

Journal *of*
**ENTREPRENEURIAL
INNOVATIONS**



Vol. 2, Issue 1, 2021



UNIVERSITY *of the*
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Journal of

**ENTREPRENEURIAL
INNOVATIONS**



THE JOURNAL OF ENTREPRENEURIAL INNOVATIONS

ISSN: 2708-6224/ eISSN: 2708-6232

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CONTENTS

Journal of Entrepreneurial Innovations Volume 2, Issue 1 (2021)

| | |
|---|----|
| Dynamic Managerial Capabilities as antecedent of Corporate Entrepreneurship: A Conceptual Model | 3 |
| <i>Ntandoyenkosi Sibindi</i> | |
| Challenges in developing and supporting entrepreneurship education: A case study of the University of Zululand | 11 |
| <i>Thobile N Radebe & Dr Makhosazana F Vezi-Magigaba</i> | |
| <i>Customer satisfaction at an online store in South Africa</i> | 21 |
| <i>Prof Vinessa Naidoo & Mr KG Botsi</i> | |
| Relationship between in-store promotions and consumer behaviour in shopping malls in South Africa | 37 |
| <i>Prof Vinessa Naidoo & Ms Nkhumeleni Mathivha</i> | |
| Lived experiences of women entrepreneurs in masvingo city: successes, failures and survival strategies | 49 |
| <i>Dr Takupiwa Nyanga</i> | |
| Entrepreneurship and management of small enterprises: An overview of agricultural activities in the Mopani District Municipality | 57 |
| <i>Aaron Ramodumo & Joel Chigada</i> | |
| An evaluation of government support services for SMMEs in Thohoyandou, South Africa | 69 |
| <i>Tambe Dede Kelly, Knowledge Shumba, Stanislaus Zindiye & Gift Donga</i> | |
| The effectiveness of intrapreneurial waste managers in the future of South Africa. A concept paper. . | 84 |
| <i>Nico Venter & Dr. Marlin Hoffman</i> | |
| The impact of business development support training on youth entrepreneurship success in South Africa: A case study of the Gauteng Province | 94 |
| <i>Ntuthuko Khoza & Jabulile Msimango-Galawe</i> | |



DYNAMIC MANAGERIAL CAPABILITIES AS ANTECEDENT OF CORPORATE ENTREPRENEURSHIP: A CONCEPTUAL MODEL

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Abstract:

Current studies on Corporate Entrepreneurship (CE) present organisational boundaries, discretionary time, rewards/reinforcements, work discretion and management support as antecedents of CE. This ignores the fact that all these variables are a managerial function in organisations. Furthermore, considering these variables at the same predictor level as management support, has contributed to entrepreneurship coordination challenges for organisations. To address this predicament through the lens of dynamic capabilities, we submit a conceptual model that considers dynamic managerial capabilities as antecedents of CE.

Keywords: *Organisational Capabilities, Dynamic Managerial Capabilities, Corporate Entrepreneurship*

Introduction

The survival, growth and profitability of an organisation are largely dependent on its entrepreneurial mindset and behaviour (Hisrich and Peters, 1992). The term Corporate Entrepreneurship (CE) according to Dhilwayo (2010), is a mindset that resides in the set of activities and attitudes that enables the organisation to pursue new opportunities, create new business units, new products, and shape corporate strategy renewal. The dynamic business environment accelerated by the demands of the Fourth Industrial Revolution, has increased operational risk and opened up new opportunities for organisations. CE is pivotal in enabling organisations to mitigate the uncertainty and harness the opportunities (Morris, Kuratko and Covin, 2011). The process of building entrepreneurial organisations has received scholarly attention in the last decade. Core to this process are organisational boundaries, discretionary time, rewards/reinforcements, work discretion and management support, organisational culture and structure (Hornsby, Kuratko, Holt and Wales (2013). These variables contribute to the ecosystem of CE and have a managerial function. This postulates that CE has to be stimulated, nurtured and managed, making dynamic managerial capabilities an antecedent of CE.

Drawn from the resource-based view of a firm (Bowman and Ambrosini, 2003), evolutionary economics (Winter, 2005) and strategic management (Agarwal and Selen, 2009), dynamic capabilities of which dynamic managerial capabilities are part of, are routine-based (Winter, 2013), knowledge-based (Kogut and Zander, 1992) and resources-based (Bowman and Ambrosini, 2003). Dynamic capabilities assist organisations to innovate their systems and restructure themselves in the ever-changing environments (Gottschalg and Zollo, 2007). Diverse dynamic capabilities emerge from literature: marketing, innovation, and management (Winter, 2003).

The paper considers dynamic managerial capabilities as a predictor of organisational entrepreneurship. Managerial capabilities coordinate organisational skills and environmental change (Helfat & Martin, 2015). Managers nurture, maintain and direct the entrepreneurial processes. They coordinate and foster cohesion between human and non-

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human resources for the survival and growth of the organisational (Andersson, and Evers,2015). This puts dynamic managerial capabilities at the centre of an organisation's entrepreneurial ecosystem. Despite these fundamental roles that managerial capabilities play in the creation and maintenance of CE, the concept has escaped scholarly attention, hence, the aim of this work is to develop a theoretical model that accounts for managerial capabilities as an antecedent of CE.

To premise the theoretical model, the paper discusses prevailing thoughts on dynamic capabilities in general and dynamic managerial capabilities in particular. The paper also reviews the concept of CE, prior to presenting the model. We conclude by highlighting theoretical contributions, indicating implications to practice, potential limitations as well as suggestions for further research.

Conceptualisation of Organisational Capabilities

The propensity to innovate and survive the ever-changing business environment, compelled firms at the turn of the millennium to expand their organisational capabilities. Honed by globalisation, new technology, shift from labour to capital intensity, and the general complexity ushered in by the Fourth Industrial Revolution, organisational capabilities have assisted firms to weather competition and push for growth. The genesis of the organisational capabilities can be traced to pre-World War 1 when American and German firms used it to challenge British competitors in international and domestic markets (Chandler, 1977). In his chronicle of the history of enterprises, Chandler (1991) credits Organisational Capabilities for enabling the Japanese firms to carry out a massive transfer of technology from the West to Japan – a scenario that gave rise to large enterprises in Japan.

Drawn from the resource-based view of a firm, and championed by the evolutionary theorist of a firm, Winter (1987) and Nelson & Winter (2009) state that organisational capabilities are routine-based, but distinguish themselves from routines by being "high level routine or a collection of routines" (Winter, 2000p, 981). A routine is a learned behaviour by an organisation that manifests itself in organisational culture (Winter, 2000). Organisational capabilities allow managers to supplement the three traditional means of achieving competitive advantage (finance, strategy and technology).

By nature, organisational capabilities are a process-oriented concept that includes all organisational activities and changes as the business-operating environment changes (Schienstock, 2009). They understand change as a continued and open-ended process of organisational development, hence they "confer on management a set of decision options for producing significant options outputs of a particular type (Winter, 2000, p. 292). Through organisational capabilities managers are able to organise and deploy resources through processes. The human agency coordinates other resources, thus placing human capital development at the epicentre of the capabilities process (Ulrich and Lake, 1991). For the human agency to perform this task, a knowledge base is very important. The acquisition of knowledge is a function of experience and training. This is the knowledge-based view of capabilities that is held by Zollo and Winter (2002), Ambrosini, Bowman and Collier (2009).

How firms can develop organisational capabilities has become a subject of inquiry in both management and organisational circles. Two views on how organisational capabilities are created are evident in capabilities scholarship. The emergent-by-nature view is held by the traditional institutional sociologist (Selznick,1957) and the evolutionary economists, Winter (2003), Eisenhardt & Martin (2000) and Nelson & Winter (2009). Core to this view is the fact that organisational capabilities emerge naturally, as the organisation interacts with its environment (Nelson and Winter, 2009). On the other hand, the contemporary view attributes organisational capabilities to managers' intentions, as they perform their managerial roles (Ambrosini and Bowman, 2009). Micro and macro level studies of organisational routines by Gavetti (2005) confirm both views.

Two types of organisational capabilities are prominent in literature, and are essential and are also referred to as operational (Winter, 2000, Liu, Grant, McKinnon and Feng, 2010) and dynamic capabilities (Winter, 2003, Helfat and Peteraf, 2003, Coad, 2009, Dosi and Nelson, 2010, Felin, Foss Heimeriks and Madsen, 2012). Core capabilities drawn from the history of enterprises presented by Chandler (1992, p.86) are "a hierarchy of practiced organisational routines, which define lower order skills required at the lower levels of the hierarchy". Conceptualised from this definition, core capabilities form the foundation of organisational operations. Chandler (1992) concludes that core capabilities are the platform on which organisations build confidence for their operations. Ambrosini & Bowman (2009) suggest the following as characteristics of core capabilities: human capital skills, physical systems, managerial systems and organisational models. When all these elements are combined and processed, they form core capabilities.

Dynamic capabilities are activities that enable organisations to adjust to endogenous changes that occur daily in their operations (Ambrosini, Bowman and Collier, 2009). This assigns dynamic capabilities to the task of reconfiguring core capabilities, as they interface between the organisation and the environment. From a strategic view, dynamic capabilities are the firm's endeavours to differentiate itself from its competitors by pursuing a peculiar behaviour that is difficult for competitors to imitate (Agarwal and Selen, 2009). Dynamic capabilities are regenerative in nature. They allow organisations to reconfigure their resources, position and strategy (Bowman and Ambrosin, 2003), and to leverage their resources (Pavlou and El Sawy, 2011). Dynamic capabilities allow the organisation to learn through adaptation and creation of new capabilities (Zollo and Winter, 2002). Through sensing and seizing, dynamic capabilities allow firms to position themselves favourably in an environment, and to explore the new opportunities that arise (Danneels, 2012). Furthermore, these capabilities allow knowledge creation and integration (Ambrosini, et. Al, 2009).

A series of dynamic capabilities emerge from literature. Among them are the dynamic technological capabilities, dynamic marketing capabilities, and dynamic managerial capabilities (Correa, Bueno & Kato, 2017). Of interest to our presentation is the dynamic managerial capability. Conceptualised as the role of human agency in the capabilities formation, dynamic managerial capabilities are responsible for resources allocation, coordination, combination, control and providing a general nexus with organisational entrepreneurship, hence, they become imperative to consider dynamic managerial capabilities as predictor variables in the stimulation, nurturing, coordinating, and maintenance of the organisational entrepreneurship process.

Conceptualisation of Dynamic Managerial Capabilities

Drawing from the role of human agency, Rosenbloom (2000) tinted the importance of managerial input in the dynamic capabilities process (Rosenbloom, 2000). This notion was refined, transformed and consolidated by Adner and Helfat (2003), who referred to dynamic managerial capabilities as those capabilities that enable managers to acquire, coordinate, combine, allocate, configure and reconfigure resources. To calibrate the resources into dynamic capabilities, managerial capabilities are guided by three underlying factors: human capital, social capital, and managerial cognition (Adner & Helfat, 2003; Helfat & Martin, 2015). These individual components or a combination thereof, enable managers to navigate the complex business environment that adjust to market changes. It was also discovered that they influenced managerial operational or strategic decisions (Helfat & Martin, 2015).

According to Castanias and Helfat (1991), managerial human capital is a combined function of the skills, expertise, and knowledge on how to orchestrate human resources in an organisation that managers acquire over time (from talent, acquisition to development). Simon and Hitt (2009) concluded that human capital management through talent pooling, development and teaming, resulted in increased performance by firms. Through effective management of human capital, talent synergies are established (Wright, Loff and Moliterno, 2014). These talent synergies form a strong basis for dealing with environmental changes, navigating new markets, and creating new products and customers. Organisational and management literature is awash with evidence that teamwork is a result of effective human capital management, and its positive impact on organisational development is known (Robbins, 2003).

Social capital is the value related to social connections within a firm (Burt, 2005). The human relations theorist promulgated the importance of social security in the motivation matrix (Maslow, 1963). Beyond motivation, social capital finds the relationship among individuals a source of capital for the firm (Putman, 2000). Social capital is the sanctuary of building trust and collaboration and a goodwill among managers and the human resources in a firm. Such an environment is closely linked to the development and nurturing of CE (Morris and Kuratko, 2002). Through social capital, managers secure and configure resources (Ier & Coff, 2003). Being better connected, adds to managers' efficiency and effectiveness by providing a thoroughfare from different sources to information and knowledge. Beyond that, it also enables the exchange and combination of resources far beyond the firm's precincts. In this regard, it is a managerial input to initiate social capital, to develop and maintain it, allowing the firm to leverage it as it surges forward with its corporate aims and objectives (Wolf, Webb and Schweikert, 2008).

From its role, nature, and formation, we conclude that social capital is a conduit where formal and informal organisational structure, formal and informal communication, formal and informal knowledge of a firm meet. This creates the much-needed oasis in an organisational entrepreneurship ecosystem.

