while rendering 'static' ones obsolete. The hardest hit enterprises are those located in rural areas, as a result of poor level of skills and technological resources. The findings indicate that 'continuous changes in technology demands continuous capacity development'. There is call for 'refresher education and training sessions to keep... abreast with latest developments'. While there is commitment to abide by technological demands, 'the level of literacy on the side of rural entrepreneurs remains a cause

*for concern*'. Given the challenges manifesting in terms of legal, financial and ICT factors, it is sufficient to uphold the importance of improving the entrepreneurship literacy level.

# **5.2.2.2** Implication: Enhancement of skills for compliance

The need to enhance the business skills capacity of rural entrepreneurs is informed by views of non-compliance with mandatory requisites. All businesses, irrespective of size, are required to be fully registered to be allocated company number, tax number and tax clearance certificate. In spite of this requirement, majority of SMEs operate without proper registrations Meyer, Meyer and Molefe (2016) and Sitharam and Hogue (2016). According to the findings, rural entrepreneurs 'don't know what is required of them to comply'. They need support to 'comply and qualify for other services on offer, like funding'. Thus, non-compliance with the regulatory environment is justified on the basis of lack of entrepreneurship literacy skills.

It is also recorded that funds meant to assist SMEs are returned to national treasury on annual basis, because very few could meet the criteria for funding. The reason for non-compliance relates to 'inability to produce the required financial records'. Support agencies are held accountable for having done little to 'equip rural entrepreneurs with financial literacy'. Thus, SMEs operate on the basis of poor financial literacy skills.

Non-compliance for both registration and funding is further exacerbated by need to be proficient with technology. Entrepreneurs are expected to access information and further communicate through the means of technology. This is impossible given their level of competencies in ICT (Copaul and Manley, 2015). The findings indicate that rural entrepreneurs struggle to cope with technological demands, due to 'lack of knowledge in online system of operation'. It is therefore sufficient to conclude that non-compliance on the part of rural entrepreneurs is justified based on lack of entrepreneurship literacy skills.

# 5.2.3 Research Question 3: What are the approaches of implementing entrepreneurship education and training interventions for rural entrepreneurs in Sekhukhune District?

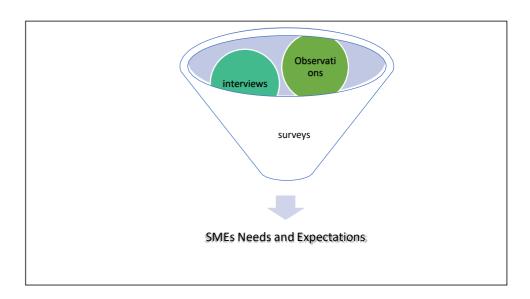
The need to identify appropriate approaches was a response to the call to consider the contextual factors characterising the setting in which the target learners are found. The approaches should provide a way in which the learning process is translated into real life as experienced by the rural entrepreneurs. The aim is to ensure that the planning, resource allocation and implementation are appropriately aligned to respond to the learning needs and expectations of the rural learners (entrepreneurs). The findings indicate the need to consider

learner-centred approach as appropriate for implementation of entrepreneurship education and training. Learner-centred approach, in this context, entails taking into consideration rural entrepreneurs' (learners) experiences, knowledge, ideas and attitudes in the learning process. In fulfilment of the approach, the findings suggest instructor-led training, hands-on training and one-on-one mentoring. The view is to move away from training based on assumptions and general training approach.

### 5.2.3.1 Implication: Training based on needs analysis

Figure 5.1 below introduces needs analysis process as an ideal approach in ensuring that the target participants' views are heard and catered for.

Figure: 5.1 Training Needs Analysis



Source: Researcher's own creation

Figure: 5.1 above is illustrative of training needs analysis approach. The figure depicts the suggested methods of needs analysis approach to be adopted. The methods are interviews, surveys and observations. These methods are adopted to consult the target participants to collect accurate information about skills gaps. The funnel illustrates the process of engaging with all data collected for purposes of identifying SMEs needs and expectations, which is the end product. The latter is required to ensure that the programme planning, design and implementation respond to the knowledge, skills and competency gaps identified.

The learner-centred approach emphasise the need to put rural entrepreneurs at the centre of the learning process. The current approach adopted by support agencies is described as less effective due to failure to consider rural entrepreneurs' experiences. Entrepreneurs differ in

terms of industry, challenges, education level and learning needs. The findings indicate the need to engage in the 'process of profiling to ensure that learners are grouped accordingly'. The findings are also critical of training manuals that are based on assumptions, rather than the reality on the ground. This approach is said to be denying the 'instructor opportunity to address the real problems experienced on the ground'.

The aim of any learning process is to close particular knowledge-gap and enhance performance going forward Aldoobie (2015). Reliance on assumptions implies not fully engaging learners in the learning process, hence adopting less effective approaches. Thus, the process of enhancing the real skills and performance remains unattained. The findings indicate the need to engage in hands-on training as complementary approach instructor-led training. This approach implies moving from theory to practice. It is in the best interest of rural entrepreneurs, according to the findings, to find a way of translating what is learnt in the classroom situation into practical setting. The view held is that 'the normal classroom training ... should be complemented by a practical one'. This would afford everyone opportunity to 'to tackle real challenges experienced at the workplace'.

Thus, the findings imply existence of a gap between support agencies and rural entrepreneurs on the approaches to be adopted for implementation of effective learning process. The findings further indicate the need to engage rural entrepreneurs on one-on-one mentoring approach. The latter is viewed as a step in continuing the link with the previous approaches: instructor-led training and hands-on training. The implication is that rural entrepreneurs have the potential to contribute significantly towards economic growth, had they been 'allocated individual mentors' to work closely with them. The belief is that rural SMEs would start growing, 'because assistance would be very closer'. It is evident that learner-centred approach has what it takes to quell the assumptions held by support agencies, by engaging needs analysis approach aimed at responding accurately to the challenges experienced.

# 5.2.3.2 Implication: Contextualisation of training approach

Contextualisation of training approach, in this context, refers to the type of training that is designed to cater for the needs and expectations of the target learners. In simple terms it is the opposite of the so-called 'one-size-fits-all' approach. The latter approach defies the need to consider individual learning needs, expectations, experiences, as well as future plans (Motsetse, 2015). It is on this basis that the findings are critical of approaches that 'don't cater for the needs of the target learners'. In some instances there exists the tendency of trainings that

'address urban challenges in a rural setting', thus leaving rural entrepreneurs frustrated. The view is that adult learners need to be 'valued and appreciated', and therefore consultation in the process of designing the learning process should be a priority.

The implication is that support agencies do not engage in profiling process to ensure that the training is designed specifically for the relevant needs and expectations. The training manuals are designed to cater for all entrepreneurs, without taking into consideration the different challenges they encounter (Nichols-Hess & Greer, 2016). The issue of engaging in the process of profiling SMEs in accordance with focus industry, service/products offered, education level, challenges, etc. is not catered for. The expectations of the entrepreneurs are therefore less fulfilled, as training interventions do not accurately address the challenges. The view held is that support agencies should review implementation approaches, and further engage rural entrepreneurs to be part of the planning, so that the instructor deals with relevant challenges'.

The need to engage rural entrepreneurs, as recommended by Alodwan and Almosa (2018), in the planning of the learning process is a direct call on support agencies to desist from working on the basis of assumptions. The general approach adopted is contravention of the path towards SMEs growth and sustainability, thus defying the government's commitment to economic development. The findings have it on record that the approaches should follow a somewhat 'linear progression' in which every learning process would build on the previous one. The implication is that the learning process should start in a 'classroom-like situation' hence instructor-led training. The next step to complement what is learnt theoretically is the 'type of training that would afford... opportunity to put... hands on the work', that's hands-on training. The last step aimed at evaluation of the real implementation of what has been learnt, is 'the issue of mentoring to assist rural entrepreneurs' at close range, that's one-on-one mentoring.

# 5.2.4 Research Question 4: What is the role of government in entrepreneurship education and training for rural entrepreneurs in Sekhukhune District?

The question was based on government's recognition of SMEs as key role players in economic development. There is evidence of commitment to support these SMEs towards growth and survival. Various agencies have been established with clear mandates to ensure that SMEs are well developed. The failure rate of this sector to live up to expectations should also be a cause for concern for the same government. The latter was brought in the limelight to establish the role to be played in the implementation of entrepreneurship education and training for rural entrepreneurs. While appreciating government support provided, the findings indicate the role

of government as review of support approach. In fulfilment of this role, the review of approach should be undertaken considering three selected areas, being communication strategies, support structures and regulatory environment. The need for government to review support approach is based on evidence of non-consultation of SMEs and poor support for SMEs.

### **5.2.4.1 Implication: Consultation of SMEs**

Government is applauded for taking SMEs serious in the guest for alleviating poverty and reduction of employment (Nieman and Nieuwenhuizen, 2014). Several programmes are in place for supporting SMEs in terms of funding and skills development. Support structures responsible for running the programmes are operating in silos, thus not providing any room for inputs. SMEs who are the primary beneficiaries of the programmes are less consulted to ensure that the services provided indeed address the real challenges. In the guest to review support approach, the findings indicate the need to review of policy on communication strategies. The view held is that 'communication channels should be opened to accommodate ... views". The call is to embark on consultation drive aimed at reaching all rural entrepreneurs.

The process should take into consideration various modes of consultation to ensure that no one is left behind, taking into account resource challenges experienced in rural areas. SMEs in urban areas are alleged to be the most served, because of availability of communication resources at their disposal. The findings call for the 'communication machinery ... to be overhauled to serve the interest of both urban and rural SMEs'. Rural entrepreneurs feel marginalised as surveys are conducted online, thus 'closing doors for rural entrepreneurs with relatively poor technological infrastructure'. The expectation to make manual submission at the agency location is hampered by 'non-allocation of offices' in rural areas. This arrangement makes it difficult for rural entrepreneurs to access services as expected. It also renders the commitment of government to support SMEs as one form of paying lip-service.

Poor communication strategies also render services provided less effective, because support agencies focus on matters not on the priority list of rural entrepreneurs. The findings indicate the need to review government regulatory environment, which in essence is a thorny issue for rural entrepreneurs. The view is that government should consider revising the mode of compliance, which is hampered by excessive need for 'paper work, attachments, registration fees and taxes,...'. All these challenges need to be communicated directly to the offices of the relevant authorities. Strategies in place to communicate make difficult for SMEs to make

submissions. The implication is that support agencies continue to deplete their budgets on services less needed by the target client, due to non-consultation of the beneficiary.

## 5.2.4.2 Implication: Improvement of quality support for rural SMEs

Operating on the basis of poor communication strategies implies rendering poor quality services for SMEs. The latter expect services and products that are designed to improve their growth and sustainability. Any form of deviation from this expectation implies poor support, as it adds little or no value to the development of the business. The findings indicate that 'rural entrepreneurs are at the receiving end as far as marginalisation ... is concerned'. The view is that 'rural entrepreneurs are not well catered for as far as support... is concerned'. The implication is that the government, through support agencies, is continuously rendering services of poor quality, because no feedback is sought to evaluate both efficiency and effectiveness. A change in policy is required to enforce accountability on performance targets and funds expended. This would improve the standard of support provided for SMEs

While rural entrepreneurs bemoan lack of offices in their area, they continue to receive poor services even at central offices in the city. There is indication that rural entrepreneurs might spend money, time and effort to visit 'agency offices in the city, only to be told they are offline'. In some instances it is expected to be told the person in charge of the case is 'attending a weeklong workshop'. Under the circumstance, if the case relates to registration of the business, a rural entrepreneur is left with no option but to operate without registration. This further implies SME would not qualify for funding, which is another recipe for business failure. The implication is that the service standard remains poor, and no one takes responsibility for that. It is the role of government to revisit its approach on support and enforce consequence management.

Poor service delivery also manifests in terms of how the business legal system is designed. The findings indicate the need for government to play a role in the review of the regulations and laws governing the business sector. The view is that the regulations are constraints to business growth, instead of being supportive. There are complaints about 'the complex nature of these regulations'. There are also appeals for 'some level of concessions for small businesses'. The implication is that the current regulatory environment does not facilitate SMEs growth and sustainability. The government has a role to play in the review process to ensure that the legal factors to be complied with, at the same time, serve the commitment to support SMEs growth

and development. It is on this basis that review of support approach is identified as key role of government in support of entrepreneurship education and training.

# 5.2.5 Research Question 5: What is the role of commercial banks in entrepreneurship education and training for rural entrepreneurs in Sekhukhune District?

Commercial banks are regarded as primary stakeholders in the development of SMEs. Their commitment to considering SMEs applications for funding puts them in better position to be part of the project to educate and training entrepreneurs. They operate on policies that guide the criteria to be used in reviewing requests for business loans. In spite of being private institutions, they have what it takes to ensure that their clientele is equipped with the necessary skills to comply with basic requirements Mishkin and Eakins (2015). They have a significant role to play in enhancing the capacity of SMEs.

The research question was aimed at establishing specific role commercial banks could play in the implementation of entrepreneurship education and training interventions. According to the findings, commercial banks' role should be based on partnership with government in the provision of support for rural SMEs. The realisation of partnership should take form of sharing building blocks for funding compliance, bringing about synergy in training manuals, and introduction of custom-made services/products. These roles are earmarked to be a step towards addressing the issue of operating in silos, and inconsiderate design of services/products.

## 5.2.5.1 Implication: Importance of information sharing

Commercial banks, by virtue of their stance as business institutions, are known for non-compromising when coming to qualification criteria for SMEs funding (Nieman and Nieuwenhuizen, 2014). What the banks need to establish is the extent to which SMEs are informed, and well prepared to meet the criteria in question. Their strategies, if any, to share information with the public do not yield positive results. The research findings indicate that rural SMEs are 'less informed because, it seems, the agents don't have information'. While rural entrepreneurs are willing and prepared to abide by the criteria set, the challenge remains record keeping which 'requires accurate information from these banks'.

The implication is that in spite of efforts and readiness to comply with commercial banks' criteria for funding, rural SMEs don't have the requisite information at their disposal. They rely on government support agencies as their source of information, yet the source also could not provide the necessary information. It is enough to conclude that support agencies and

commercial banks don't share information, thus leaving SMEs frustrated. The main reason is that the two institutions work in silos, and therefore withholding important information for SMEs consumption

It should be understood that commercial banks are not under any obligation to operate in manner that favours SMEs. Be it as it may, these SMEs are customers with needs and expectations from the service provider. They deserve some form of 'service courtesy' to accommodate their needs. The findings indicate that support agencies 'find it difficult to respond accurately to a question in relation to banks criteria for funding'. There is also evidence of government and commercial banks' parallel approach, the scenario that would always lead to support agencies lacking 'accurate information required to support SMEs'.

The findings further call for mutual cooperation between banks and government agencies 'in the preparation for training manuals'. The latter are critical tools for SMEs skills development. This would serve the purpose of sharing expertise and experiences required to inform rural entrepreneurs. The implication is that government agencies and commercial should find a way to work closer in serving the needs of SMEs. The current mode of operation does not any way serve the interest of the client (SMEs).

## **5.2.5.2** Implication: Considerate design of services/products

There is the view that the current services and products offered by commercial banks are designed to cater for the needs of big businesses Rasool, Dars and Shah (2014). These big enterprises have what it takes, in terms of resources, to meet all mandatory requirements. They have financial muscles to acquire the services of private individual/companies to work on any mandatory documents that the banks may require. This has left SMEs marginalised as far as acquiring funding is concerned. According to research findings, the view is that commercial banks' criteria for funding 'should consider the level of struggle and challenges small business face". It is on this basis that the view is held for the introduction of 'new funding model for small businesses'. This is viewed as one step towards designing special services and products to cater for the needs of SMEs in rural areas.

The challenges facing rural SMEs are found to be the basis upon which commercial banks should design services and products accordingly. In the process of introduction of custom-made services and products, commercial banks should consider 'the context under which they (rural entrepreneurs) operate'. The context in this instance implies various factors that are hamper growth and survival of rural SMEs. While majority of these factors might include

resources like funding, technological and buildings, one should not lose sight of the primary resource: skills development. The latter remain key focus of this study, in terms of education and training. The banks would therefore be expected to introduce, among others, services that would enhance the capacity of rural entrepreneurs.

The government is therefore called upon to intervene by partnering with commercial banks in supporting rural entrepreneurs. The banks, as business entities, are profit inclined. Any step towards review of policy should not be detrimental to the purpose of their existence. The call on government to 'reach agreement with commercial banks' on remodelling of services and products is based on knowledge that the former alone could not afford to provide all the necessary support required by the entire community of SMEs. It is therefore critical for the private sector to come to the party and lend a helping hand in the development of these SMEs.

### 5.2.6 Limitations and Delimitations of the Study

#### **5.2.6.1** Limitations

Theofanidis and Fountouki (2018) describe research limitations as restrictive factors that have the potential to affect the study results. The factors are beyond researcher's scope of control, and as such have to be clearly acknowledged.

#### **Time constraints**

This factor relates to the balance required between timeframes set by the institution to complete particular tasks, and the actual time available at the candidate's disposal. Institutions establish time frames to promote time management, efficiency and adherence to schedules as prescribed for the study programme in pursuit. The ultimate goal is to ensure that the candidate work in an organised and efficient manner towards successful completion of the research project. Be it as it may, there have been circumstances beyond control that impacted negatively on the project. The circumstances include quality time required for peer review processes. The process could not be rushed, yet the time expected of the candidate was minimal. The candidate also had to attend to other crucial life matters at the expense of quality time required to complete the programme tasks. Given these circumstances, every effort was made to ensure that the candidate remain steadfast, focused and determined to minimize the impact of this constraint.

## **Impact of Covid-19 pandemic**

South Africa, like other countries in the world, was caught off-guard as far as Covid-19 pandemic was concerned. All sectors of the economy, irrespective of size, were brought down

to their knees. The most devastating experience was measures to mitigate its (pandemic) impact by imposing hard lockdown, where all businesses ceased to operate. While all businesses suffered losses, SMEs in rural areas were the hardest hit. Reality of their struggle to grow and survive unfolded gradually, thus coinciding with the interpretation of the research results. Their inability to qualify for 'recovery' funding confirmed their struggle to meet the criteria set. Their inability to access support services at their respective local areas confirmed their struggle to have the offices decentralised. All these circumstances were witnessed, and have had influence in the interpretation of results from the perspective of reality.

# **Changes in policy**

Given the adverse conditions that Covid-19 has brought to the economy, government has taken remarkable strides to keep SMEs on recovery path. Several measures were undertaken to alleviate the impact of the pandemic on small business operation. The notable changes in policy were the introduction of tax breaks and general depreciation allowances aimed at keeping SMEs afloat during difficult times. These changes in policy also coincided with the process of interpreting the research results. It became apparent that the government was in control, if need be, of introducing measures essential to support growth and survival of SMEs. For example, there is a call for the government to consider reviewing the regulatory environment to be supportive of SMEs. The changes effected confirmed that the government has what it takes to bring about relief measures for SMEs, as suggested by the findings. These changes have had influence on how the results could be interpreted.

## **5.2.6.2** Delimitations of the Study

Delimitations of the study entail limitations consciously set by the researcher to define the boundaries within which the study would be undertaken (Theofanidis and Fountouki (2018). The researcher is therefore in control of decisions regarding delimitations for the purpose of making it possible to achieve the study aims and objectives in pursuit.

#### **Population sample**

Selection of population sample was limited to people who were active participants in the small enterprise sector. Thus, the groups that met the identified limitation were small enterprise owners/managers who were actively involved in the daily operations of their enterprises. They were viewed to possess accurate information in relation to various aspects the have direct or indirect impact of their business operations. The other group was small enterprises

conveners/facilitators based locally at municipal level. Their duties include promotion of local economic development by facilitating intervention support programmes for small business sector.

The last group was conveners/facilitators for government agency headquartered at provincial offices. Their mandate was to facilitate economic activities aimed at incorporating small enterprise sector into the economic mainstream. People who were previous part of the small enterprise sector could not be considered for inclusion, because the sector is characterised by dynamism and adaptation. The continuous changes have impact on challenges and potential mitigating strategies. Their previous knowledge might be essential, but not accurately relevant to the current state of affairs.

## **Data collection techniques**

Decision around this area was limited to techniques that would afford all population samples equal chance of participation in the study. One-on-one interviews and participant observations were the hard-thought choices to accommodate all participants. Sampled participants had to feel comfortable interacting with the researcher, without the huddle of being intimated by factors like language, education level, as well as skills in technological devices. Participants were not in any way required to read or write during the formal data collection process. Other data collection techniques like survey, could not serve the purpose of the study. Survey would require participants to engage in a series of questions on their own. The challenge would be on the level of understanding of each question in order to respond appropriately. The response rate might be negatively impacted, as other participants might decide to abandon the tool.