The managerial cognition component of dynamic managerial capabilities is concerned with acquiring and processing of information into formidable decisions, and this process is influenced by the managers' background,

beliefs, experience and knowledge (Colman, 2006). Managerial cognition among managers is complex to determine, largely because it can only manifest itself in the actions and behaviour of managers. A set of skills has been suggested to point to managerial cognition. These include, problem solving, analysis, synthesising and comprehension of issues (Taylor, 2005). The construct by nature is a psychological domain issue. Until we get contribution from the psychologists on how to measure it, its determination will only be limited to the demographic factors such as age, qualifications, socio-economic background and gender as shown by the prevailing literature by Tyler and Steensma,(1988), Helfat & Martin, (2015), Dong (2016), and most recently Correa, Bueno & Kato, (2017).

Dong (2016) presented managerial cognition as the force behind effective coordination and combination of firm resources. Using managers from 921 American manufacturing firms, Dong (2016) concluded that managers who displayed high managerial cognition levels, performed well in inspiring novel processes, and they managed their resources better than those with weak cognition levels. The determination of managerial cognition by Dong (2016) was, however, based on the traditional demographic factors and did not include psychological cognitive issues. There is a consensus among management and organisational scholars that managerial cognition accounts for strong distinct strategic outcomes, and it promotes novel approaches to mitigate the changing business environment. This places managerial cognition as a possible influencer of organisation entrepreneurship. Such a consideration seems to have escaped scholarly attention.

Prevailing literature confirms that dynamic managerial capabilities promote strategic reorientation, resources combination, deployment and resources configuration. These activities are essential in promoting organisational adaptation, survival and growth, and they resonate well with the nature, scope and outcomes of organisational entrepreneurship.

Conceptualisation of Corporate Entrepreneurship

Referred to in some circles as Organisational Entrepreneurship (Dhliwayo, 2010), an entrepreneurial organisation has the dedication and desire to take advantage of new opportunities, undertake responsibility to create innovative and effective change, as well as strategic renewal (Morris and Kuratko, 2002, Dess and Lumpkin, 2005). All firms are from entrepreneurial activities by founding members (Covin and Miles, 2007). This causes entrepreneurship to be commonly associated with new ventures, small businesses or individuals (Covin and Miles, 2007). CE is an institutional concept within an established organisation (Ginsberg and Hay, 1994). It is concerned with the entrepreneurial behaviour of an organisation, regardless of its age or size. It looks at collective entrepreneurial behaviour of organisational members that keeps the organisation rejuvenated and energised to deal with dynamic environment, and in the process it acquires the ability to transform itself into superior organisational performance (Morris, Kuratko & Cavin, 2011). Such behaviour becomes part of organisational culture and is either formal or informal in nature (Zahra, 1991).

Innovativeness is proactive and undertakes risky business, some of the characteristics of CE (Morris et.al, 2011). Innovation is central to the entrepreneurial ecosystem (Hisrich, 2008). An innovative organisation is very creative and promotes research and development in the quest for new products and operational processes. This leads to competitive advantage (Covin and Miles, 2008). Proactive organisations hedge themselves against market tremors. They develop new products and processes in anticipation of market changes, making themselves future proof (Zanra, 1991). Risk-taking in terms of undertaking novel projects by entering new markets, is synonymous with an organisation whose entrepreneurial levels are high. Despite these advantages about CE, it has documented challenges. Hisrich (2008) pointed out that the coordination of the CE process, is its fundamental challenge. New ventures formed within an organisation were found to be of inferior performance, compared to the ones founded by individuals outside organisations (Hisrich, 2008).

Several conceptual models that attempt to present the nature and scope of CE emerge in entrepreneurship literature: the Domain model of Corporate Entrepreneurship (Guth and Ginberg, 1990), an Interactive Model of Corporate Entrepreneurship (Hornsby, Naffziger, Kuratko, and Montagnano, 1993) and a Model of Sustained Corporate Entrepreneurship (Kuratko, Morris, and Covin, 2011).

The Domain model of Corporate Entrepreneurship (Guth and Ginberg, 1990) identifies external variables such as technology, industrial life cycle and competition as control variables that give the context of organisational entrepreneurial behaviour. The internal variables that include top management philosophy and values, organisational structure, organisational culture, and organisational resources, are key constructs in influencing CE. The Interactive Model of Entrepreneurship (Hornsby, et al, 1993) presents the same constructs in the formation

of CE as Guth and Ginberg (1990) – their focus is on the human agency. The model presents characteristics of individuals that feed the overall entrepreneurial behaviour of an organisation (Hornsby, et al, 1993). Echoing the role of individuals’ entrepreneurship, the Model of Sustained Corporate Entrepreneurship (Kuratko et al, 2011) presents an organisation’s internal environment as predictor variables in modelling employees’ entrepreneurial perception. It is this perception that will sustain CE (Kuratko et al, 2011).

In bringing these models together, Hornsby, Kuratko, Holt and Wales (2013) presented the Corporate Entrepreneurship Climate Instrument (CECI). The use of CECI is to assist managers in their diagnoses of organisational entrepreneurship climate. The instrument identifies five antecedents of CE: organisational boundaries, discretionary time, rewards/ reinforcements, work discretion, and management support (Hornsby et al, 2013).

Dynamic Managerial Capabilities as Antecedents of Corporate Entrepreneurship: A Conceptual Model

To our knowledge and backed by prevailing literature, organisational boundaries, discretionary time, rewards/ reinforcements, work discretion, organisational culture, organisational structure and management support, are antecedents of CE. Drawing from management, organisational scholarship and practice, the paper submit that all these mentioned constructs as predictors of CE, are a management function, hence, conceptualising dynamic managerial capabilities denoted by social capital, human capital, and managerial cognition as predictor variables in influencing CE. The relationship between dynamic managerial capabilities is mediated by organisational boundaries, discretionary time, rewards/reinforcements, work discretion, organisational culture, organisational structure.

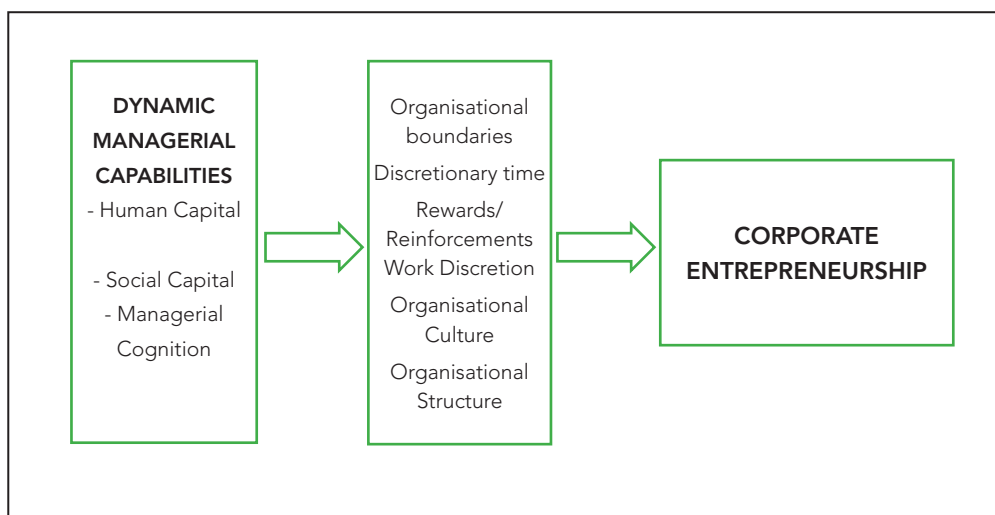


Fig 1: Dynamic Managerial Capabilities Corporate Entrepreneurship Model

Human capital development predicts CE through the mediating effects of organisational boundaries, discretionary time, rewards/reinforcements, work discretion and organisational structure. Through effective management of human capital, talent synergies are established, teamwork is consolidated, and employee autonomy is achieved. Organisational boundaries in organisations with a well-developed human capital are easy to define, palatable and allow organisations to adapt to changing environments. Autonomous employees use their discretion in performing tasks. This promotes the much-needed innovation in the CE formation process. Human capital development influences organisational culture and structure that cumulates in the promotion of CE.

Social capital is a precursor of CE through the mediating effects of organisational boundaries, culture, structure, discretionary time, rewards/reinforcements and work discretion. The value created by social connections in an organisation has direct influence on organisational structure and culture. It defines organisational boundaries. Furthermore, it influences employees’ discretion to perform tasks. This creates a conducive environment for CE to develop.

Managerial cognition is an antecedent of CE through the mediating effects of organisational boundaries, discretionary time, rewards/reinforcements, work discretion, organisational structure and culture. A manager’s cognitive ability influences organisation boundaries, organisational culture, organisational structure and employees’ discretion.

Implications for Theory and Practice

Drawing from literature and practice, we contribute to the creation of CE by presenting a novel conceptual model that considers dynamic managerial capabilities as antecedents of CE through the mediating effects of organisational boundaries, culture, structure, discretionary time, rewards/reinforcements and work discretion. Prevailing literature places organisational boundaries, culture, structure, discretionary time, rewards/reinforcements, and work discretion as predictors of CE. We submit that these variables are an act of a managerial function, hence, our conceptualisation of dynamic managerial capabilities as predictor variables of CE through the mediating effects of organisational boundaries, culture, structure, discretionary time, rewards/reinforcements and work discretion.

One of the documented challenges of CE is the high failure rate of new ventures in organisations (Hisrich, 2008). This prevalent failure of new ventures is attributed to CE management quandaries such as entrepreneurial coordination challenges. By including social capital in our model, we suggest a mitigating strategy to this predicament. Social capital is a duct where formal and informal organisational structure, formal and informal communication, formal and informal knowledge of a firm, converge. Through social capital leveraging, managers are able to coordinate the CE process.

Conclusion, limitations and indication for further research

We conceptualised organisational capabilities in general and dynamic managerial capabilities in particular. Prevailing literature on the characteristics, scope and nature of CE were considered prior to presenting the Dynamic Managerial Capabilities Corporate Entrepreneurship Model, which considered dynamic managerial capabilities as the antecedents of CE. The model makes the following propositions.

1. *Human capital development predicts CE through the mediating effects of organisational boundaries, discretionary time, rewards/reinforcements, work discretion and organisational structure.*
2. *Social capital is a precursor of CE through the mediating effects of organisational boundaries, culture, structure, discretionary time, rewards/reinforcements and work discretion.*
3. *Managerial cognition is a predictor variable of CE through the mediating effects of organisational boundaries, discretionary time, rewards/reinforcements, work discretion, organisational structure and culture.*
4. *In combination, human capital, social capital and managerial cognition are the antecedents of CE through the mediating effects of organisational boundaries, discretionary time, rewards/reinforcements, work discretion and organisational structure.*

The model is conceptual; an empirical study of CE is likely to reveal more insights into the relationship between dynamic managerial capabilities and CE.

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CHALLENGES IN DEVELOPING AND SUPPORTING ENTREPRENEURSHIP EDUCATION: A CASE STUDY OF THE UNIVERSITY OF ZULULAND

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Abstract:

Entrepreneurship education is broadly considered an important factor in promoting an entrepreneurial culture among higher education students. Considering the importance of entrepreneurship with regard to economic growth, job creation and poverty alleviation, there is a need to train entrepreneurs and to equip them with an entrepreneurial culture that promotes entrepreneurship. However, the South African education system is lacking when it comes to entrepreneurship education. The education system seems to promote the white-collar jobs rather than self-employment, and the methodology that is used to teach entrepreneurship studies, focuses more on the theory of entrepreneurship than on its practice. Against this background, this study sought to identify the challenges to develop and support entrepreneurship education by focusing on the University of Zululand as a case study. The researcher used primary data for this study. The study adopted a qualitative approach, where data was collected using interview schedules from 11 heads of departments of the university's faculties. The results from the study show that the development of curriculum, inexperienced educators, and the methodology used to teach entrepreneurship education, are some of the challenges that are hindering the promotion of entrepreneurship education. A policy implication that arose from these findings, is that there is a need for the development of entrepreneurship-based curriculum to promote entrepreneurship. The policymakers were also encouraged to employ educators who are qualified and experienced in teaching entrepreneurship. The development of incubation centres for grooming entrepreneurs at higher learning institutions was also recommended.

Keywords: *Entrepreneurship education, entrepreneurship education challenges, entrepreneurship culture*

Introduction

The importance of entrepreneurship education has been recognised by many studies. The study by Chimucheka (2013) is such an example, since he pointed out that quality education and training plays an important role in the survival of SMEs in South Africa, and the more they are equipped with entrepreneurial competences, the more they survive and succeed. An educated workforce that is properly skilled and that has the capacity for innovation, is very important for an economy's attractiveness, productivity and growth (Green & Mason, 2014). A good education

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structure is therefore one of the fundamental necessities for a competitive country, as it is equitable to trust that a good quality education structure will have an encouraging effect on individuals' self-efficacy and self-confidence. This will increase the chances of such individuals not only to formulate a business, but also to be able to successfully direct competitive and changing business environments (Department of Higher Education, 2017). GEM research (2016/2017) shows that there is a solid association between perceived capabilities (skills) and Total early-stage Entrepreneurial Activity (TEA), which strengthens that all systems of education (formal, informal and non-formal) are significant in developing entrepreneurial competences. Despite the important role of entrepreneurship education in promoting entrepreneurship in South Africa, there are numerous obstacles and problems that hinder the development of effective entrepreneurship education programmes (Lekoko, 2011 & Echezona, 2015). Therefore, this study sought to identify the challenges that hinder the development of an effective entrepreneurship education in learning institutions.

Much empirical evidence exists on entrepreneurship and the importance of entrepreneurship and entrepreneurship education, however, little has been written about the challenges that are actually hindering the development of entrepreneurship education. The study seeks to fill that gap by evaluating what the factors are that affect the development of entrepreneurship education. The study will be conducted within the context of the University of Zululand, which makes it more interesting. Firstly, it is a remote rural university; secondly, the university is trying to be involved in entrepreneurship to expose students to entrepreneurship; thirdly, it is purely contextual, as it fills the void of limited literature that has been conducted in the context of KZN.

Section 1 of the paper covers an entrepreneurship education overview and the overview of the challenges hindering the development of entrepreneurship education. The objective is to review the entrepreneurship education system and to illustrate how it is designed and delivered, and also to identify what challenges are in place that prevent the development of entrepreneurship. Section 2 looks at the empirical literature to review other authors' work on the topic. Section 3 covers the theoretical framework of the study, which is followed by Section 4 that covers the methodology. Concluding remarks are given in Section 5.

An overview of entrepreneurship education

Quality entrepreneurship education plays an important role in improving the culture of entrepreneurship in students or learners, since they then grow up with the mindset of creating their own businesses as the entrepreneurship foundation is then instilled in them from a young age (Echezona, 2015). Mahola, Aderibigbe & Chimucheka (2019) stated that entrepreneurship education is very important in developing skills and knowledge that enable entrepreneurs to harness opportunities. Furthermore, entrepreneurship education plays a leading role for entrepreneurs in improving market awareness, creativity and innovation, the ability to gather resources, and business and technical skills. Moreover, it has also been promoted in many educational institutions, because of the role it played in nurturing entrepreneurs. It is also recommended as a solution to the challenges faced by South Africa (Mahola et.al, 2019).

According to Ememe (2011), entrepreneurship education plays an important role in enabling the youth to seek for success in ventures, and it also builds entrepreneurial mindsets of students. Entrepreneurship education provides students with the awareness of economic opportunities, the business environment, opportunity identification, and preparation of business plans, enterprise management techniques, self-development techniques, as well as general entrepreneurial skills (Akhmetshin, Larionova, Lukiyanchina, Savitskaya, Aleshko, and Aleynikova, 2019). In addition, Suleiman (2010) added that entrepreneurship education equips people, particularly the youth, with skills and knowledge which transform them into enterprising individuals by engaging them in real-life learning experiences in which they can take risks, manage results, and learn from the outcomes.

Improved entrepreneurial education could make an important contribution to job creation, poverty alleviation, and also to economic development (Isaacs et al.2007 & Chimucheka, 2013). Niema and Nieuwenhuizen (2009) further pointed out that higher level of education and training is considerably associated with higher level of entrepreneurial activity. Fatoki and Odeyemi (2010) stated that for SMEs to get the required funding from creditors, they often have to prove that they have the relevant education and related experience, which improve their managerial competency. Therefore, in their view, entrepreneurship education positively affects funding opportunities.

Entrepreneurship education equips learners with entrepreneurial skills that are needed to start and sustain the business, and it also helps to expose students to the real business world, which gives them the ability to overcome

challenges that they might face in running a business (Department of Higher Education, 2017). Modules, courses and degrees at universities and learning institutions can have a positive impact on a student's entrepreneurial abilities, since they can equip and prepare students with the entrepreneurial skills and knowledge that are needed to boost their entrepreneurial attitudes to start and sustain their businesses (Udu & Amadi, 2013).

Challenges that are hindering the development of effective entrepreneurship education in South Africa

Entrepreneurship education has been recognised as the most important tool in promoting entrepreneurship activities for every country. However, it is very unfortunate that there are challenges in place that hinder the development of entrepreneurship education. One of the major challenges in promoting entrepreneurship is, that most higher education institutions lack quality teachers or instructors who are knowledgeable in the field of entrepreneurship (Echezona, 2015). Molefi (2015) complained that most lecturers did not have personal exposure to entrepreneurship, as they did not own or operate businesses. Entrepreneurship education does not only entail teaching people how to run a business, but it also involves training an individual to think creatively and to promote a strong sense of self-worth and accountability (Ebele, 2008 and Cui, Sun, and Bell, 2019). Echezona (2015) in Obiefuna et al. (2010), added that the educators dwelt mostly on theories, leaving out the practical aspect of learning by demonstration, which led to inadequate and ineffective learning. In addition, these researchers demanded that entrepreneurship learners should be exposed to the three domains of learning, namely cognitive, affective, and psychomotor.

Ebewo & Shambare (2012) stated that the syllabus is not broad enough to prepare individual students to acquire practical entrepreneurial skills, knowledge and experience. The syllabus that learning institutions provide to students, does not change the students' mindset to become entrepreneurs. It rather encourages students to become jobseekers which is not the solution that the country needs. The challenge is that the syllabus is inappropriate to give students the proper foundation for entrepreneurship and to build an entrepreneurship culture in students (Varblane & Mets, 2010). Echezona (2015) stated that South African learning institutions are lacking useful course content that is in line with the economic realities of the country. Strydom & Adams (2009) stated that the teaching methods that allow for practical application of learning material, as well as holistic development of skill sets, are lacking at these learning institutions. In the EDHE Lekgotla conference of 2018, it was pointed out that the methodology that is used does not empower students to develop free, innovative and creative thinking in the application of knowledge and theory in the real world.

Many students are lacking exposure in the field of entrepreneurship and the realities within the South African context, and this can be explained in two different ways. Firstly, because of high poverty rates, students who come from very poor backgrounds are usually not exposed to the wider world out there (Echezona, 2015). Entrepreneurship demands a talented workforce, but the present system of education fails to provide the necessary foundation for such a workforce. The schools up to the tertiary level, currently do not have a well-developed curricular that gives students the required entrepreneurial skill, and they do not expose their students or learners to the real business world (Chimucheka, 2012).

The necessary drive for an entrepreneur is lacking, and this leads to poor performance in entrepreneurship (Echezona, 2015). As a result of the apartheid legacy, the entrepreneurial intentions of black students fall below fifty percent, compared to those of other races (Global Entrepreneurship Monitor, 2011). Similarly, the Bantu Education system during the apartheid regime, results in the ill-prepared students at universities. Most universities are underfunded and under-resourced, which means that several universities cannot afford to provide the proper training to increase the students' exposure.

The pressure from parents who believe that after graduation their children have to go and seek for jobs to make money is a challenge (Echezona, 2015). This makes it difficult for young people to dedicate enough time that is required for entrepreneurship training, as they have to make money in the short period of time (Varblane & Mets, 2010 & Nani, 2016). Osakwe (2011) and Echezona (2015) stated that the society's poor attitude towards entrepreneurship education and training, is a big challenge for the youth who want to start their own businesses. The author stated that society believes that education which exposes people to white-collar jobs, is superior to education that leads to the attainment of entrepreneurship skills.

In this respect, Bukola (2011) expresses disappointment regarding society's attitude towards entrepreneurship training, and thus stated that graduates of vocational and technical institutions anywhere in the world are extremely

skilled entrepreneurs, but society does not seem to encourage the youth to follow suit. Additionally, it is unfortunate that those who influence education policy in the society (legislators, educators and the media, among others), seem to feel that graduates of technical institutions are not equal to university graduates (Bukola, 2011). Thus, this has affected the insights of even the students of vocational and technical institutions that hold some entrepreneurship background, but who lacked entrepreneurial essence even before graduation.

Problem statement

The unemployment rate in South Africa is exceptionally high and the failure rate of entrepreneurship is very high too. Many scholars identified the solution to be the development of an effective entrepreneurship education, where students are groomed to be better entrepreneurs. However, it has been identified that the South African entrepreneurship education system is failing to provide the necessary skills and knowledge needed to instil entrepreneurship mindsets and culture for the potential entrepreneurs. Therefore, this paper aims to identify the challenges that hinder the development of an effective entrepreneurship education.

Methodology

The study used a qualitative research approach in meeting the objectives. The study's sample was drawn from the University of Zululand heads of departments of the selected faculties. The sample size was 11 heads of departments (HoDs). Seven HoDs were selected from the departments that do not teach entrepreneurship, and 4 were selected from departments that do teach entrepreneurship. These HoDs were randomly selected. Interview schedules were used to collect data from the HoDs and this was analysed using Atlas.ti 8.

Theoretical Framework

The need for achievement theory (NAT)

The need for achievement theory is a psychological theory proposed by David McClelland in 1965. The theory is based on the psychological and biological views that human needs and actions are a response to internal and external stimuli. The theory further distinguished between natural needs like food and water, and acquired needs. External stimuli in the environment can create an acquired need, just as much as it creates a natural need (Chen et al. 2012). Human beings generally exhibit three types of acquired needs – the need for achievement, the need for power and the need for association (Rashipal, 2012; Chen et al. 2012).

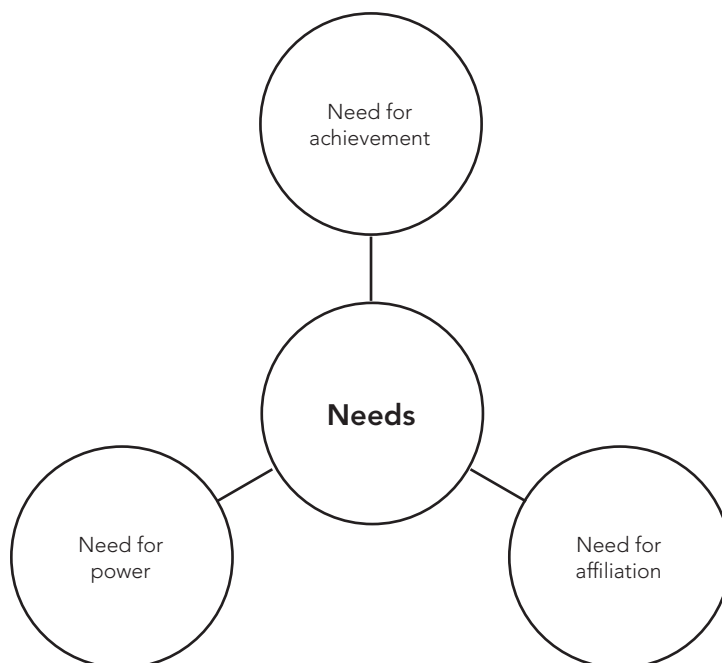


Figure 1: McClelland's three needs
Source: Rashipal (2012: 30)

Entrepreneurial success which includes establishing a successful business, gainfully benefiting from the business, providing employment and achieving personal wealth, all mostly fall under the need for achievement (Rashipal, 2012). This need is centred on the development of personal goals and working towards their attainment.

The theory points out a strong association between the need for achieving economic development and entrepreneurial activities (Rashipal & Jain 2012 & Echezona, 2015). Echezona (2015) further stated that supporters of the theory explain that there would be more entrepreneurial activities in a society where the need for entrepreneurship is high. The root of the theory is that when students or learners are adequately motivated through entrepreneurship education to become entrepreneurs, there is a greater tendency for them to start their own businesses after graduation (Echezona, 2015). Teaching students about the importance of entrepreneurship and motivating them to become their own bosses rather than becoming employees, can help in creating more businesses, and that will also reduce the high unemployment rate, especially among the youth. The role of entrepreneurship education is therefore to instil a need and a motivation for students to learn entrepreneurship and to start a business.

This theory is relevant to this study because it emphasises that needs are developed through education, exposure and experience. Individuals who have not been exposed to the benefits of entrepreneurship, for example, will not develop a need to start a business. Theoretically, higher education institutions develop needs in students mainly through their curricula. Thus, an educational system or institution that emphasises job attainment rather than job creation, will mostly create graduates who prefer to be jobseekers than job creators. Similarly, educational institutions that put emphasis on practical entrepreneurship, are most likely to develop an entrepreneurial mindset that develops future entrepreneurs.

Results and Discussions

The 11 respondents expressed various views on challenges that affected the successful delivery of entrepreneurship education and entrepreneurship development at the university. These challenges were: mindset challenges; Lack of incubators and start-up facilities; Lack of adequate financial support; and Workload and capacity challenges.