# Setting of interviews and participant observations

The settings for both one-on-one unstructured interviews and participant observations were limited to places familiar to sampled participants. The interviews were conducted at participants' residential and work places. Participants were afforded opportunity to choose, based on their respective preferences. Participant observations were conducted at venues arranged by session conveners, without consulting the researcher. Decisions around the settings were informed by the need to conduct the collect data at a natural and non-threatening environment. The researcher couldn't decide on the setting, as required by other approaches applied in quantitative approach. A controlled environment to meet the scope of the study would be a threat to participants, and thus impact negatively on their responses.

### 5.2.7 Addressing the study Problem and Purpose, and Contribution to Literature

## 5.2.7.1 Addressing the study problem

The study problem was the high failure rate experienced by SMEs in rural areas of South Africa. The failure rate remains high in spite of the support government provide through agencies established Chimucheka and Mandipaka (2015). In the guest to addressing the problem, five key questions eluded to earlier were explored. The results identified how important is it to prepare rural entrepreneurs in acquiring knowledge and understanding the business environment. This is step is viewed as foundation upon which all entrepreneurship endeavours should be built. Building on the knowledge of the business environment, the findings suggest the need to enhance the capacity of rural entrepreneurs in entrepreneurship literacy skills as critical focus areas.

In resolving the failure rate problem, the findings further suggest leaner-centred approach as appropriate intervention strategy to implementing education and training. Government support approach was found to be less effective. Review of support approach was identified as key role government should play in supporting implementation of entrepreneurship education and training for rural SMEs. Commercial banks were found to be operating in isolation from government support agencies. The findings suggest the need to bring this sector on board by partnering with government in providing joint support for rural SMEs. The study problem was adequately addressed by identifying what needs to be done to deal with the high SMEs failure rate in rural areas.

### **5.2.7.2** Addressing the study purpose

The purpose of this qualitative study was to explore the role of education and training in sustaining Small and Medium Enterprises in rural areas. In the guest to achieving the purpose of the study, the following research objectives were assessed on the basis of the research findings:

**Objective 1**: To determine the importance of entrepreneurship education and training for rural entrepreneurs in Sekhukhune District.

This objective was intended to provide sufficient evidence on why education and training could play essential role in enhancing the capacity of rural entrepreneurs. It was formulated on the basis of lack of capacity, on the part of rural entrepreneurs, to deal with challenges they face. The research findings indicated the importance of education and training in acquiring

knowledge and understanding of the macro, micro and market environments under which enterprises operate. The implication is that no business, irrespective of size, is immune from the impacts of the business environment. The dynamic nature of the business environment calls for formal processes in supporting aspiring and new entrepreneurs. Thus, education and training was proved to be important in entrepreneurship skills development.

**Objective 2**: To establish critical areas of entrepreneurship education and training for rural entrepreneurs in Sekhukhune District.

This objective was meant to establish critical focus areas to be addressed in the guest to developing the skills of rural areas. It was envisaged to identify areas with the potential to grow and sustain enterprises in rural areas. The findings indicated the need to focus on the 'basic entrepreneurship literacy skills': basic legal literacy, basic financial literacy and basic information and communication technology literacy. Legal literacy impacts on compliance issues, financial literacy is about keeping record of transaction, and ICT is about interacting with business stakeholders. Notwithstanding other important knowledge areas, the three were found to be the basis upon which rural entrepreneurs could gradually advance for one stage to the next.

**Objective 3**: To establish approaches of implementing entrepreneurship education and training interventions for rural entrepreneurs in Sekhukhune District.

This objective was intended to identify the most appropriate approaches to be considered for adoption in implanting education and training interventions. It was formulated to desist from the tendency of adopting 'general approaches' that defy differences in context, needs and expectations. The objective was accurately achieved as research findings indicate the need to adopt learner-centred approach. The latter is developmental in approach, as it progresses in three stages: instructor-led training, hands-on training and one-on-one mentorship. Thus, learner needs and expectations would play important role in the process of planning, implementing and evaluation.

**Objective 4**: To determine the role of government in entrepreneurship education and training for rural entrepreneurs in Sekhukhune District?

This objective was meant to determine specific role government could play in education and training for rural entrepreneurs. Government was applauded for their commitment to supporting SMEs growth and development. The support, though appreciated, was too general

to fit in the context of this study. A precise role was required to define government stance in the project. The objective was achieved, as the research findings specifically indicated the need for government to review its support approach in areas of communication, support structures and regulatory framework. Thus, the role of government was specifically defined.

**Objective 5**: To determine the role of commercial banks in entrepreneurship education and training for rural entrepreneurs in Sekhukhune District?

The last objective was intended to determine the role commercial banks could play in the course of implementing education and training for rural entrepreneurs. The objective was formulated on the basis of this institution's (commercial banks) strategic position in funding SMEs. In spite of their position, SMEs were found struggling to access funding. It was therefore critical to establish specific role expected of them in enhancing the capacity of rural entrepreneurs. The objective was achieved, as the research findings indicated need for collaboration between commercial banks and government in supporting rural entrepreneurs. The collaboration was envisaged to take the form of sharing information regarding funding compliance, synergy in training manuals and introduction of custom-tailored services and products. Thus, the objective was clearly addressed.

All the objectives were addressed, confirming and even going beyond existing literature. Recognition of SMEs as significant role players in promoting economic growth implies the phenomenon is of public interest, and so are the study results. For the benefit of the broader public, key participants in the **SMEs** sector: owner/managers facilitators/coordinators were engaged through interviews and observations. The results have what it takes to benefit key stakeholder in the sector through policy review. Local communities are expected to benefit through access to basic services, as well as small scale job opportunities. Thus, on the basis of this study, academic institutions are expected to broaden their scope of research in the SMEs sector. The government is also expected to be guided in the process of reviewing and aligning regulations and policies governing small business operations. All that being said, it could be concluded that the research purpose was addressed.

#### **5.2.7.3** Contribution to literature

The study results have made contribution to existing literature. The latter has put emphasis on the importance of knowledge and understanding of the factors characterising the macro and micro environment. The empirical results took this emphasis further by suggesting the need to add knowledge and understanding of the market environment. The contribution is based on the

fact that the market environment is dynamic and characterised by complexity, uncertainty and relativity. The macro and micro environments have relative influence on the market environment, and therefore, in business context, the two could not be understood in isolation from the market.

Literature has it on record about the importance of basic knowledge of entrepreneurship literacy skills. This assertion was broad, and did not specifically address the basic areas to be focused on as a point of departure. This study has made contribution that rural entrepreneurs should be exposed to foundational basic skills in legal, financial and ICT areas. The legal literacy skills imply compliance with the law, which is a prerequisite to be considered for funding. The funds allocated in turn require basic skills for accountability and record keeping. The business environment is technologically inclined, and therefore literacy skills in ICT remain a must for compliance with the regulations, as well as financial record keeping. The three identified focus areas are complementary and interdependent.

Accordingly, literature has acknowledged the general nature in which education and training interventions were implemented, hence one-size-fits-all approach. In spite of this acknowledgement, the recommendations submitted in this regard are fragmented. This study sought to close this gap and bring about synergy in approach. Leaner-centered approach was brought to the fore in an effort to focus solely on the target learner (rural entrepreneur), rather than assumptions. Literature has further identified government policies as constraint to business growth and sustainability. The general term emphasised by literature in addressing this challenge was for the government to 'relax' the regulatory environment. This study sought to submit that government should revisit its entire SMEs support approach by specifically reviewing communication strategies, support structures, as well as regulations governing SMEs.

Going forward each support structure should account for their performance and expenditure incurred. Lastly, while agreeing with literature about the independence of commercial banks as private entities, this study sought to bring this sector into perspective. Majority of SMEs rely on these institutions for funding, irrespective of the success rate. Government should view this sector as strategic primary role player in the development of SMEs. It is therefore imperative to forge a closer partnership between the two institutions with the view of finding common ground to support these SMEs.

### **5.3 Recommendations for application**

# **5.3.1** Application by Support Agencies

#### Basic orientation on business environment

Rural entrepreneurs should undergo basic orientation on factors that constitute the business environment, as well as their impact. This basic orientation should focus on the macro, micro and market environment. The complex and uncertain nature characterising the business environment has been identified as one element overlooked by aspiring and new entrepreneurs. Macro-environment entails factors which are beyond the entrepreneur's scope of control, yet they impact on daily enterprise operations (Banahene, Ahudey, Mensah, 2016). Micro environment represents factors within enterprise control (Plaatjies and Bruwer, 2014). Market environment on the other hand represents all external and internal forces which influence decisions to adapt to the continuous changes. Literature has it on record that majority of SMEs owners enter the sector with obsession to reap higher returns, thus engaging little time and effort to understand the risks involved (Fatoki, 2014).

Some of the risks referred to constitute the macro environmental factors, which according to the findings, represents the 'outside world with impact on the business operations'. Other factors are posed by the micro environment which, according to the findings, represents 'knowledge of the different relationships that shape the businesses'. The two sets of the business environment have also been confirmed to have a relative influence on the market environment, as emphasised through the example that 'technology and competition have greater influence on the market'. Thus, rural entrepreneurs should be exposed to orientation on how political, economic, social and technological factors impact on enterprise operations. They should also learn how relationships with customers, distributors, supplies and competitors influence enterprise operations. They need to know and understand how the market environment influences adoption of emergent strategies to remain competitive. Knowledge of the business environment is important, and is therefore recommended for adoption as part of the basic orientation for new entrants in the business sector.

#### **Critical Focus Areas**

### **Education on mandatory business regulations**

It is recommended that the process of reviewing the regulations should be complemented by education campaigns on mandatory legal routes to be complied with. The process should focus on areas of business registration, labour relations matters, tax implications, as well as health

and safety policy framework. This step would assist in disseminating accurate and relevant information required for improvement of compliance. In support of this recommendation, literature has made remarkable point that compliance with regulations should be viewed as form of competitive strategy that put adaptive small businesses at higher competitive advantage than their rivals (Kitching, Hart, and Wilson, 2015). Majority of SMEs were also found to be willing and ready to comply with mandatory regulations, but lack of capacity was a major constraint (SME South Africa Report, 2018).