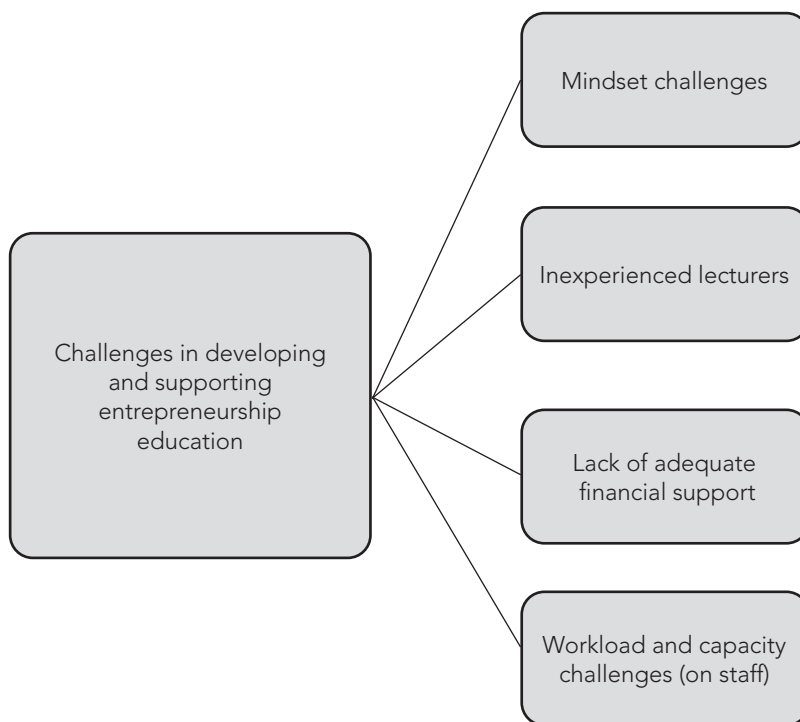


Figure 2: Challenges in Developing and Supporting Entrepreneurship Education
Source: own compilation, 2019

As shown above, three of the challenges related to financial, material and human capital resources. One challenge related to mentality issues, and this theme, based on the responses of the respondents, was of major significance in explaining the current state of promotion of entrepreneurship, both in the country and at the university. Research Question 1, relates challenges to any factors that limit the university's capacities to fully promote entrepreneurship through teaching. Research Question 2, relates challenges to factors that perpetuate the failure of learning to equip young people with entrepreneurship skills.

Respondent 11 saw the traditional mindset of students as a challenge. According to the respondent, students do not believe that they could succeed in entrepreneurship: *“The first challenge is about the mindset, our students think that they are not capable of owning their businesses and the management or leader’s mindset is not entrepreneurial ... The challenge is how we going to change the mindsets of students where our mindsets still need to be changed”*. The same respondent saw the challenge as starting from the basic education level that does not prepare students for entrepreneurship. Respondent 5 saw the mindset challenge as a result of a lack of innovation and flexibility in HEI leadership in entrepreneurship development. The leaders still promoted traditional teaching and mindsets that did not put entrepreneurship at the forefront. Respondent 5: *“It is the thinking of the leadership of higher education, they prescribe what universities must do and at what level, they are not flexible in terms of their thinking and they are not thinking outside the box, they only limit themselves with the book.”* Respondent 9 also believes in the need to change the mindset not only of the students, but also of the university leaders. The respondent further stated: *“The leaders’ mindset is to train the jobseekers not job creators”*. Likewise, Respondent 3 views the mindset issues as emanating from HEIs and the academics themselves and cascading to their students. Respondent 2’s views of mindset challenges were generational and they were a function of past societies not seeing the benefits of being an entrepreneur.

Under the mindset challenge, the main discussion was that the promotion of entrepreneurship culture among students was being hindered by strong and existing mentalities, particularly the mentality that job seeking was more important than job creating. Students were raised and groomed with the expectation that once they left an educational institution, their success will be measured by getting a job rather than creating a business. The participants identified society (family and communities), the educational system, and educational leadership as the key drivers of this mentality. The existing education system is encouraging more jobseekers and less job creators (Varblane and Mets, 2010, Chimucheka, 2012, Echezona, 2015 and Mohola et.al, 2019). The authors further mentioned that the existing society and the system also contribute towards the belief that white-collar jobs are superior to self-employment.

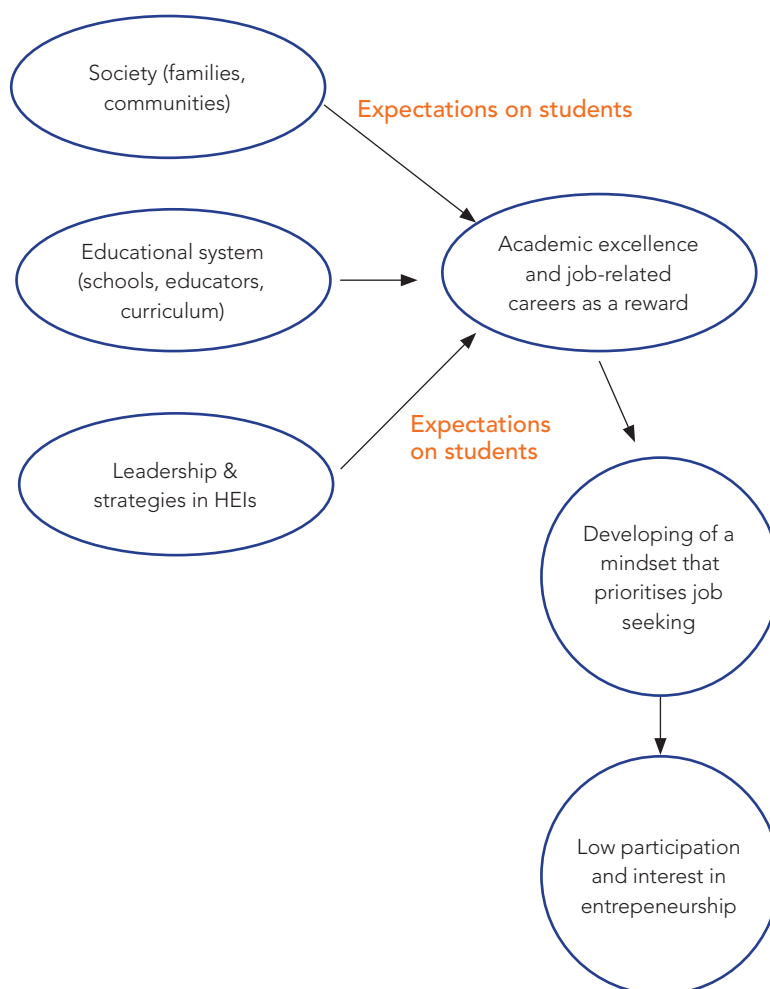


Figure 3: Society and the Entrepreneurship Mindset in Students
Source: Own compilation, 2019

According to the views of the participants, students as portrayed in the above diagram, merely respond to the broader expectations that they should be educated to get good jobs. The overall effect was a low participation in entrepreneurship by younger people.

According to the literature, several scholars (Echezona, 2015; Arasti, et al. 2012; Udu & Amadi, 2013 & Venter et al. 2015) discussed similar effects of the current student mindset on entrepreneurship as shaped by society. Arasti et al. (2012) and Venter et al. (2015) put entrepreneurship education at the centre of how to positively change a student's mindset towards becoming an entrepreneur. Therefore, entrepreneurship education has to counter the negative mentalities of becoming entrepreneurs that are instilled in young people. At organisational level, the Junior Achievement South Africa (JASA, 2012) indicates that changing one's mindset towards entrepreneurship is a critical building block in grooming future entrepreneurs, and therefore this is one of its priorities (JASA, 2012).

The participants' views strongly agree with Uzoagulu (2012), who stated that while the mindset challenges issue was a well-known fact, universities current form of entrepreneurship education was not strong enough to fully dismantle these issues. This is because entrepreneurship education is not given priority, which further perpetuates the mentality that entrepreneurship is not as important as career development through getting a job. Udu and Amadi (2013), as discussed in the sample, saw communities and families as important factors in entrepreneurship mindset development. Because parents tend to look down on entrepreneurship, they develop a view that being an entrepreneur was less important and less prestigious than being an employee – a mindset that discouraged the development of an entrepreneurship culture in students.

Another challenge that was highlighted by the respondents is related to a lack of financial support. The findings indicate that the university do not have any comprehensive financial support for entrepreneurship projects. The respondents, however, believe that this problem would come to an end once an entrepreneurship centre is created and implemented. The findings reveal that because of limited financial resources, it is not possible to conduct wider practical studies in entrepreneurship. Respondents also believe that financial support was possible if the university established a vision that can be accepted by government. Respondent 11's viewpoint is that as much as finance is a challenge, the university also lacks the vision and plan that could attract funding.

Various sources in the literature (Chimicheka, 2012 and Echezona, 2015) stated that financial resource challenges were discussed as a major hindrance in the promotion of entrepreneurship at the university. Without financial resources, it was also a challenge to build infrastructure and facilities necessary to support entrepreneurship (Agnonlahor, 2016 & GEM, 2016).

While many scholars like Chimucheka (2012), Boates (2013) and Herrington et al. (2014) mention access to capital as a major problem affecting the promotion of entrepreneurship, the participants did not view this as the main factor hindering the promotion of a strong entrepreneurship culture among the youth. The challenge at university level was mostly access to facilities that supported entrepreneurial development, rather than funding. The sample did not explicitly state that obtaining funding was easy. However, it suggested that there were more primary concerns that needed to be addressed before the funding stages, e.g. mindset issues, proper vision, and the university's own activities and resources.

The findings revealed that a common challenge that educators at the university faced with regard to promoting entrepreneurship, was that it involved a lot of work, for which they did not have enough time: *"Workload, lot of meetings, and lot of lecturing. I wish I could take students to the process of entrepreneurship but time is limited"* (Respondent 8). In addition to their conventional teaching role, they needed to guide students individually through entrepreneurship processes and this takes a lot of time. The current workforce of academics was already burdened with teaching, which prevented them from taking on more demanding entrepreneurship education courses. Entrepreneurship education as stated, requires a significant practical component where the educator needs to fully participate. However, this was not possible, given that the same educators taught regular courses, and therefore they did not always have enough time on their hands to take on or develop more efficient entrepreneurship education regimes. The above view of the respondents was not discussed in other works consulted by the researcher, and this points to a possible unique or new factor that could also explain the poor promotion of entrepreneurship at universities.

Another work-related factor that resulted from the findings, was that of practical experience and competence of lecturers in delivering entrepreneurship education. The participants indicated that most lecturers did not train for entrepreneurship teaching and had no practical experience of it. This tends to reduce their effectiveness in

delivering information and support that transform students into entrepreneurs and support their entrepreneurship ventures. In the literature, Uzoagulu (2012), Zhou and Haixia (2012), and Agbonlahor (2016) also found that lecturers who taught entrepreneurship did not have a strong practical grasp of the discipline, due to training issues. Uzoagulu further associates this problem with low prioritisation of entrepreneurship education at universities. With entrepreneurship education that is ranked lowly, not many resources were available to promote educator education. The observations and perceptions of the study on this matter therefore strongly resonate with the literature.

Conclusions and Recommendations

The study found that there is a need to employ educators who are qualified and experienced in teaching entrepreneurship and to develop it as an activity for students. The study further revealed that academics were sometimes expected to educate students on entrepreneurship, but they were not always knowledgeable regarding this discipline. This was stated to be the case with educators outside commercial and economic disciplines. This highlighted that even the entrepreneurship educators have no entrepreneurial experience and that they are not entrepreneurial-minded.

The collaboration across departments was identified as another way of promoting entrepreneurship. Currently, fewer departments and professionals are involved and this makes current entrepreneurship efforts less effective in the development of students as entrepreneurs.

The findings reveal that entrepreneurship should be encouraged and promoted through teaching society about its value, and particularly the families that students come from. It is in these families that students got the mindset that it was better to get a job than to become an entrepreneur.

The findings reveal that the jobseeker mentality was a national and generational issue, rather than a university issue. The respondents believe that mindset change should focus not only on students, but on the whole academic system from students to the university leadership. The findings reveal that the mindset issue also involves changing the view that to start a successful business one needs to have a lot of money. Students were being deterred from starting out as entrepreneurs because of this view.

Early engagement of students in entrepreneurship education was identified as the best way of promoting entrepreneurship education among students. Engaging students at an early stage in entrepreneurship education, will lay a solid foundation for students to grow up with entrepreneurship mindsets.

The findings reveal that the university has no practical facilities that are developed to promote entrepreneurship and entrepreneurship module that is designed for a particular group of students. The study recommends that there should be a development of practical facilities and an entrepreneurship module, so that all students will be exposed to entrepreneurship education as well as how the real business world operates.

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CUSTOMER SATISFACTION AT AN ONLINE STORE IN SOUTH AFRICA

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Abstract:

Online shopping has become a common way in which retail businesses are conducted across most parts of the world. South African (SA) retailers such as Takealot, Makro, and Spree added this function to their existing operations. However, the survival of SA online stores is compromised by the competitive activities set by international players, including Amazon, eBay, and Google. Online stores such as Nine West and Mango have closed amidst poor financial performance. The adoption of a customer-centred approach is among the strategies that SA online stores can take to remain competitive. It is against this background that this study sought to assess customers' perceptions of electronic service quality and to determine its influence on customer satisfaction and customer behavioural intentions.

A quantitative descriptive approach methodology, using a questionnaire structured by SurveyMonkey, was employed to collect data from a sample of 300 online customers from the online store in SA. SPSS V24 was employed to conduct descriptive and multivariate analyses, including factor analysis and correlations analyses. The results indicated that the respondents were not fully satisfied with the service quality of the online store regarding efficiency, system availability, fulfilment, privacy, responsiveness, compensation, and contact. It was also found that electronic service quality sub-constructs have a positive effect on customer satisfaction. Furthermore, the researcher found that customer satisfaction had a positive effect on customer behavioural intentions. Several implications for practice were provided to the management of online stores to facilitate improvement in their operations.

Introduction and Background

Online shopping refers to the sale and purchase of products via the internet (Rudansky-Kloppers, 2014). Rachamim (2014) noted that there are approximately 24 million online stores worldwide. SA retailers such as Takealot, Makro, and Spree also offer online services in addition to their existing operations. However, the survival of SA online stores is threatened by the competitiveness of international players such as Amazon, eBay, and Google (My Broadband, 2017). According to Brand-Jonker (2017), the online clothing stores Nine West and Mango closed, due to poor financial performance. The adoption of a customer-centred approach is one strategy, among others, that SA online stores can take to remain competitive and relevant. Kotler and Keller (2016) argued that the assessment of customers' perceptions of electronic service quality and its influence on customer satisfaction, is one of the recommended strategies that online stores can employ. According to Kotler and Keller (2016), a good experience of online shopping is facilitated by electronic service quality. Parasuraman, Zeithaml, and Malhotra (2005) proposed the constructs of electronic service quality to include efficiency, fulfilment, system availability, privacy, responsiveness, compensation, and contact. Researchers in marketing and consumer behaviour such as Kotler and Keller (2016), bemoan that most retailers are reluctant to consider customers' perceptions on electronic service delivery. Failure

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to adopt a customer-centred approach results in customer dissatisfaction, reduced sales, dwindling profits, and ultimately the closure of the business.

Customer satisfaction is defined by Zeithaml, Bitner, and Gremler (2009) as a positive attitude that a customer builds upon receiving a service or product. Customer satisfaction occurs when the service delivery matches their expectations, while customer dissatisfaction occurs when service delivery is lower than these expectations. Customer behavioural intention is a reaction that follows after a retail experience (Kotler & Keller, 2016). Customer satisfaction results in positive customer behavioural intentions, including customer referral and repeated purchase, while customer dissatisfaction results in negative customer behavioural intentions. Therefore, it is against this background that this study proposes to assess customers' perceptions of electronic service quality in a SA online store.

Conceptual Framework

This study is based on the concepts of electronic service quality, customer satisfaction, and customer behavioural intentions. It is therefore conceptualised that electronic service quality factors (efficiency, fulfilment, system availability, privacy, responsiveness, compensation, and contact) (Parasuraman et al. 2005) have a statistically significant effect on customer satisfaction, which in turn affects customer behavioural intentions.

The objectives of this study are:

1. To assess customers' perceptions of the electronic service quality of an online store in SA.
2. To determine the effect of electronic service quality on customer satisfaction.
3. To establish the effect of customer satisfaction on customer behavioural intentions.

To address the objectives of the study, the research question is: To what extent does electronic service quality influence customer satisfaction?

The research hypotheses were also formulated as:

- H1: Perceived efficiency has a statistically significant effect on customer satisfaction.
- H2: Perceived system availability has a statistically significant effect on customer satisfaction.
- H3: Perceived fulfilment has a statistically significant effect on customer satisfaction.
- H4: Perceived privacy has a statistically significant effect on customer satisfaction.
- H5: Perceived responsiveness has a statistically significant effect on customer satisfaction.
- H6: Perceived compensation has a statistically significant effect on customer satisfaction.
- H7: Perceived contact has a statistically significant effect on customer satisfaction.
- H8: Perceived customer satisfaction has a statistically significant effect on customer behavioural intentions.

LITERATURE REVIEW

Definition of Online Shopping

Online shopping is a digital-driven process through which customers search for products or services and purchase them through internet connected devices (Rudansky-Kloppers, 2014). Online shopping has four distinct stages that include the storefront, the shopping cart, the payment process, and the order fulfilment. Vazifehdust, Ameleh, Esmailpour, and Khadang (2014) divided online shopping into different components, namely navigation, information search, transactions, and interactions with customers. Rudansky-Kloppers (2014) stated that online shopping allows customers to search for products and services from anywhere in the world, order the selected products and services, decide on the delivery option, and make a payment. The process of online shopping is illustrated in Figure 1.

The online shopping process illustrated by Rukuni (2018) shows that the first step occurs when a customer approaches the online store via the internet, which takes customers to the storefront (Chellapalli and Kumar, 2016), i.e. the first page of the store's website. The storefront provides customers with information such as product and service features, prices, and delivery terms (Akkucuk & Teuman, 2016). The second step in the online shopping process involves the shopping cart and selection of products or services (Al-Nasser, Yusoff & Islam, 2016), and it provides customers with an option to park products or services intended for future purchase, through a wish-list facility.

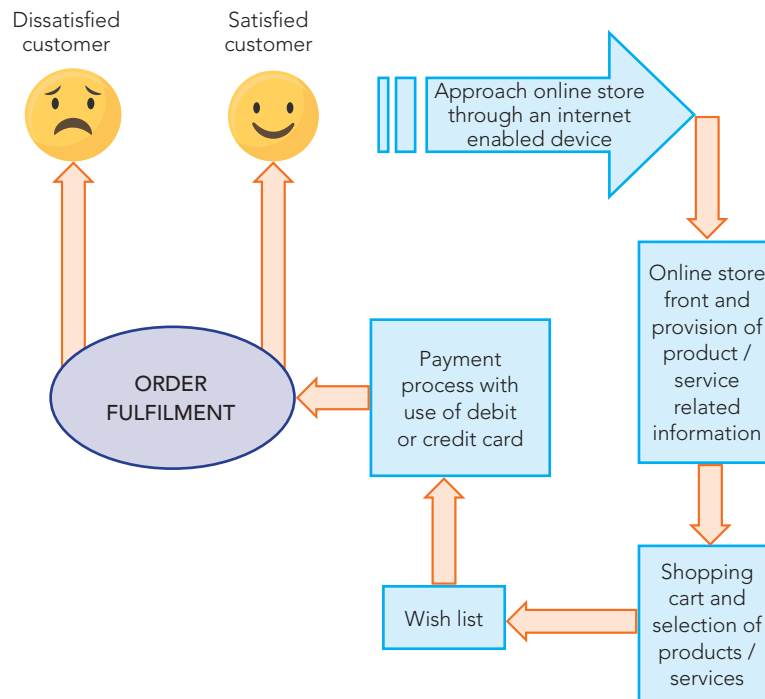


Figure 1: Online shopping operational process
Source: Rukuni (2018)

Ardakani, Ardakani, and Ardakani (2015) indicated that the third step is when a customer intends to purchase the product or service immediately. They then proceed to process the payment by means of a debit or credit card. The fourth step is comprised of an order fulfilment (Rukuni, 2018). At this stage, the online store should deliver the purchased products or services to the address supplied by the customer. The end of the online shopping process is associated with the customer's experience and attitude (Aren, Guzel, Kabadayi & Alkan, 2013). Figure 1 shows that customers can either experience satisfaction or dissatisfaction. This stage does not usually get attention from online stores that do not understand the importance of pre-transactional, transactional, and post-transactional customer satisfaction (Parasuraman et al. 2005). The failure to take the various stages of customer satisfaction into consideration, results in a loss of competitive advantage.

Online Shopping in Different Parts of the World

Online shopping developed all over the world. Statistics supplied by Business Tech (2015) showed that online shopping is practised through Europe, Oceania, South America, North America, and Africa. Oceania is the continent with the highest online shopping usage response rate, with New Zealand (95% participating consumers) that is the most active in this process (Kwarteng & Pilik, 2018). The highest usage in Europe has been identified in Finland (97% participating consumers). The service is just as popular in Canada and the USA (97% and 87% participation). The highest usage for South America was registered in Argentina, at 75%. Figure 2 displays this usage in more detail.

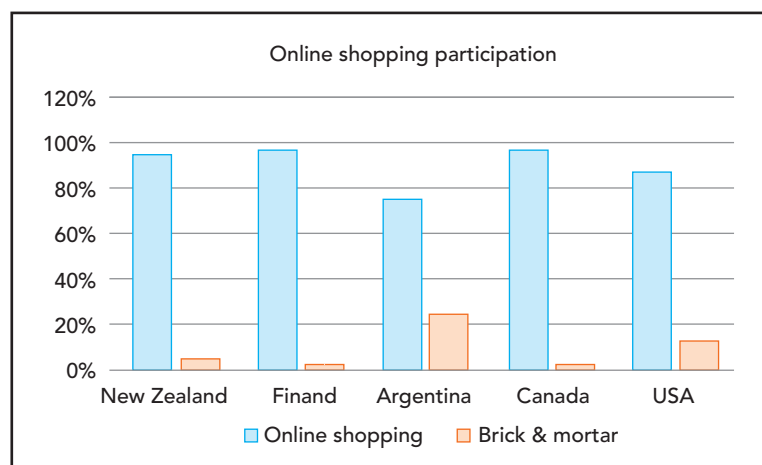


Figure 2: Online shopping participation
Source: Kwarteng and Pilik (2018)

On the African continent, Nigeria has the greatest online shopping activity followed by South Africa and Kenya (Kwarteng & Pilik, 2018). Among the BRICS nations (Brazil, Russia, India, China, and South Africa), SA lags behind Brazil, Russia and China in terms of online shopping transactions, with a 0.9 % purchase rate, followed by India with a 0.7% transaction rate. Brazil accounts for 11%, China for 10.7% and Russia for 4.2 %.

Competitive Pressure in the South African Online Shopping Industry

According to Rudansky-Kloppers (2014) and Vazifehdust et al. (2014), it can be accepted that online shopping is susceptible to competition. This view is further supported by the fact that customers can search for products and services from anywhere in the world. International online stores therefore have the opportunity to tap into world markets, including the SA market, which means that they are in direct competition with online stores in SA. Rachamim (2014) reported between 12 and 24 million online stores in the world, most of which are situated in developed countries, especially the USA (Goldstuck, 2013). Due to the strong competition, only 650 000 are able to generate an income of \$100 000 or more (Goko, 2014).

Customer Satisfaction

Customer satisfaction is an attitude that customers experience upon receiving a service or a product. It is an expression of pleasure or displeasure by a customer after the use of a product or service (Kotler & Keller; 2016; Robbins, Judge, Odendaal & Roodt, 2016). Zeithaml et al. (2009) expressed customer satisfaction as an attitude that is gained from pre-transaction, transaction, and post-transaction, indicating that it is perpetuated through a customer's experience with the online store.

The term 'pre-transaction' refers to the interaction between the customer and online store before a purchase has been made (Khare & Rakesh, 2011). It generally begins with the accessibility of the online store's website, where customers expect to find information regarding products and services. Meeting such expectations will lead to pre-transaction customer satisfaction. During the transactional stage, customer satisfaction is influenced by the selection process as well as the payment procedure (Gupta, Iyer & Weisskirch, 2010). The actual delivery of the product or service is also an important aspect of customer satisfaction during this phase. Post-transaction activities involve contact from the store after the product or service has been delivered.

Theories of Customer Satisfaction

Theories regarding customer satisfaction are critical for understanding the concept. It also validates the importance of customer satisfaction in online stores. Three main theories have been identified, namely the dissonance theory, the contrast theory, and the expectancy disconfirmation theory (Carter, 2010; Shala & Balaj, 2016).

The dissonance theory refers to a state in which a customer has inconsistent thoughts and beliefs about the purchase or service experience (Shala & Balaj, 2016). Robbins et al. (2016) described it as the condition in which a customer experiences a cognitive disagreement when receiving a lower service than expected. Cognitive dissonance is a sign that a customer is unhappy with the purchase experience and that expectations have not been met. The online shopping store should aim towards reducing or removing cognitive dissonance among its customers.

According to Robbins et al. (2016), **the contrast theory** portrays an exaggerated reaction from customers when the delivered product or service did not meet their expectations. Unhappy customers tend to underrate the delivery (Frederick, 2013), but when the product or service delivered meets customer expectation, it does not receive a positive exaggeration. In the contrast theory, the exaggeration of a service occurs in the negative direction.