On the question of compliance with the legal system, the research findings also indicate that rural SMEs are '...not adequately prepared in terms of capacity to comply'. Capacity in this context refers to knowledge and understanding of what is required and expected of entrepreneurs. The cost of enlisting the services of private service providers is beyond small businesses' financial capacity. It is further noted that there is a plea for 'support to comply and qualify for other services on offer, like funding'. Support here implies education and training interventions aimed at enhancing skills and competencies to comply with the requisite regulations. This is evidence of the need to embark on education on mandatory regulations, hence the recommendation.

### **Development of financial literacy skills**

It is recommended that rural entrepreneurs' skills be developed on financial literacy. The success or failure of any business venture is assessed on the basis of, among others, its performance as far as financial analysis are concerned. This analysis is further dependent on the actual and accurate financial record kept over a period of time. The capacity to keep these records requires basic skills in financial literacy. Literature has identified lack of capacity to manage enterprise finances as hindrance towards SMEs growth and sustainability (Ramukumba, 2014).

This lack of capacity was also found to be a contributing factor towards inaccessibility of the required funding. SMEs are reported to be unable to provide the required financial documents in the correct format expected (Chimucheka and Mandipaka, 2015). The research findings have also noted that support agencies have done little, if any, 'to equip rural entrepreneurs with financial literacy'. The latter is a prerequisite to keep accurate financial records required for evaluation of application for funding. Failure of SMEs to qualify for funding is one major constraint to growth and survival. The findings further indicate the need to consider 'financial literacy as one major priority for rural entrepreneurs". The need to achieve and maintain a healthy financial stability is dependent on skills and competencies in financial management.

This is evidence of the need to enhance the capacity of rural entrepreneurs in financial management skills.

## Information and Communication Technology skills development

Development of skills in information and communication technology for rural entrepreneurs is recommended as one critical focus area in the guest to implementing education and training interventions. It has been noted that the business environment is continuously undergoing rapid changes. One of the factors influencing these changes is the advancement of technology. Knowledge of information and communication technology remains key for all entrepreneurs, irrespective of location. Literature has it on record that lack of skills in technology plays major part in the higher failure rate of SMEs in rural areas (Masegare, 2014). It was also found that lack of capacity to adapt to technological environment accounts for failure to access government support services (Motsetse, 2015) and Ngcobo and Sukdeo, 2015).

The research findings have also noted that rural entrepreneurs 'are struggling with skills to operate these computers'. The dynamic nature of technology is reported to be placing huge demand on entrepreneurs for 'continuous capacity development'. The transition from manual to electronic mode of operation remains 'cause for concern for rural entrepreneurs'. Thus, the level of knowledge and skills in information and communication technology is one factor to be addressed.

### Adoption of needs analysis approach

Support structures should adopt needs analysis approach in the process of planning education and training interventions. The recommendation is based on the importance of accommodating the views, needs and expectations of the rural entrepreneurs. It is a measure to address poor communication strategies that are reported to be responsible for low level of service delivery. In support of the recommendation, literature indicate that majority of rural entrepreneurs could not account for the services provided by support agencies (Ngcobo and Sukdeo, 2015). Access to basic services by rural communities is reported to be an unresolved struggle due to poor communication and coordination strategies (Reddy, 2016). The diverse nature of SMEs' needs is not acknowledged in the process of designing and implementing interventions (DPME/DSBD, 2018).

Government agencies were also found to be adopting a general approach in the provision of support for SMEs, thus failing to address the real challenges experienced (Bhorat, et al, 2018). A needs analysis process is meant to serve the purpose of achieving learner-centred approach

advocated by the research findings. The latter indicate the need for government to review communication strategies 'to accommodate their (entrepreneurs') views. Government support agencies are also reported to be denying rural entrepreneurs opportunity 'to state their views'. The process of getting feedback through surveys is reported to be conducted electronically, 'thus closing doors for rural entrepreneurs'. In the guest to addressing this challenge, a needs analysis approach should be adopted to accommodate the voice of the rural entrepreneurs. This step would ensure that the learning process is indeed centred on learner needs.

# Adoption of linear progression training approach

Support agencies should adopt linear progression training approach. In the context of this study linear progression training approach would entail implementation of interventions following sequential order as dictated by learner needs as well as progress being made. The purpose is to ensure that each intervention builds on the previous one, thus forming a complementary knowledge link going forward. In support of this approach, literature holds the view that implementation of training intervention represents a move from abstract to concrete life experiences, and should be used to engage on continuous improvement of previous intervention adopted (Nichols-Hess & Greer, 2016). The process of designing training is further viewed as opportunity to adopt a variety of complementary instructional media and methods (Usta and Güntepe, 2017). Instructors are further required to be specialists in their area of operation to bring about synergy in instructional interventions, and also avert incidences of blanket approach (Mamabolo, Kerrin and Kele, 2017).

Building on the needs analysis, research findings indicate the importance of implementing training in three sequential phases. Firstly, instructor-led training is envisaged to impart theoretical knowledge from instructor to small group of entrepreneurs 'in a classroom-like situation'. The limited number of learners per instructor is ideal for 'individual attention required by adult learners'. Secondly, hands-on training is meant to build on the knowledge gained theoretically by putting it into practice. This step is meant to 'bringing reality in training in order to tackle real challenges'. Facilitators are urged to engage entrepreneurs 'in practical and relevant activities that would cement skills learned'. Thirdly, one-on-one mentorship in turn builds on the second one. In this case a mentor is assigned to each entrepreneur for the purpose of monitoring the extent to which skills learned are contributing towards enterprise growth and sustainability. The mentor would provide the necessary guidance based on individual 'vision and growth plans'.

# **5.3.2** Application by Government

# **Review of Support Approach**

## Realignment of government support structures

Government support structures are required to be realigned with clearly defined mandates. The process of designing mandates should be characterised by complementary approach aimed at bringing about synergy in operation. The government is reported to have mandated the Department Trade and Industry (DTI) to provide support to SMEs growth and development (DSBD Strategic Plan 2015, 2014). The DTI in turn carries out this mandate through several support agencies. This recommendation is based on literature that found support structures to be characterised by poor integration of services, parallel mode of operation and little or poor training follow-up (Mayer, 2014 and Motseo, 2015). It is also reported that support networks lack the requisite capacity and specialists expected to provide essential services (Maloka and Dlamini, 2016).

Lack of integration and parallel mode of operation on the part of support structures could be attributed to poor communication strategies, as highlighted by research findings. The indication is that for government to realise '...a supportive functional approach ...' its communication machinery needs to be revised. Platforms created to elicit entrepreneurs' views on support agencies' functionality and impact, serves to marginalise rural entrepreneurs 'with relatively poor technological infrastructure'. Lack of integration is also responsible for little or poor training follow-up alluded to. Research findings indicate the need for integrated approach to education and training through theoretical, practical and mentorship approaches. The plan would serve the purpose of improving training follow-ups required by moving from one phase to the other.

#### **Establishment of well-resourced satellite offices**

Realignment should also consider bringing services closer to rural entrepreneurs by providing satellite offices. Literature has found support structures to be characterised by obscurity (Ngcobo and Sukdeo, 2015). It was reported that rural entrepreneurs are not aware of services provided by support agencies. It should be noted that these structures are funded to provide support to SMEs, both in urban and rural areas. Of great concern is the extent to which they account for the mandatory programmes in terms of performance and financial implications.

In support of the issue of obscurity of support agencies, research findings attribute this challenge on 'non-allocation of offices' in rural areas. Entrepreneurs in rural settings are

expected to undertake costly trips to 'the cities for assistance regarding SMEs challenges encountered'. The current arrangement of centralising offices in the cities sums up reasons why rural entrepreneurs are not aware of services provided by support agencies. The research findings indicate frustration experienced by rural entrepreneurs as support agents 'don't have information' expected to support them. This is support of literature on the notion of lack of capacity and specialists among support agents. Given the evidence provided by both literature and empirical findings, it is therefore justifiable to recommend the realignment of government support structures.

## **Review of regulations governing SMEs**

Government should embark of complete overhaul of the regulatory system governing SMEs. The regulatory environment has been identified to be characterised by constraint administrative red tapes, following continuous revisions, inefficiency and poor coordination. The regulations, in their current form, are reported to be less supportive to SMEs growth and sustainability. In the guest to reviewing regulations, government should three areas: first, relaxation of business registration process, second, introduction of concessions on labour laws to accommodate small businesses; third, introduction of tax relief for small businesses, and forth, amendment of costly occupational and safety laws.

Literature has found registration of business in South Africa to be too bureaucratic and resource straining (The GEM South Africa Report, 2014). The process of registration itself was also found to be unstable due to ongoing revision of procedures, inefficiency on the part of administrative staff and lack of education for compliance (Chimcheka and Mandipaka, 2015 and Potgieter, 2015). Apart from registration frustrations, SMEs are reported to be overburdened by taxes, restrictive labour laws, as well as costly safety regulations (Cassim *et al*, 2014, Amhaa & Woldehanna, 2016 and Kok and Mojapelo, 2017).

This has led to majority of rural SMEs resorting to operate without proper registration. The research findings have also noted the regulations to be 'frustrating' due to their 'complex nature'. Rural entrepreneurs are identified as the hardest hit. There are calls for review of the +regulations to accommodate small businesses'. The findings indicate frustrations faced by small businesses in terms of 'paper work, attachments, registration fees and taxes'. All these requirements are viewed as hindrance as the sector does not have the capacity, both in skills and financial resources to comply. SMEs are recognised for their strategic position in the fight against increasing poverty and unemployment. The need to facilitate and create an environment conducive for growth and survival is critical.

# **5.3.3** Application by Commercial Banks

## Collaboration between commercial banks and government

Government should consider forging collaboration with commercial banks for the purpose of supporting SMEs growth and sustainability. The banks are strategic partners due to their specialist role in the financial sector. SMEs rely on both government and commercial banks for funding. Qualification for funding in turn requires basic skills and competencies to comply accurately in terms of documentation. This collaboration would specifically focus on three areas: sharing information, best practices and SMEs funding. It is therefore essential for the two institutions to find common ground and work collaboratively in enhancing the capacity of SMEs.

In support of this recommendation, literature has attributed poor service delivery by public institutions on low level of managerial and technical skills (Bruchez, 2014). Public institutions were further found to be battling with enforcing accountability and consequence management (Fennell (2014). There is agreement that collaboration between government and private institutions would facilitate knowledge and skills transfer. This collaboration is further supported on the basis of private sector's capacity to invest in research, technology and innovation (Vaes and Huyse, 2016 and World Bank Group, 2016). Public institutions would therefore exploit this private sector capacity for effective and efficient implementation of education and training for rural entrepreneurs.

Research findings further indicate that government support agencies 'lack accurate financial information' required to support SEMs. Commercial banks have a critical role to play in sharing 'information with government agencies for public consumption'. This information relates to basic skills in financial record keeping, as well as funding prerequisites. Commercial banks are also revered for their expertise in the financial sector, therefore have what it takes to 'share best practices' with public institutions. The process of sharing information and best practices would serve the purpose of closing 'the knowledge-gap that exists between the two institutions'. The findings view government collaboration with commercial banks as strategic step in sharing 'the burden of funding' SMEs, due to resource constraints.

### Redesign of services/products

Commercial banks are called upon to engage in the process of reviewing and redesigning services and products, with the view of accommodating the small business sector. The sector is widely recognised as critical role player in economic development. This recognition would

amount to nothing, unless it is translated into specific target goals. Both public and private institutions should embark on the process of adopting formal programmes aimed at supporting small business sector. The process of redesign should specifically address issues of education and training and funding. Thus, commercial banks have a role to play in the development of small business sector.

Literature has found the current design of services and products by commercial banks to be restrictive, as they cater for the needs of big businesses (Rasool, Dars and Shah, 2014). The view is that commercial banks should consider crafting their services and products in line with SMEs level of capacity to comply. Commercial banks are called upon to view this customisation approach as a measure to elevate competitive advantage (Wilder, Collier and Barnes, 2014). In the implementation of this approach, commercial banks are urged to introduce special units that would cater for the needs of small businesses (Bounouala and Rihane (2014) and Subhanij, 2016).

In support of redesign of services and products, research findings indicate the need for commercial banks to 'put in place some concessions that would improve their (SMEs) growth'. Small businesses lament the current arrangement which 'subjects (them) to the same services or products with big businesses'. Concession called upon relates to challenges encountered by small business in complying with the requirements. SMEs in rural areas lack information, skills and resource capacity to meet the criteria laid down to qualify for support. That is why the banking sector is required, in their design of services and products, to 'consider the level of struggle and challenges small business face". In the guest to redesigning, research findings indicate the plea for government to engage commercial banks on the process of introducing new funding model for small businesses'. This is a direct support for literature on the view that the current banking arrangement cater for the needs of big businesses, with little consideration for the context under which small businesses operate.

# **5.3.4** Applicability of recommendations for application

Applicability entails ascertaining the extent to which research results are likely to bring about impact on practice. The recommendation for application are intended to suggest solutions to challenges encountered. Thus, in the context of this study, the recommendations were based on the sample representative of the actual population of the study. The recommendations therefore enjoy the support of the actual and target population in terms of the actual experience, opinions, values and views. In terms of feasibility of implementation, the recommendations are highly

likely to be accepted as they respond accurately to challenges faced by rural community of small businesses. This accurate response should also be viewed as stepping stone towards effectiveness of the interventions suggested.

In the process of implementation, the issue of affordability and manpower would not be challenge as government has already established support agencies with allocated budget to that effect. It is also on record that SMEs enjoys the support of government commitment to grow and sustain them. This is evidence of political will to implement recommendations aimed at economic development. Notwithstanding their private independence, commercial banks would be expected to view the recommendations from a positive business perspective. SMEs are their clients, and they deserve information, knowledge and skills to grow and sustain their enterprises. The success of the client (SMEs) would imply business growth on the side of commercial banks. The context of the results and recommendations are based on the actual setting upon which the interventions should be implemented. There is no need for 'extreme' adaptations to suit the context, target beneficiaries and timeframes. The study was undertaken and completed without major changes in terms of timelines, thus confirming its current timeliness.

Since the study was based on one sector (small business), therefore, the results cannot be generalised to other sectors of the economy. The target population from which the sample was drawn, was limited to one sector of the economy. The sample of the study was also limited to 24 participants in the same sector, therefore, dispelling any claim for being representative of the wider economic sectors. A non-probability purposive sampling technique was applied in the sample selection process. Thus, potential samples from other sectors of the economy were not afforded equal chance of participating in the study. Given these arguments, it is sufficient to conclude that the results are applicable to similar contexts of the small business sector.

#### 5.4 Recommendations for future research

#### **5.4.1 Recommendations**

# Establish the impact of business environment on enterprise performance

This study has identified knowledge and understanding of the business environment as one of the essential elements in sustaining enterprise growth. Key specific categories of the business environment identified include the macro, micro and market environments. Though identified, the study did not cover specific factors of each environment, their relationships and impact on the enterprise performance. It is therefore recommended that further study be undertaken to establish accurate impact of the business environment on enterprise performance. The study should address specific areas such as factors characterising each environment, how they influence each other, their impact on enterprise operations, as well as strategies to mitigate negative influences on enterprise performance.

The recommendation is informed by both literature review and research findings. Literature has identified obsessive impulse to make profit as major weakness made by new entrepreneurs (Fatoki, 2014). These entrepreneurs have a tendency of engaging little or no time and effort to assess the risk factors characterising the business environment. While the entrepreneur might have control over some environmental factors, Banahene, Ahudey and Mensah (2016) and Plaatjies and Bruwer (2014) warn that lack of knowledge and understanding might as well lead to poor decision making.

Research findings also indicate unexpected frustrations brought about by political decisions, economic policies and advancement of technology. It is further indicated that entrepreneurs enter the business sector less informed about various relationships in terms of customer base, supply chain, distribution channels, as well as the ever-changing market environment. Thus, a comprehensive study on the business environment would play a significant role in preparing future entrepreneurs.

#### Explore the role of the regulatory environment in supporting SMEs' survival

The regulatory environment was identified to be one of the major constraints towards SMEs growth and sustainability. The South African legal systems governing business registrations, taxation, labour relations, as well as health safety were found to be restrictive in their current form. This study did not specifically address the extent to which the overall regulatory environment could support SMEs' survival. It is on this basis that a recommendation is brought forward for further study to establish the role of the regulatory environment in supporting SMEs survival. The study would, among others, address issues of bureaucratic and inefficiency characterising the entire regulatory environment. The aim would be to influence policy review in the process of creating a supportive and sustainable business environment.

Literature has found South Africa to be less committed as far as creation of a supportive regulatory environment is concerned (GEM South Africa Report, 2014 and the World Economic Forum, 2014). Study by the Business Environment Specialists (2014) also revealed a decline in turnover by one out five SMEs in the years 2013/2014. The study attributed this

downward trend to policy burden imposed by South African government to SMEs. Research findings also indicate bureaucratic and strenuous routes SMEs have to follow in order to comply with the legal systems. Centralisation of support offices, coupled with excessive compliance attachments and fees, are some of the areas that were found to be less supportive for SMEs development. A study on the role of the regulatory environment is important in understanding and addressing these challenges.

### Explore support for entrepreneurs experiencing funding challenges

Inability to access funding has been identified as one constraint towards SMEs development. Rural SMEs were found to be struggling to meet the funding qualification criteria formulated by government and commercial banks. The struggle is attributed to, among others, inaccessibility to proper information, inability to keep financial records and lack of competency in providing required documentation. This study has partially addressed the issue of education and training on entrepreneurship financial literacy. A further study is recommended for a comprehensive approach in addressing the issue of SMEs funding. The study would establish key focus areas like sources of funding, strategies to disseminate accurate information on funding criteria, as well as measures to enhance essential competencies required to provide documentation.

Literature has recorded access to business funding as drawback towards rural SMEs' growth and survival (Copaul and Manley, 2015). The study by Ngcobo and Sukdeo (2015) attributed this challenge to unavailability of information at SMEs' disposal. On the other hand, Chimucheka and Mandipaka (2015) posit that rural entrepreneurs lack the resources to produce the records required for accessing funding. Osano and Languitone (2016), in support of these study findings, hold the view that government support agencies should be held accountable for poor dissemination of information on accessing funding. The research findings also indicate need to enhance the capacity of rural entrepreneurs in financial management. It is therefore necessary to engage in further study that would holistically address the issue of SMEs funding.

### Establish the impact of technology on SMEs growth and development

Technology has been identified as one key focus area to be prioritised in enhancing the skills and competencies of rural entrepreneurs. SMEs, irrespective of location and size, are required to be adaptive to technological advancement to remain relevant and competitive. Rural SMEs were found to be the hardest hit as far as technological changes are concerned. This is attributed to poor technological infrastructure, as well as lack of proper skills in that area. This study has

highlighted the need to enhance the capacity of rural entrepreneurs in information and communication technology (ICT). The main focus was on ICT skills development to ensure that entrepreneurs are able to interact with the technological environment. This focus is viewed as narrow, as technology has become a broader concept. It is therefore recommended that a broader study be undertaken focusing on the impact of technology SMEs growth and development.

Literature has attributed rural SMEs' failure rate to lack of access technology, as well as inability to adapt technological changes (Masegare, 2014 and Ramukumba 2014). Both authors agree on the need to expose rural entrepreneurs to skills development programmes aimed at facilitating adaptation to continuous changes. Quadri and Abiodun (2017) hold the view that SMEs should embrace ICT in their business operations to benefit from the knowledge environment. In support of this assertion, Anyim (2018) opined that ICT is fast becoming business asset, and therefore SMEs could not afford to ignore its impact on entrepreneurship. Research findings also indicate the need for ICT skills development, as manual mode of operation is gradually being replaced by electronic system. Covid-19 pandemic has been sited to have raised the bar in the adoption of ICT, as services for SMEs were offered online only. Thus, the need for a broader study on the impact of technology on SMEs growth and development is a necessity.

## Establish perceptions of SMEs owner/managers on government support agencies

The establishment of support agencies was highly regarded as government's commitment to support SMEs development and sustainability. The support provided by these agencies featured in both literatures review and research findings. Part of their support is to fulfil the government mandate to enhance the capacity of SMEs through skills development. The views, experiences and opinions about these agencies are isolated and fragmented. This study has fell short of establishing contribution made by these agencies in the provision of support for SMEs. It is therefore recommended that a formal study be undertaken to establish SMEs owner/managers' perceptions of government support agencies. The study is envisaged to focus on areas of coordination, specialisation, capacity, as well as monitoring and evaluation.

In spite of the mandate to provide support for all SMEs, literature has identified disparity in funding between urban and rural SMEs. In comparison, urban SMEs' applications for funding recorded more success rate than their rural counterparts (Afrobarometer, 2017). Support programmes are characterised by lack of uniformity in approach, parallel programmes, as well

as lack of clearly defined monitoring mechanisms (Peter *et al*, 2018 and DPME/DSBD, 2018). Research findings indicate the need for government to embark on the process of restructuring support structures. The training approaches adopted by support agencies are found to be less beneficial for rural SMEs. The training manuals are said to be designed on the basis of assumptions, thus failing to deal with the real challenges in rural areas. There is also evidence of facilitators who lack tangible information required to assist SMEs. It is on this basis that a further study is recommended to focus specifically on support agencies.