The expectancy disconfirmation theory argues that customers have specific expectations before a service is received (Kumari & Rani, 2011; Rahman, Khan & Haque, 2012). Customers, therefore, make use of their pre-conceived expectations to assess a service. When expectations are not met, dissatisfaction occurs. When expectations are met or exceeded, satisfaction occurs. In other words, the expectancy disconfirmation theory is based on a logical premise of how customers react to service delivery as influenced by their previous expectations. Consequently, this theory is widely used to present customer satisfaction studies.

The Importance of Customer Satisfaction and Behavioural Intentions

The realisation of customer satisfaction by online stores is essential for maintaining a competitive edge. Customer satisfaction generally leads to repeated purchase, long-term customer relationships, positive word of mouth, expansion of the market, and an increase in sales and profits (Marimon, Vidgen, Barnes & Cristobal,

2010). Consequently, customer satisfaction is critical for the survival of online stores in a competitive environment (Moharrer, Tahayori & Sadeghian, 2013).

According to Robbins et al. (2016), customers are attracted by good service delivery, which could result in repeated purchases. Customers tend to develop an extended purchase pattern with online stores that can satisfy their needs and that understand their requirements (Mozaheb, Alamolhodaei & Ardakani, 2015).

Online stores should focus on long-term customer relationship building, as this will result in multiple purchase actions. Nagra and Gopal (2013) found that customers prefer to conduct business with an online store that values a good relationship. Pandey, Barik, and Soni (2015) argued that successful organisations focus on maintaining good customer relationships, since it is more expensive to get new customers than to maintain the existing ones.

Positive word of mouth is by far the most effective way to attract more customers to an organisation. According to Phang, Kankanhalli, Ramakrishnan, and Raman (2010), satisfied customers spread good word about their experiences to friends and relatives. Online stores should use this cost-effective opportunity to induce positive customer intentions. Customer satisfaction is reflected through financial performance. Online stores generate more sales due to customer satisfaction. Sharma and Lijuan (2015) suggested that satisfied customers prefer staying with the same online store for future purchases.

Factors Affecting Customer Satisfaction and Electronic Service Quality

Electronic service quality is one of the main indicators for customer satisfaction (Parasuraman et al., 2005). To understand how electronic service quality influences customer satisfaction, different models were put in place to explain factors that customers consider when transactions are carried out. Models for electronic service quality are founded on the SERVQUAL model (Parasuraman, Zeithaml & Berry, 1988), which is generally known as a tool for assessing service industries. The SERVQUAL model expresses that services are measured through constructs such as tangibility, empathy, reliability, assurance, and responsibility. Electronic service quality is explained by models such as PIRQUAL, E-S-QUAL and E-RECS-S-QUAL, LEE and LIN, WEBQUAL, SITEQUAL, and SYZMANSKI and HISE. Table 1 illustrates factors that are regarded important for customer satisfaction in online stores.

Table 1: Electronic Service Quality Constructs

| MODELS | CONSTRUCTS |
|----------------------------|--|
| PIRQUAL | Web store functionality, product attribute description, ownership conditions, delivery, customer service and security. |
| E-S-QUAL and E-RECS-S-QUAL | Efficiency, fulfilment, system availability, privacy, responsiveness, compensation and contact. |
| LEE and LIN | Website design, reliability, trust effect and personalisation. |
| WEBQUAL | Usability, design, information, trust and empathy. |
| SITEQUAL | Ease of use, aesthetic design, processing speed and security. |
| SYZMANSKI and HISE | Online convenience, merchandising, site design and financial security. |
| PIRQUAL | Web store functionality, product attribute description, ownership conditions, delivery, customer service and security. |
| E-S-QUAL and E-RECS-S-QUAL | Efficiency, fulfilment, system availability, privacy, responsiveness, compensation and contact. |
| LEE and LIN | Website design, reliability, trust effect and personalisation. |
| WEBQUAL | Usability, design, information, trust and empathy. |
| SITEQUAL | Ease of use, aesthetic design, processing speed and security. |
| SYZMANSKI and HISE | Online convenience, merchandising, site design and financial security. |

Source: Francis and White (2005); Lee and Lin (2005), and Parasuraman et al. (2005)

- The **efficiency** of an online store is expressed through its website. According to Kotler and Keller (2016), the website is regarded as efficient when customers can find what they are looking for. The information should be arranged in such a way that customers can navigate easily to gather the information that they need to make a purchase. The website pages should also load quickly and customers should be able to transact without difficulties (Akkucuk & Teuman, 2016).
- **Fulfilment** is important to maintain customer satisfaction in online shopping operations (Prashar, Vijay & Parsad, 2016). The online store should be in a position to deliver the products or services within the specified time frame and it should have the needed facilities, such as transportation, to fulfil the customer's needs. According to Moharrer et al. (2013), the speed at which the online store delivers the purchased products and services is critical in maintaining customer satisfaction.
- **System availability** assesses the ability of the website to remain online. The website should always be active (Panda & Swar, 2016) and should launch and run immediately when customers are making use of it (Sharma & Lijuan, 2015). It is also important that the website does not crash or freeze when customers are browsing on it.
- During online shopping transactions, there is a trade of information between customers and the online store authorities, such as **personal details and credit card information**. Therefore, customers expect the store to treat the details in a confidential and secure way (Nagra & Gopal, 2013). Customers need to be assured that their information will not be shared with unauthorised parties (Frederick, 2013).
- According to Mokhlis (2012), **responsiveness** refers to the online store's ability to respond to the needs of its customers and should be paramount for online stores. Williams and Naumann (2011) claimed that the handling of product returns should be included in this feature. The online store is also expected to offer meaningful guarantees for products and services that are sold to its customers.
- The element of **compensation** best addresses the post-transactional service for an online store. Customers expect online stores to compensate them for failure to provide the products or service as promised. According to Kotler and Keller (2016), the online store should be in a position to compensate its customers for problems that it creates, for example, when ordered products and services arrive late. The online shopping store should also practise the courtesy of collecting products that customers want to return.
- The provision of **contact** details creates the human element for the online store (Kotler & Keller, 2016) and could lead to customer satisfaction. Shala and Balaj (2016) explained that contact is established through contact numbers and people to speak to when customers call the online store. Marimon et al. (2010) also argued that contact enhances customer satisfaction, since it is able to bridge the gap between customers and the online store.

Empirical Studies and the Development of the Research Gap

The concept of customer satisfaction and electronic service quality attracted the attention of several researchers (Carter, 2010; Akkucuk & Teuman, 2016; Panda & Swar, 2016; Shala & Balaj, 2016). Chen, Tsai, Hsu and Lee (2013) conducted a study on Chinese online stores and found electronic service quality to be influenced by the usability, responsiveness, visual significance, reliability, and information quality. They did not, however, test the efficiency of the online store as an important factor for electronic service quality and customer satisfaction.

Vazifehdust et al. (2014) carried out a study in the Iranian banks' online systems. They established that the critical factors for electronic service quality are usability, website design, reliability, privacy, and responsiveness. This study, however, did not consider fulfilment as an important factor for electronic service quality. It is noteworthy that the Middle East differs significantly from the African countries.

The study carried out by Rudansky-Kloppers (2014) found that convenience and delivery time were the most important reasons for buying online. This finding is contradictory to Ardakani et al. (2015), who found that security has the greatest impact on customer satisfaction in online store operations. However, Rudansky-Kloppers (2014) and Ardakani et al. (2015) did not test the significance of privacy towards customer satisfaction.

Fichardt (2015), Sasikala (2013), as well as Ganguli and Roy (2011), realised that innovative security and continuous encryption have a positive effect on customer satisfaction and they found responsiveness to have a lower effect on customer satisfaction. Sasikala (2013) carried out the study in India, where the environment is quite different from that of SA.

Byamba and Chang (2012) carried out a study on three airlines, namely Atlanta, Emirates, and Hainan, and found that customer satisfaction occurred due to usability, website design, payment security, interactivity, and information quality. Akkuk and Teuman (2016) found that customer satisfaction occurs as a result of payment security and interactivity. The conducted studies presented certain shortfalls that motivate the current study in the South African setting.

Research Methodology

The study employed the positivism research paradigm, which was pursued through a quantitative descriptive research design to assess customers' perceptions of the electronic service quality of a SA online store and determine how it influences customer satisfaction and behavioural intentions. A Survey Monkey questionnaire was selected as the data collection technique, adapted from Parasuraman et al. (2005). The convenience sampling strategy was used for selecting the sample of participants. Objective 1 was measured using descriptive analysis in the form of mean and standard deviation. Inferential data analyses involved the use of reliability and validity tests, as well as correlation and regression analysis. The online store offered a database of approximately 5 000 customers. A minimum sample size of 300 customers participated in the study. Raosoft (2014) was utilised to determine the minimum sample size with a 5% margin of error and 95% confidence interval. A convenience sampling strategy was employed to select the study sample and it was deemed appropriate, based on its cost-effectiveness and timeous nature when collecting data from a homogeneous study population.

The Research Paradigm and Justification

Positivism research paradigm involves gaining knowledge through understanding respondents' experience (Saunders, Lewis & Thornhill, 2012; Stangor, 2011). In this study the customers' experience of online shopping was critical to understand the phenomenon and it was important in providing detail about the store's electronic service quality and customer satisfaction. It was appropriate to make use of the positivism paradigm, since the researcher aimed at gaining knowledge through understanding the respondents' experiences (Saunders et al., 2012; Tavakol & Dennick, 2011), and also due to its ability to produce results that are quantifiable and observable (Blumberg, Cooper & Schindler, 2011).

The nature of the objectives namely, to establish the effect of electronic service quality on customer satisfaction, as well as to determine the effect of customer satisfaction on customer behavioural intentions, required the use of a structured data collection tool (Industrial Research Institute, 2010; Malhotra, 2010). The quantitative research methodology was therefore employed, since it enabled the use of a structured research questionnaire. Maintaining the objectivity of the study, required the use of a method that does not alter or manipulate the research environment. Questionnaires are suitable for maintaining the research environment (Malhotra & Birks, 2007; Hair, Bush & Ortinau, 2006).

Population of Interest

The total population of the study was the 5 000 customers on the data base of a SA online store. A sample of 300 customers were selected through the convenience sampling strategy, to take part in the study. The researcher distributed questionnaires to 320 customers through Survey Monkey. Of the 320 questionnaires distributed, 300 were returned fully completed, resulting in a 94% response rate. The other 20 questionnaires had missing responses and could not be statistically analysed. This higher response rate can be attributed to the mode of questionnaire distribution, which is known to yield an average response rate of 76.9% (Field, 2009).

Data Collection

A structured questionnaire adapted from Parasuraman et al. (2005) consisted of two sections addressing the demographic information of the respondents and the variables relating to the objectives of the study. In order to answer the formulated research question, dependent and independent constructs were used (Field, 2009). Table 2 indicates that there were two dependent variables, each with four questions, and seven independent variables with a total of 26 items. These variables were measured on a 5-point Likert Scale, with 1 = strongly agree and 5 = strongly disagree.

Table 2: Variables Investigated in this Study

| VARIABLE | TYPE OF VARIABLE | MEASUREMENT | NUMBER OF ITEMS | HYPOTHESES |
|---------------------------------|------------------|-------------|-----------------|----------------|
| Efficiency | Independent | Continuous | 5 | H ₁ |
| System availability | Independent | Continuous | 4 | H ₂ |
| Fulfilment | Independent | Continuous | 4 | H ₃ |
| Privacy | Independent | Continuous | 3 | H ₄ |
| Responsiveness | Independent | Continuous | 4 | H ₅ |
| Compensation | Independent | Continuous | 3 | H ₆ |
| Contact | Independent | Continuous | 3 | H ₇ |
| Customer satisfaction | Dependent | Continuous | 4 | H ₈ |
| Customer behavioural intentions | Dependent | Continuous | 4 | H ₉ |
| Total continuous variables | | | 34 | |

Data analysis for this study was conducted through the application of SPSS version 24. The following techniques were used for analysis, based on recommendations by Field (2009):

- *Descriptive statistics* was used to describe the sample’s demographic profile and customers’ perception of electronic service quality.
- *Factor analysis* was used to reduce variables into smaller groups of latent variables and to test validity.
- *Reliability analysis* was done through Cronbach’s alpha to assess the measure of internal consistency of the measurement scales.
- *Correlation tests* were used to determine whether there is a relationship between electronic service quality, customer satisfaction, and customer behavioural intentions.
- *Regression analysis* was used to test the formulated hypotheses.

Ethical Considerations

Meeting ethical considerations is important for all academic studies and it ensures that the rights of respondents are protected throughout. The main ethical issue encountered in this research was that of consent. The researcher obtained consent from participants, reported all results honestly, and ensured that the research conducted did not harm the participants in any way.