# Explore monitoring and evaluation in improving accountability for support agencies

The establishment of various support structures by government was viewed as a positive move towards SMEs development. These structures operate on the basis of mandates and budgets to ensure that their services, as well as outcomes are accounted for. It emerged that government play its role through support agencies, whose services are characterised by poor coordination, lack of integration and weak monitoring systems. It is therefore recommended that a further study be undertaken to explore the role of monitoring and evaluation in improving accountability for government support agencies. The study should, among others, establish mandates, programmes, reporting mechanisms, as well as accountability sessions for the accounting officers.

The recommendation is informed by literature findings that government support agencies could not provide services in a manner characterising synergy (Mayer, 2014). In some instances these agencies are unknown, due to adoption of poor strategies for visibility campaigns (Ngcobo and Sukdeo, 2015). The tendency of little or poor monitoring, after provision of support to SMEs, is attributed to lack of integrated plan (Motsetse, 2015). Research findings indicate poor design of support programmes, due to dysfunctional communication strategies. Little, if any, is being done to accommodate rural entrepreneurs in the provision of services. It is reported that support agencies serve the interests of urban SMEs, due to location offices in the cities. The rural SMEs continue to be marginalised, despite annual budgets being allocated.

#### Integration of commercial banks in achieving SMEs' sustainable development

Recognition of SMEs as key stakeholders in economic development implies taking all measures possible to support the sector. One of the measures in supporting SMEs is to offer assistance in accessing funding. While the government is committed to providing funding, the burden has proved to be heavy to bear. The need to share this burden with private financial institutions remains an ideal solution. Although this study has identified commercial banks as

strategic partners, the main focus was limited to information sharing. It is recommended that a full blown study be undertaken to establish how integration of commercial banks would assist in achieving SMEs' sustainable development. These institutions are identified on the basis of being well established specialists in the financial sector.

Literature has identified commercial banks as critical role players in SMEs funding. Be it as it may, this institutions are criticised for lack of commitment as far as financing small business is concerned (Nieman and Nieuwenhuizen, 2014). Empirical studies have found that SMEs struggle to access capital due to lack of knowldge and capacity to build proper credit profile (Rasool, Dars and Shah, 2014 and Ngcobo and Sukdeo, 2015). As a result, SMEs could not meet eligibility standard established for funding small businesses. Research findings, on the other hand, highly regard commercial banks for possessing valuable information required for enhancing the capacity of entrepreneurs. Support agencies are reported to be lacking financial specialisation, thus providing vague information regarding qualification for funding. The call made is to liaise with commercial banks to close the knowledge gap in existence. Thus, integration of this institution is supported.

# Establishment of commercial banks' specialised units in supporting SMEs

While integration of commercial banks would serve the purpose of information sharing and design of training manuals, the current design of services and products would still weigh heavily on SMEs. It has been established that the current setup in commercial banks is in favour of big businesses with the capacity to comply. This study has identified the need for introduction of special services and products to cater for the needs and expectations of small businesses. In support of this suggestion, a further study should explore establishment of commercial banks' special units in supporting SMEs. The mandates of the units would be to cater for the needs of small businesses in terms of information sharing, capacity building, as well as funding.

In literature, it was found that commercial banks need to consider customisation of services and products in accordance with small businesses. In adopting customisation approach, Bounouala and Rihane (2014) and Subhanij (2016) posit that commercial banks should seek to understand small businesses in their context, in order to design services and products accordingly. Customisation approach is further regarded as a measure to building the necessary rapport for the client. Thus, specialised units would also serve as agents for implementation of differentiation strategy aimed at provision of unique and quality service (Alvarez-Garcia *et al*,

2017) and (Scarff, 2017). Research findings also indicate the need for commercial banks to consider redesigning its services and products to accommodate the needs of small businesses. The call is that commercial banks should engage in restructuring the funding model as one step towards introduction of custom-made services and products.

# 5.4.2 Applicability of recommendations for future research

The recommendations suggested for future research were made in consideration with applicability. The populations envisaged to be targeted for the studies are easily accessible, well-versed in the business sector, and willing to share their experiences regarding the phenomena suggested for investigation. Thus, on the basis of this assumption, a non-probability purposive sampling technique would be recommended for adoption. This approach should be complemented by methodological congruence in terms of alignment of the research problem with other critical elements such as purpose; objectives; questions, as well as designs of methods of data collection; analysis and interpretation.

The issue of community skills development is a national phenomenon, and therefore the populations in question are expected to share the same values and beliefs as far as economic development is concerned. The studies are highly likely to be guaranteed government/political support, due to their contribution towards alleviation of poverty, unemployment and shortage of critical skills. Government has always been willing to engage institutions that share similar sentiments regarding economic growth through small businesses. The costs of undertaking studies of that calibre should surely be covered through both public and private funding programmes. The success of these future studies would also depend on, among others, appropriate choice of settings convenient to the target population. Alignment of the setting with the target population would also serve the purpose of fitting the study in terms of context, thus minimising chances of adaptation to accommodate particular contextual factors.

# **5.5 Conclusion of Research Study**

The *purpose* of the study was to investigate the role education and training could play in sustaining small and medium enterprises (SMEs) in rural areas. The latter areas were identified on the basis of being the hardest hit as far as shortage of skills and provision of resources is concerned. The SMEs sector enjoys international recognition in governments' programmes aimed at addressing social inequalities, as well as economic challenges. In spite of the acknowledgement on the significant role played by this sector, *SMEs failure rate* in South Africa was reported among the highest (The Business Environment Specialists, 2014 and

Ngcobo and Sukdeo, 2015). The government has introduced initiatives in support of SMEs through the Department of Small Business Development. The mandate was to establish support structures with clearly defined programmes aimed at creating an enabling environment for small business to thrive.

Notwithstanding government commitment to facilitate SMEs growth and survival, the sector continued to experience high failure rate. The *challenges* identified included restrictive government regulatory environment; inaccessibility of business funding; low level of enterprise management skills; poor marketing skills; and lack of exposure to technological infrastructure (Ramukumba, 2015, Wolmarans and Mentjies, 2015 and Chimucheka and Mandipaka, 2015). In spite of these clearly identified challenges, it was established that programmes adopted to address these challenges lacked synergy, thus approaching each challenge in isolation from the others. This approach has left a void which called for an integrated system that would address the challenges as collective, rather than independent fragments. This study was intended to fill the void by bringing forth an integrated approach through enterprise education and training.

The *main objective* of the study was to determine the role education and training could play in measures to sustain SMEs in rural areas. The study was worth undertaken due to its potential impact on community development. The SME sector is well positioned to play important role in addressing pertinent community challenges like unemployment, poverty, lack of critical skills and resources. The study was also envisaged to stimulate debate around measures required to restructure support agencies to respond appropriately to SMEs challenges in rural areas. The findings would further influence government's policy review in fulfilment of their commitment to creating enabling business environment, establishing collaboration with commercial banking sector, as well as introducing initiatives for sustainable economic development. The study would also serve the purpose of contributing to the body knowledge by filling the gaps left by previous studies, and suggesting areas for further research.

In the guest to achieve the objective of the study, *questions* formulated were intended to establish (1) the importance of entrepreneurship education and training for rural entrepreneurs; (2) the critical areas of entrepreneurship education and training for rural entrepreneurs; (3) the approaches of implementing entrepreneurship education and training interventions for rural entrepreneurs; (4) the role of government in entrepreneurship education and training for rural entrepreneurs; and (5) the role of commercial banks in entrepreneurship education and training for rural entrepreneurs. The study was qualitative in approach, following phenomenological

research design. The study sample was purposively selected from the target population of stakeholders in the SME sector. Data was collected through unstructured interviews and participant observations. Content analysis was adopted as data analysis method.

In response to the first question on the *importance of entrepreneurship education and training*, the research findings indicate the need for rural entrepreneurs to acquire knowledge and understanding of the factors characterising the enterprise environment. The macro, micro and market environmental factors were identified as specific areas posing serious challenges as far as understanding the business environment was concerned. The potential impact of these factors was found to be less assessed in the process of establishing and growing enterprises, thus resulting in failure, as posited by Plaatjies and Bruwer (2014) and Banahene, Ahudey and Mensah (2016). The question was accurately responded to, as businesses have a responsibility to respond appropriately to environmental factors in order to remain operational. The need to craft and adopt relevant mitigating strategies depends on the knowledge and understanding of the environment in question.

In respect of *identification of critical skills areas*, rural entrepreneurs were found to be less prepared in basic entrepreneurship literacy skills, as reiterated by Ramukumba (2014) and Copaul and Manley, (2015). Critical skills development areas identified relates to knowledge and understating of the basic legal frameworks governing small and medium enterprises, financial management skills and information and communication technology. SMEs were found to be operating without these basic skills required to interact with government agencies, financial institutions and the business community at large. These basic skills are essential for compliance with the legal framework regulating business operations. This compliance is in turn a prerequisite for other service benefits like funding. The skills serve the purpose of keeping accurate financial records required for accountability. These financial records are mandatory in the process of application for funding. Technology has taken the business environment by storm, thus knowledge of information and communication technology is a must. Basic entrepreneurship skills remain priority areas for education and training for rural entrepreneurs. The aim of the research question was therefore achieved.

According to the research findings in relation to question 3, *approaches* adopted for delivery of entrepreneurship education and training for rural entrepreneurs were found to be of less service to the needs and expectations of the target learners, as indicated by Motsetse (2015). Training programmes were too general in nature, with less consideration of the context under which rural entrepreneurs operate. Rural entrepreneurs were therefore robbed of opportunity

to gain valuable knowledge and skills required for business growth and survival. The findings indicated the need to adopt a linear approach, starting from theoretical instructor-led training, moving to practical hands-on training and capping with one-on-one mentoring. These approaches were deemed supportive, as learners are afforded opportunity to interact with facilitators under different learning situations. This step has the potential to boost their morale, due to space afforded to address their growth plans. The objective of the question was precisely achieved.