Data Analysis and Discussion of the Results

Biographic Characteristics of the Sample

The biographic profiling of the sampled customers showed that there were more male respondents at 51%. Most respondents, at 32% (95), were in the age group of 36 to 45 years. The distribution across the four main races were fairly even, with Black respondents in the majority at 38% (114). The White and Coloured respondents accounted for 21% (62) each, while there were 20% (61) Indian respondents. Most participants held a diploma (38%), followed closely by degrees and post graduate qualifications at 28% and 27% respectively.

Customers’ Perceptions of Electronic Service Quality at the Sub-Construct Level

The perceptions of the respondents were assessed on seven sub-constructs of electronic service quality. These sub-constructs included efficiency, system availability, fulfilment, privacy, responsiveness, compensation, and contact. Compensation had the highest negative customer perceptions, with a mean value of 2.57. This was followed by efficiency, with a mean value of 2.42, responsiveness at 2.38, system availability at 2.36, contact at 2.29, and fulfilment and privacy at 2.18 each. The perceptions that customers have of the seven sub-constructs of electronic service quality, are provided in Figure 3.

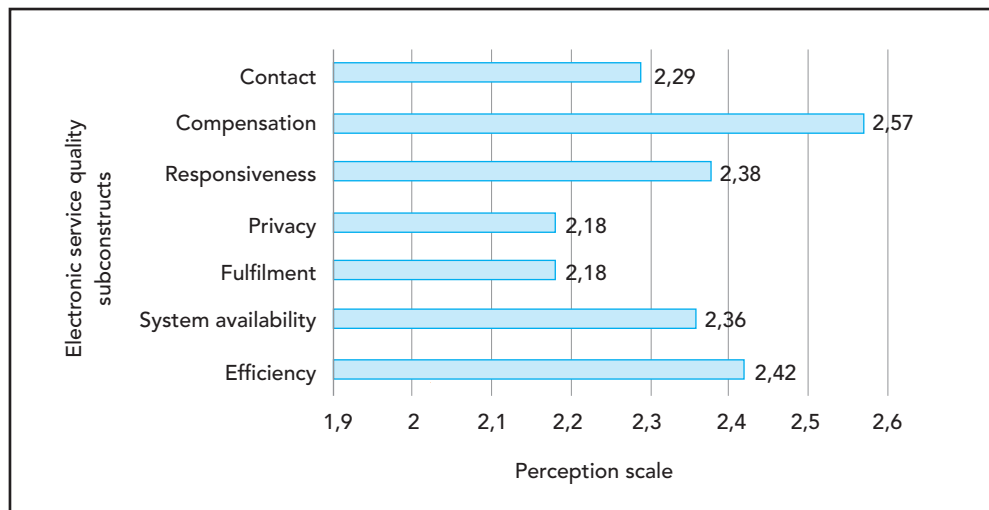


Figure 3: Customers' Perceptions of Electronic Service Quality Sub-Constructs

Customers' Perceptions of Electronic Service Quality at the Item Level

Customers' perceptions of electronic service quality were also assessed on all 26 items employed to measure the sub-constructs. It was found that customers had negative perceptions on all the items that were employed to measure electronic service quality. The ten items with the worst negative perceptions were:

- They pick up items I want to return from my home or business (3.22);
- They offer the ability to speak to a live person if there is a problem (2.55);
- The site offers a meaningful guarantee (2.48);
- They tell me what to do if my transaction is not processed (2.45);
- Pages at the site do not freeze after I enter my order information (2.49);
- Information at the site is well organised (2.4);
- It is easy to get anywhere on the site (2.52);
- The site makes it easy to find what I need (2.49);
- The site enables me to complete a transaction quickly (2.39); and
- The site does not crash (2.35).

Customers' Perceptions of Customer Satisfaction

Customer satisfaction was measured by four items. It was found that participants had negative perceptions of all the items. The mean value for the four items was closely related between 2.34 and 2.84.

Customers' Perceptions of Customer Behavioural Intentions

The four items presented to measure these perceptions were also met with negative results, with mean values above 2.0. From the results it was established that it was very unlikely for participants to recommend the online store to others, with a mean value of 3.01. The mean values of the other three items were very similar, at 2.86, 2.87 and 2.87, respectively.

Validity and Reliability

Validity and reliability were assessed to improve the creditability of this study. Reliability was tested using Cronbach's alpha and the validity of the questionnaire was tested using factor analysis. Cronbach alpha resulted in 0.87 with one sub-construct, namely compensation, not reaching the required threshold, with $\alpha = 0.66$. The results of the Cronbach alpha for the other eight sub-constructs varied from 0.76 to 0.88, indicating reliability.

In this study, 34 items were assessed for construct validity and 31 items proved to be valid. However, it was found that three items for compensation could not reach the minimum required threshold. Based on the results, compensation was excluded for further analysis such as correlation and regression. H₆ which states that compensation has a statistically significant effect on customer satisfaction, is thus rejected.

Correlation Analyses

In order to address Objectives 2 and 3, correlation analysis was employed. Correlation analysis is suitable for measuring the relationship between two or more constructs. To assess the strength of the relationships between constructs, the Pearson coefficient (R-value) and the probability coefficient (P-value) were considered (Saunders et al., 2012:234). The R-value ranges from -1 to 1, where -1 indicates a perfect negative relationship, 1 a perfect positive relationship, and 0 no relationship. The P-value assesses the significance of the R-value results. For statistically significant results $P \leq 0.05$. The results for correlation analysis among electronic service quality constructs, customer satisfaction, and customer behavioural intentions, are provided in Table 3.

Table 3 Correlation Analysis among Electronic Service Quality Sub-Constructs, Customer Satisfaction and Customer Behavioural Intentions

| | FACTORS | | | | | | |
|---------------------------------|---------|------|------|------|------|------|------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| Efficiency | 1 | | | | | | |
| System availability | .61* | 1 | | | | | |
| Fulfilment | .48* | .48* | 1 | | | | |
| Privacy | .48* | .51* | .61* | 1 | | | |
| Responsiveness | .68* | .64* | .47* | .49* | 1 | | |
| Contact | .52* | .43* | .29* | .38* | .48* | 1 | |
| Customer satisfaction | .45* | .40* | .26* | .37* | .42* | .53* | 1 |
| Customer behavioural intentions | .45* | .39* | .14* | .29* | .46* | .57* | .42* |

* = $p < .001$

The results on correlation analysis provide evidence that a moderate positive correlation exists between electronic service quality sub-constructs, customer satisfaction, and customer behavioural intentions. It was appropriate to proceed with regression analysis.

Regression Analysis

The SPSS software was also used to perform regression analysis in order to test the formulated hypotheses. The important coefficients for regression analysis include the beta (β), P-value (significance) and the R². The β -coefficient reflects the R-value, which measures the strength and direction of a relationship between constructs. The P-value measures the significance of the relationship, while the R²-coefficient is the explanatory power of an independent construct on the dependent variables.

- **Hypothesis 1**

Hypothesis 1 states that perceived efficiency has a statistically significant effect on customer satisfaction. Based on the regression analysis findings (r-value = 0.45; p-value = 0.000), hypothesis 1 is accepted at 0.00 significance level. This study therefore found that perceived efficiency has a statistically significant positive effect on customer satisfaction.

- **Hypothesis 2**

Hypothesis 2 stipulates that perceived system availability has a statistically significant effect on customer satisfaction. The findings on regression analysis (r-value = 0.40; p-value = 0.000) indicate that system availability has a statistically significant positive effect on customer satisfaction. This finding therefore confirms that system availability has a statistically significant positive effect on customer satisfaction.

- **Hypothesis 3**

Hypothesis 3 was formulated as perceived fulfilment and has a statistically significant effect on customer satisfaction. The findings on regression analysis (r -value = 0.26; p -value = 0.000) show that perceived fulfilment has a statistically significant positive effect on customer satisfaction. It is therefore confirmed that perceived fulfilment has a statistically significant effect on customer satisfaction.

- **Hypothesis 4**

Hypothesis 4 states that perceived privacy has a statistically significant effect on customer satisfaction. Based on the regression analysis findings (r -value = 0.37; p -value = 0.000), Hypothesis 4 is accepted at 0.00 significance level. This study therefore found that perceived privacy has a statistically significant positive effect on customer satisfaction.

- **Hypothesis 5**

Hypothesis 5 stipulates that perceived responsiveness has a statistically significant effect on customer satisfaction. The findings on regression analysis (r -value = 0.37; p -value = 0.000) indicate that perceived responsiveness has a statistically significant positive effect on customer satisfaction. This finding therefore confirms that perceived responsiveness has a statistically significant positive effect on customer satisfaction.

- **Hypothesis 7**

Hypothesis 7 was formulated as perceived contact and has a statistically significant effect on customer satisfaction. The findings on regression analysis (r -value = 0.53; p -value = 0.000) show that perceived contact has a statistically significant positive effect on customer satisfaction. It is therefore confirmed that perceived contact has a statistically significant effect on customer satisfaction.

- **Hypothesis 8**

Hypothesis 8 states that perceived customer satisfaction has a statistically significant effect on customer behavioural intentions. Based on the regression analysis findings (r -value = 0.42; p -value = 0.000), Hypothesis 8 is accepted at 0.00 significance level. This study therefore found that perceived customer satisfaction has a statistically significant positive effect on customer behavioural intentions.

The findings also showed that perceived contact has the highest explanatory power on customer satisfaction than any other electronic service quality sub-constructs. This is evidenced by $R^2 = 0.28$, which was higher than those of other electronic service quality sub-constructs. Perceived efficiency had the second highest explanatory power on customer satisfaction with $R^2 = 0.20$ perceived responsiveness, followed with $R^2 = 0.18$, perceived system availability with $R^2 = 0.16$, perceived privacy with $R^2 = 0.14$, and perceived fulfilment with $R^2 = 0.07$.

Conclusions and Recommendations

Conclusion on Objective 1

The first objective in this study sought to assess customers' perceptions on electronic service quality of the online store in South Africa. It can be concluded that the participants had negative perceptions of the electronic service quality sub-constructs and all the items measuring electronic service quality. These included efficiency, system availability, fulfilment, privacy, responsiveness, compensation, and contact. Compensation was found to have the highest negative customers' perceptions, followed by efficiency, responsiveness, system availability, contact, fulfilment, and privacy.

Conclusion on Objective 2

The second objective sought to determine the effect of electronic service quality on customer satisfaction. Based on the findings, it can be concluded that electronic service quality sub-constructs have an effect on customer satisfaction. This conclusion also answers the research question: To what extent does electronic service quality influence customer satisfaction? It is concluded that electronic service quality sub-constructs influence customer satisfaction at varying levels. The sub-construct that has the most influence on customer satisfaction was contact, followed closely by efficiency, system availability, and privacy. The least influencing sub-construct was fulfilment.

Conclusion on Objective 3

Objective 3 sought to establish the effect of customer satisfaction on customer behavioural intentions. Based on the findings, it is concluded that customer satisfaction has an effect on customer behavioural intentions.

Summary of the Findings

The findings from the descriptive statistics show that the respondents had negative perceptions on electronic service quality of an online store in South Africa. The results from correlation and regression analysis also showed a positive relationship between the electronic service quality sub-constructs, customer satisfaction, and customer behavioural intentions. Table 4 summarises the hypotheses and major results.

Table 4 A Summary of the Hypotheses and Major Results

| | HYPOTHESES | RESULTS |
|----------------|--|--|
| H ₁ | Perceived efficiency has a statistically significant effect on customer satisfaction. | Accept p < 0.001, r = 0.45, β = 0.45 |
| H ₂ | Perceived system availability has a statistically significant effect on customer satisfaction. | Accept p < 0.001, r = 0.40, β = 0.40 |
| H ₃ | Perceived fulfilment has a statistically significant effect on customer satisfaction. | Accept p < 0.001, r = 0.26, β = 0.26 |
| H ₄ | Perceived privacy has a statistically significant effect on customer satisfaction. | Accept p < 0.001, r = 0.37, β = 0.37 |
| H ₅ | Perceived responsiveness has a statistically significant effect on customer satisfaction. | Accept p < 0.001, r = 0.42, β = 0.42 |
| H ₇ | Perceived contact has a statistically significant effect on customer satisfaction. | Accept p < 0.001, r = 0.53, β = 0.53 |
| H ₈ | Perceived customer satisfaction has a statistically significant effect on customer behavioural intentions. | Accept p < 0.001, r = 0.42, β = 0.42 |

Implications for Theory

This study implies that customers have negative perceptions of electronic service quality sub-constructs that include efficiency, system availability, fulfilment, privacy, responsiveness, and contact. This finding, however, is different from the findings in Shala and Balaj's (2016) and Carter's (2010) studies, which provided evidence that customers had positive perceptions of electronic service quality. This study also implies the existence of a relationship among electronic service quality, customer satisfaction, and customer behavioural intentions. It is implied that efficiency has a statistically significant positive effect on customer satisfaction. This confirms the findings in the study by Akkucuk and Teuman (2016), indicating that efficiency is an important sub-construct of electronic service quality, that has a relationship with customer satisfaction. Chen et al. (2013) pointed out that efficiency alone cannot determine customer satisfaction.