Research question 4 sought to establish the role *government* should play in entrepreneurship education and training for rural entrepreneurs. Research findings indicate the need for government to undertake measures to review structures mandated to design and implement SMEs support programmes, thus confirming the view by Meyer, Meyer and Molefe (2016). Specific areas of review included communication strategies, location of support offices and the business regulatory framework. All these areas were cited to be less supportive to measures aimed at SMEs growth and development. Lack of information was cited to be constraint to accessing support services. Support agency offices were found to be less accessible, due to location. The regulatory framework was found to be characterised by bureaucratic standards of compliance.

In response to question 5 on the *role of commercial banks* in supporting entrepreneurship education and training for rural entrepreneurs, research findings indicated the need for formal collaboration between commercial banks and government. The envisaged partnership was based on the importance of sharing information regarding criteria for funding, forging synergy in training manuals and the possibility of designing services and products in accordance with small businesses' needs. Agencies were found to be lacking information required to support small businesses in their application for funding at commercial banks (Rasool, Dars and Shah, 2014). Information on skills required to build a solid credit record, as expected by commercial banks, was missing in training manuals. Facilitators could not account for arrangement by commercial banks to put both small and big businesses at far as far as services and products were concerned.

Following the research findings indicated above, a number of *conclusions* could be drawn. *Firstly*, it should be enough to conclude that majority of rural entrepreneurs lack proper skills and competencies to identify opportunities and risks posed by the business environment. This lack of capacity therefore account for poor decisions on appropriate measures to remain competitive on the market. It also leads to adoption of less effective risk mitigation strategies

required for growth and survival. *Secondly*, it is on record that rural entrepreneurs lack the necessary capacity to comply with mandatory regulations governing business operations. They find it difficult to keep proper financial records expected of any business entity. They are also less adaptive to the current information and communication technology.

Thirdly, conclusion could be drawn that education and training approaches adopted did not consider building from what is already known to what is unknown to rural entrepreneurs. Approaches were not centred on learners' basic capacity needs, level of knowledge and skills, as well as the rural context. Training programmes were designed on the basis of assumptions, thus influencing decisions on less effective approaches. Fourthly, rural entrepreneurs suffer from lack of accurate information, due to poor communication strategies adopted by government support structures. Access to support services was inhibited by the tendency of centralising agency offices far away from the rural settings. This arrangement was found to be costly for rural entrepreneurs. The current regulatory framework was constraint, due to its excessive administrative protocols to be followed.

Fifthly, it could also be concluded that commercial banks and government are operating in isolation from one another, yet 'committed' to support the same client (SMEs). Both institutions are at the forefront of making funding available for SMEs, yet the criteria are less communicated to the target client. Training manuals (on criteria for funding) designed to serve the client were parallel in nature, thus putting pressure on the client in terms of finding common ground to master the skills required for compliance. Commercial banks' services and products, in their current form, are not designed to cater for the needs of small businesses. This state of affairs has left small business in the lurch, as far as accessing funding was concerned.

Building on conclusions drawn, a number of *recommendations for application* were suggested. It was recommended that aspirant and new entrants in the entrepreneurship sector undergo basic education and training on the business environment. Rural entrepreneurs need to be taken on board on mandatory regulations governing SMEs. Support agencies should, as a matter of priority, enhance the capacity of rural entrepreneurs in financial literacy. Agencies should consider provision of information and communication technology infrastructure for rural skills development. Education and training programmes should be designed on the basis of needs analysis to respond accurately to rural business challenges.

A linear progression training approach should be adopted for systematic sequence of learning phases. Government should consider review of support structures to arrive at a well-

coordinated work force. Government should facilitate establishment of satellite support offices in rural areas for convenient provision of services to entrepreneurs. Regulations governing SMEs should be reviewed to support business growth and development. Commercial banks and government should consider working together to bridge the knowledge gap required to support rural entrepreneurs. Commercial banks should consider redesigning their services and products to accommodate small business needs.

The study has also made *recommendations for future studies*. The latter should investigate the extent to which business environment impacts on enterprise performance. It is recommended that a further study be undertaken to establish the role regulatory environment play in supporting SMEs survival. The support for entrepreneurs experiencing funding challenges needs to be explored to establish its effectiveness. The extent to which technology impacts on SMEs growth and development needs further exploration. Government has taken critical step in establishing small business support agencies, yet further study on perceptions of SMEs owner/managers on these structures is recommended. A fully fledged study is suggested to explore the extent to which monitoring and evaluation could improve accountability for support agencies. It is further recommended that a study be undertaken to establish integration of commercial banks in the development of sustainable SMEs. Finally, a study is recommended to explore introduction of specialised units by commercial banks in supporting SMEs.

This study has made *contribution to the body of knowledge*. Several studies have made noteworthy strides in identifying challenges faced by SMEs in their efforts for growth and survival. The gap identified relates to the notion of treating each challenge in isolation from the others. The challenges have been proven to be interdependent and complementary in nature. In spite of their specific identity, at the ultimate end, they holistically constitute SMEs failure. This is a new dimension the study has brought forth for consideration. It is on this basis that the study has advocated for a holistic entrepreneurship skills development in prioritised knowledge areas through education and training.

The study has also specifically brought the business environment into the limelight for SMEs to acknowledge its impact on operations. Previous studies successfully identified challenges faced by SMEs. This study seeks to give this phenomenon a new dimension by suggesting that all identified challenges owe their origin in business environment. For example, business regulations are decisions taken at political level; prospects for business funding depends on economic policies such as inflation and growth rates; supply and distribution are regulated by

policies such as Public Finance Management Act No.1 of 1999; and marketing is also regulated by policies aimed at fair competition and protection of the consumer.

All these challenges constitute the macro, micro and market environment. Knowledge of the business environment is deemed essential for understanding the basis upon which all these challenges are rooted. Literature has acknowledged the need for entrepreneurs to undergo basic training on entrepreneurship skills. The recommendation for implementation of this suggestion was too general. This study has prioritised three basic entrepreneurship literacy skills in business regulations, finances and information and communication technology.

It has been noted that support agencies implemented less integrated programmes, thus failing to bring about synergy in learning. This study has advocated a linear progression approach in designing education and training support services. The approach is meant to implement training interventions following sequential phases: theoretical instructor-led training, practical handson training and reinforcement one-on-one mentoring. The approach is a response to a general approach adopted, as well as little or poor follow-up programmes geared towards supporting entrepreneurs after provision of training (Motseo, 2015 and Maloka and Dlamini, 2016). The study has also made contribution regarding government role in creating environment conducive for small business sustainability. Commercial banking sector role was also clearly defined in terms of sharing information, training expertise and realignment of services and products.

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### Appendices

### **Appendix A: UREC Approvals**

MERCHAN	UREC's Decision
Student's Name: Sak	gea Elias Madire
Student's ID #: R17	711D3954853
Supervisor's Name:	Stavros Sindakis
Program of Study:	UUZ: PhD Doctorate of Philosophy
	O13706G13259
Dissertation Stage:	1
Research Project Title	E: The Role of Education and Training in Sustaining Small and Medi Enterprises in Rural Areas. A Case of Sekhukhune District -South Africa
Comments:	

#### **UREC's Decision**

Student's Name: Sakgea Elias Madire

Student's ID #: R1711D3954853

Supervisor's Name: Dr Stavros Sindakis

Program of Study: UUZ: PhD Doctorate of Philosophy

Offer ID /Group ID: 021414G21412

Dissertation Stage: 3

Research Project Title: The Role of Education and Training in Sustaining Small and Medium

Enterprises in Rural Areas. A Case of Sekhukhune District in South

Africa

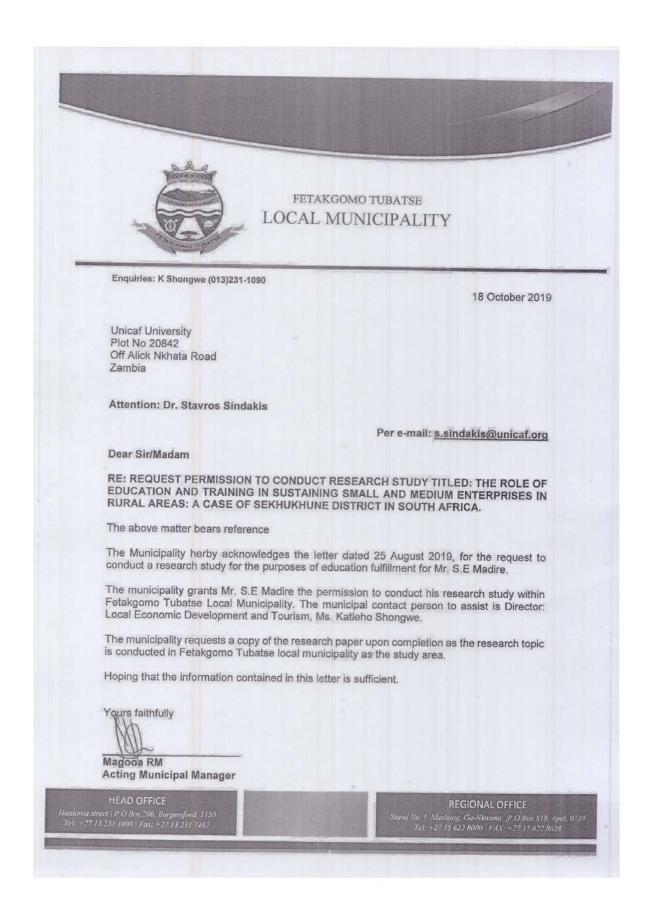
Comments: REAF:

Estimated End Date is in the past"

Decision: B. Approved with comments for minor revision

Date: 07-Jan-2021

#### **Appendix B: Permission Letters**





Enq : Patrick Maatsie
Tel : 013 231 8330
Date : 27 /09/2019

To: Sakgea Madire (Student: Doctor of Philosophy

UNICAF University

From: Patrick Maatsie

LEDA Tubatse (Branch Manager)

Re: GRANTED PERMISSION TO CONDUCT A RESEARCH PROJECT

(The Role of Education and Training in sustaining SMMEs in Rural Areas)

1. The above mentioned matter refers.

This letter serves to inform that your request to conduct research or interviews with LEDA Tubatse staff and Learners is approved.

Kindly note that the research should be in line with research ethics as prescribed by your institution and international norms and standards for this type of research.

 We would like to wish you well in your research and hope that it assists you in your studies.

MAATSIE S.P BRANCH MANAGER 27 September 2019

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www.lieda.co.za

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#### **Appendix C: Consent Form**



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### Informed Consent Form / Certificate of Consent for Research Participants Informed Consent Form and the Certificate of Consent

Informed Consent Form for:	Small and Medium Enterprises Owner/Managers and Skills Development Facilitators		
Researcher's Name:	Sakgea Elias Madire		
E-mail:	madires@gmail.com		
Programme of Study:	PhD: Doctor of Philosophy		
Partner University:	Unicaf University: Zambia		
Project / Dissertation Title:	The Role of Education and Training in Sustaining Small and Medium Enterprises in Rural Areas. A Case of Sekhukhune District in South Africa		
Supervisor's name:	Dr. Stavros Sindakis		
Supervisor's e-mail:	s.sindakis@unicaf.org		

#### Part 1: Informed Consent Form

#### 1. Introduction

My name is Sakgea Elias Madire. I am a doctorate student at Unicaf University: Zambia. Part of my programme requirements is to conduct research on a chosen topic. I am therefore inviting you to participate in the research. You can take time to reflect on whether you want to participate or not. You may talk to anyone you feel comfortable about the research. In case you do not understand some of the words or concepts, I am available to take time to explain them as you go along. You are free to ask questions at any time during your participation in the research study.



#### 2. The purpose / aims of the research

The purpose of the study is to explore the role of education and training in sustaining Small and Medium Enterprises in rural areas. The research will be conducted in the form one-on-one interviews and observation. Participants are expected to consent to participate in the research. The researcher will verbally pose one question at a time, and the participant will be expected to respond. The questions will take the form of open-ended that build into a discussion or conversational session. No question is envisaged to have the potential to evoke any feelings of embarrassment. Participants are assured of a friendly, yet professional interaction.

#### 3. Participation in the research

Participation in the research involves written informed consent to be part of the study. Participants are required to avail themselves for interviews at a place and time agreed upon. Participants are free to choose a venue convenient to them. Both the researcher and participants are required to inform one another in advance in case there is necessity for changes regarding the interview arrangement. Each interview session is estimated to last for 1 hour and 30 minutes. During the interviews, participants are free to choose not to respond to any question, if they so feel.

#### 4. Participant selection

The researcher has chosen you to participate in the study on the basis of being SME owner/manager. You have been purposively selected as you possess those qualities and attributes required for contribution in the study. The researcher is interested in your valuable experience, expertise, perceptions and opinions on the topic under study. Your participation has the potential to shape the environment under which rural SMEs operate.



#### 5. Voluntary participation

Participation in the study is research is entirely voluntary. Participants have the right to choose whether to participate or not. Participants have a right to withdraw their participation from the research at any stage of the research without any consequences whatsoever. Participants are free to stop participating at any time during discussions/interviews. The researcher will afford participants the opportunity to review their remarks at the end of the interview. Participants can request a printed copy of the interview transcripts and request amendments out of the final copy of the transcript.

#### 6. Risks and benefits to participants

No risks are anticipated so far. The study is expected to benefit participants by enhancing their overall capacity to grow and sustain their enterprises. SMEs growth and sustainability will eventually benefit local communities in terms of employment, thus reducing poverty. Academic institutions also stand to benefit from the study through contribution to the body of knowledge. The government will benefit by considering the recommendations for purposes of realigning their approach in the provision of support services to rural SMEs.

#### 7. Confidentiality

Participants are assured of confidentiality and security of information they will provide. The researcher undertakes to assure participant's information will not be shared or given to anyone. Participants' information will be kept safe and private in the custody of the researcher. Under no circumstances shall participants' information bear names to identify them. The researcher is committed to creating identification numbers instead participants' names. Therefore participants should be assured that only the researcher will know the participant's name, thus implying that participant's information would not be potentially identifiable in any published material. Collected data will be destroyed three years after completion of the study.

#### 8. Sharing the results

The research findings will be shared with the participants as a gesture of appreciation and enhancing their capabilities. The findings might also be shared with academic institutions through publications in official academic journals. Official conferences organised by government or other official non-government formations might get a share of the results.



#### 9. Contact details

In the case of any complaint on ethical grounds, participants can contact Unicaf Research Ethics Committee at:

Old International Airport, 7130, Larnaca, Cyprus

P.O.Box 42572, 6500, Larnanca, Cyprus

Tel: +357 24747500

#### Part 2: Certificate of Consent

#### This section is mandatory and should be signed by the participant(s)

I have read the foregoing information about this study, or it has been read to me. I have had the opportunity to ask questions and discuss about it. I have received satisfactory answers to all my questions and I have received enough information about this study. I understand that I am free to withdraw from this study at any time without giving a reason for withdrawing and without negative consequences. I consent to the use of multimedia (e.g. audio recordings, video recordings) for the purposes of my participation to this study. I understand that my data will remain anonymous and confidential. I consent voluntarily to be a participant in this study.

Print name of Participant:					
Signature of Participant:					
Date:					
If illiterate:					
I have witnessed the accurate reading of the consent form to the potential participant, and the individual has had an opportunity to ask questions. I confirm that the individual has given consent freely.					
Print name of witness:					
Signature of witness:					
Date:					



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#### **RESEARCH TOOL: 1**

#### TITLE

## The Role of Entrepreneurship Education and Training in Sustaining Small and Medium Enterprises in Rural Areas. A Case of Sekhukhune District in South Africa

You are invited to participate in the following interview which aims at examining the role education and training could play in sustaining Small and Medium Enterprises in rural areas.

The interview should only take 90 minutes to complete and it comprises 5 main questions that will include sub-questions, probes and follow-ups. Your responses are anonymous and will not be identified with you in any way. By participating in this interview, you are indicating that you understand that your responses are anonymous and will not be identified with you in any way.

You may skip any question that you find intrusive or offensive, but it will help me if you respond to as many questions as you feel comfortable with.

You have the right to withdraw at any stage (prior or post the completion) of the research without any consequences and without providing any explanation. In this case, the data collected will be deleted.

#### **SECTION A: DEMOGRAPHIC QUESTIONS**

A. Male
B. Female
C. Other
D. Choose not to answer.
2. How old are you?
3. Where is Your Place of Residence? Choose an option:
A. Burgersfort
B. Jane Furse
C. Groblersdal

D. Ohrigstad

1. What is your gender? Choose the appropriate option:

A. Grade 12 (University Entrance)				
B. Bachelor's Degree				
C. Postgraduate Degree				
D. Prefer not to say				
5. What is your current employment status? Choose an option:				
A. Permanently Employed				
B. Temporarily Employed				
C. Self-Employed				
D. Other: Specify				
6. What is your job title? Choose an option:				
A. Owner/Manager				
B. Trainer/Facilitator				
C. Other: Specify				
7. How long has your company being in operation?				
SECTION B: INTERVIEW QUESTIONS				
Primary Question				
What is the role of education and training in sustaining rural SMEs in Sekhukhune District?				
The secondary questions that follow were formulated to address the main question.				
Secondary Questions				
Q1: What is the importance of entrepreneurship education and training for rural entrepreneurs in Sekhukhune District?				
1.1 What do you understand by entrepreneurship education and training?				

4. What is your highest level of qualification? Choose an option:

entrepreneurs in Sekhukhune District?

Q2: What are the critical areas of entrepreneurship education and training for rural

1.3 What impact would entrepreneurship education and training make on rural SMEs?

1.2 What is your experience about entrepreneurship education and training?

- 2.1 How would describe a critical knowledge area for rural SMEs?
- 2.2 How would you identify the need for a particular knowledge area for rural SMEs?
- 2.3 What are priority knowledge areas for SMEs education and training?

# Q3: What are the approaches of implementing entrepreneurship education and training interventions for rural entrepreneurs in Sekhukhune District?

- 3.1 What is your understanding of an approach in SMEs education and training?
- 3.2 How would you describe an appropriate approach in SMEs education and training?
- 3.3 What approaches would you suggest for implementing SMEs in education and training?

# Q4: What is the role of government in entrepreneurship education and training for rural entrepreneurs in Sekhukhune District?

- 4.1 What is your experience of government role in education and training for rural SMEs?
- 4.2 What impact does government role have on education and training for rural SMEs?
- 4.3 What key aspects should government focus on to improve SMEs education and training?

# Q5: What is the role of commercial banks in entrepreneurship education and training for rural entrepreneurs in Sekhukhune District?

- 5.1 How would you describe relations between commercial banks and SMEs in rural areas?
- 5.2 What should inform commercial banks' support for education and training for rural SMEs?
- 5.3 How could commercial banks improve their support for SMEs education and training?

#### THANK YOU FOR YOUR PARTICIPATION



**Type of Event:.....** 

•

•

Venue

**Date** 

#### **RESEARCH TOOL: 2**

#### TITLE

## The Role of Entrepreneurship Education and Training in Sustaining Small and Medium Enterprises in Rural Areas. A Case of Sekhukhune District in South Africa

The researcher will observe participants at a natural setting where the phenomenon under study occurs. The actual presence of the researcher at the setting is aimed at collecting original information. The researcher will assume the stance of participant as observer, thus taking part in activities and recording all actual interactions with participants at the time of occurrence. The researcher will uphold a relationship of trust and cooperation by respecting routines, activities, and interactions among participants. Permission letters and UREC's approval will serve the purpose of introducing the researcher to relevant authorities, and subsequently to participants.

#### PARTICIPANT OBSERVATION CHECKLIST

Time: Start :Finish:		
Expected Participants:		
ITEM/ACTIVITY	OUTCOME	COMMENTS
1. SETTING		
Condition of Venue		
Convenience in Reaching Venue		
Sitting Arrangements		
Facilities in Place		
Availability/Quality of Materials		
2. PARTICIPANTS		
2.1 Demographics		
Gender		
Age		
Race		
Language		
Education		
Designation/Capacity		

Organisation/Company	
Experience in SMEs Sector	
*	
2.2 Behaviour	
Dress Code	
Punctuality	
Movements	
Verbal Interaction	
Attention to Activities	
3. Education and Training	
Workshops/Seminars/Meetings	
3.1 Activities	
Defined Goals of Event	
Expectations by Participants	
Synergy: Goals and Expectations	
Level of Participation	
Important Achievements	
3.2 Focus Areas	
Determinants of Focus Areas	
Primary Focus Areas	
Secondary Focus Areas	
Relevance to Participants	
3.3 Adopted Approaches	
Different Approaches Adopted	
Participants' Reaction to Approaches	
Dominant Approaches	
Reasons for Dominant Approaches	
3.4 Government Role	
Expected Government Support	
Actual Type of Support Provided	
Reaction to Support Provided	
Suggestions for Improvement	
3.5 Commercial Banks' Role	
Relations with rural SMEs	
Current Support Provided	
Impact of Support Provided	
Areas for Improvement	

THE END