It is also implied that system availability has a statistically significant positive effect on customer satisfaction. This finding is in line with Vazifehdust et al. (2014), yet opposing Ardakani et al. (2015), who found that system availability is not a suitable measure for customer satisfaction. This study also implies that fulfilment has a statistically significant effect on customer satisfaction. Ardakani et al. (2015) and Rudansky-Kloppers (2014) reported similar results. Furthermore, it is implied that privacy has a statistically significant effect on customer satisfaction. The finding confirms the results in Fichardt's (2015) and Sasikala's (2013) studies, which found privacy to be an important influence on customer satisfaction. Chen et al. (2013), however, found that privacy alone is not sufficient in the determination of customer satisfaction.

Further implications of this study show that responsiveness has a statistically significant effect on customer

satisfaction. This is in line with Vazifehdust et al. (2014), who also found that perceived responsiveness has a statistically significant effect, yet Ardakani et al. (2015) found that perceived responsiveness is not a suitable measure for customer satisfaction. It is also confirmed that contact has a statistically significant effect on customer satisfaction, supporting the findings of Ardakani et al. (2015) and Rudansky-Kloppers (2014). It is further implied that customer satisfaction has a statistically significant effect on customer behavioural intentions. The finding also confirms the findings in Akkucuk and Teuman's (2016) study, which found that perceived customer satisfaction is an important construct that influences customer behavioural intentions.

Implications for Practice

This study found that customers had negative perceptions of electronic service quality of the online store in South Africa, and more specifically on efficiency, system availability, fulfilment, privacy, responsiveness, compensation, and contact. It is based on this conclusion that this study provides several recommendations.

- **The online store should promptly pick up products that are due for returns.**

It is critical that the online store addresses product returns to the satisfaction of customers. They should constantly be in touch with their customers to enable a quick response on requests related to product returns. A policy should be developed with regard to the cycle time of collecting products for return from the customer and the replacement of those items. The response to these requests should be quick to ensure customer satisfaction.

- **The online store should have a live person to speak to customers.**

This could be done via telephone or email. The presence of a person to talk to at the online store, brings a human attribute to the store, and it could lead to customer satisfaction when queries and complaints receive appropriate responses.

- **The online store should offer a meaningful product and service guarantee.**

Customers need the assurance that faulty products can be returned or replaced. The terms and conditions of the guarantee should be clearly specified in order for customers to fully understand the aspects covered by the online store.

- **The online store should keep customers informed on the status of their transactions.**

The online store should create and maintain a great level of transparency regarding its transactions. Customers should be able to tell how much they are getting billed and when they will receive their products. This feature could be available on the store's webpage.

- **The online store should ensure that pages on the website do not freeze.**

This could be achieved by employing the services of a capable IT department that enforces the smooth functioning of the online shopping system. The online store should also keep in touch with the ever-changing technological environment.

- **The online store should ensure that the website is well organised and user-friendly.**

The website should be well organised and should have the relevant information. It is further important that information is updated regularly and that negotiation on the website is easy and sensible. It is essential that the website can be easily displayed on a variation of devices such as smartphones.

- **Ensure that the site enable customers to complete a transaction quickly.**

It is therefore important for the online store to make use of effective software that enables the system to run fast.

Limitations of the Study

A limitation identified in this study relates to the data collection method. Since this study was quantitative in nature, the researcher employed a questionnaire. This side-lined other data- collection methods, such as interviews, which could have allowed respondents to provide their own perspective. Another limitation is the study sample that was limited to a single online store. The views of customers of other online stores were not considered. Hence, the findings in this study do not reflect the opinions of all online store customers in SA. An additional limitation is that the study made use of a cross-sectional research approach, which prohibits the investigation of changes in

customers' perceptions. Lastly, only seven sub-constructs of electronic service quality were employed, but there are numerous sub-constructs that could have been considered to fully understand electronic service quality and the perceptions of the customers.

Conclusion

The objectives of this study were threefold. It was concluded that customers had a negative perception of electronic service quality sub-constructs that included efficiency, system availability, fulfilment, privacy, responsiveness, compensation, and contact. It was also concluded that electronic service quality sub-constructs have a positive effect on customer satisfaction. Furthermore, the researcher found that customer satisfaction has a positive effect on customer behavioural intentions. Several implications for practice have been provided to the management of the online store to facilitate improvement in their operations.

Acknowledgements:

We would like to sincerely thank the Tshwane University of Technology for making this study possible.

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RELATIONSHIP BETWEEN IN-STORE PROMOTIONS AND CONSUMER BEHAVIOUR IN SHOPPING MALLS IN SOUTH AFRICA

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Abstract:

Promotions of products and services close to the point of purchase is a reality to many companies. These promotions include the demonstration of products, price discounts and free samples. This paper sets out to determine the influence of in-store promotions on consumer behaviour. The study sampled 200 middle-of-the-month and month-end shoppers in four of the largest shopping malls in Polokwane, South Africa among. The paper was designed along quantitative method dicta and the primary data were collected by means of a questionnaire. Data were analysed via IBM Statistical Package for the Social Sciences (SPSS) software, and presented in graphs and tables for easy interpretation. The results and knowledge gained from this study add to the existing body of knowledge in the discipline, and it might assist shop managers in finding the most suitable methods for in-store promotions. All ethical requirements were considered during the course of the study. The outcome of the study indicated a statistically significant relationship between consumer behaviour and in-store coupon offers. However, the association analysis results for the enjoyment of in-store promotions, in-store free samples, in-store buy-one-get-one-free offers, and in-store price discounts, failed to provide any evidence of association with consumer behaviour.

Keywords: *Consumer behaviour, coupons, discount, free samples, in-store promotions, product demonstrations*

Introduction

In-store promotions were found to directly influence consumers' purchase intentions and behaviours. These promotions are increasingly utilised as marketing communication techniques that target specific consumer segments to increase the sales of products and services (Kotler & Keller, 2016) by temporarily changing a brand's perceived value. Very little research has been conducted on consumer behaviour with regard to in-store promotions in an emerging market such as South Africa.

The lack of understanding of customer shopping patterns and behaviour is evidenced by the understocking of preferred products, poor packaging of service offerings, and sub-standard after-sales services. More knowledge on this subject will assist companies to identify key variables that influence consumer behaviour and that align them to the company's strategic objectives. The need to maintain a competitive advantage further necessitates increased investment in understanding the consumer behaviour by observing customer perception, cognition, preferences, and choices of in-store promotions.

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Background

The global economic recession has negatively impacted the retail sector through slow growth and fickle shoppers (De-Marchi, Lee, & Gereffi, 2014). This led to heavy discounting and substantial in-store promotions, improving sales but not profit (Ben-Shabat, Moriarty, & Neary, 2010; Deloitte Touche Tohmatsu, 2010). Companies need to plan trade promotions efficiently to maximize their effect. Promotions should be integrated into an overall marketing and key account trading strategy (Guissoni, Sanchez, & Rodriguez, 2018).

Large global retail chains have expanded throughout South African markets. A major result has been an increase in price competition, creating a larger variety of pricing formats and promotional offers. Retailers now make use of a wide range of promotional tools to generate traffic and increase purchase levels, such as discount coupons, product displays, eye-catching signs, discounted pricing, and free additional product promotions (Heilman, Lakishyk, & Radas, 2011; Manzur, Olavarrieta, Hidalgo-Campos, & Farias, 2014).

In-store promotion strategies mainly refer to discounted prices, free product samples, product displays, and coupons (De-Marchi *et al.*, 2014; Phillips, Parsons, Wilkinson, & Ballantine 2015; Foxall, 2016). Fam, Merrilees, Richard, Jozsa, Li, & Krisjanous (2011) investigated available in-store marketing options, based on their strategic marketing objectives that is either a high-profile marketing strategy or a discount marketing strategy. In a high-profile marketing strategy, high-end value customers and prestigious clients are targeted by creating high brand value and pricing power. A discount marketing strategy, on the other hand, uses discount pricing to sell low-priced products in high volumes (Fam *et al.*, 2011).

Some supermarkets rely more on product quality, assortments, and conservative price promotions to attract different markets. These groups often refuse to modify price promotions daily to match those who rely primarily on price discounting to stimulate sales. Trade promotions, which are backed up by special in-store displays and advertising, proved to generate an increased sales volume of up to ten times more during the promotional period than those unsupported by in-store activity (Manzur *et al.*, 2014). Research found that many purchases are based on the retrieval of explicit memories of an advertisement, while others are based on implicit memories (De-Chernatony & Martinez, 2013). Impulse buying may therefore be triggered by unconscious memories of advertising, reaching consumers through a variety of promotional channels (Hultén & Vanyushyn, 2014).

Ernst & Young (2018) suggested that manufacturers are very concerned about the spiralling costs of trade promotional expenditure, while they have very little understanding of their return on investment. Some of the in-store promotion strategies include price, samples, product displays (demonstrations), and coupons. Price promotions refer to a reduced price for a given quantity, or an increased quantity available at the same price, thereby adding value and creating an economic incentive to purchase (Huang, Chang, Yeh, & Liao, 2014). Two methods of offering competitive pricing, recognised by consumers as signals of low prices, are EDLPs and PMGs (White & Yuan, 2011; Foxall, 2016). EDLP refers to a constant, lower, everyday price with no temporary price discounts. These may also serve as signals of the nature or integrity of the advertised price. A PMG seller promises to match the lowest price that consumers can find elsewhere within a designated period.

Price promotion strategies are ongoing in nature rather than time-limited offers. They do not try to create a sense of urgency or immediacy to prompt a purchase. Their implicit underlying assumption is that most consumers do not want to spend too much time finding the lowest available price (Lindsey-Mullikin & Petty, 2011). Pricing and promotions are at the heart of the free market economic system.

Sampling is an effective way to introduce a new product or create new excitement for an existing one. Heilman *et al.* (2011) and Manzur *et al.* (2014) presented some of the first known field studies that examined the effect of samples on consumer behaviour. It mainly occurs in a public setting at the point of purchase, and it may be affected by a variety of environmental or situational factors such as the way in which the sample is presented, the presence of other promoters, and whether the consumer was planning a purchase in that specific category that day. One obstacle of in-store sampling is the lack of control over who ultimately receives the promotion (Heilman *et al.*, 2011). Understanding consumers' motives for accepting or rejecting free in-store samples can be advantageous to marketers to increase the trial rate of such promotions. Heilman *et al.* (2011) further suggested that trial rates for free samples might increase if the samples were distributed at appropriate times, for example, food samples can be distributed right before lunch or dinner. It might also be more effective on days when consumers are more likely to purchase in a specific category, such as products with shorter inter-purchase cycles.

In-store product displays refer to product demonstrations and signage that draw attention to certain items and special offers. The positive effect of these promotions on impulse buying is confirmed in many studies (Peck & Childers, 2006; Puccinelli, Goodstein, Grewal, Price, Raghuram, & Stewart, 2009). Studies indicated that impulse buying is not only due to in-store stimuli of product demonstrations (Stilley, Inman, & Wakefield, 2010), but that other promotional activity is vital in inducing such purchases. Consistent with the industry adage that unseen is unsold, the belief is that seeing an advertisement about a product might cause implicit memories, which might affect impulse buying.

Retailers found that over 50% of mall shoppers make impulse purchases (Dawson & Kim, 2010). To increase the number of such purchases, retailers work with store designs, package designs, and product displays to attract shoppers' attention (Lee & Kacen, 2008; Pentecost & Andrews, 2010). In-store promotion facilitates knowledge on impulse buying behaviour by examining the product-specific impulse tendency, which is defined as the degree to which consumers make impulse purchases of a particular product category (Soars, 2009).

Coupons are certificates that give buyers a saving when they purchase specified products (Kotler & Armstrong, 2018). Consumers who search for product information, appear to be particularly susceptible to coupons offering price-discounts. Hence, envelopes and flyers signalling discounted prices, might attract these shoppers to the store (Hultén & Vanyushyn, 2014). Retailers often devote one day or more each week to circulate coupons as an alternative to in-store promotions.

Kotler and Armstrong (2018) defined consumer behaviour as the buying behaviour of final consumers, individuals, and households who buy goods and services for personal consumption. Consumer behaviour includes all the related activities of consumers, from the pre-purchase phase when they choose a product or service, through to the post-purchase phase (Schiffman & Kanuk, 2010; Solomon, 2010). It can also be described as a multitude of mental and physical processes associated with consumer decision-making. Companies make use of consumer promotions to increase trials, attract brand switchers, motivate price-sensitive buyers, encourage repeat usage, or to provide added value. The effects of price promotions in different industries may differ due to the various characteristics of the products (Huang *et al.*, 2014). Prior research investigated how unilateral promotions affect consumer store choice behaviour (Phillips *et al.*, 2015). However, few researchers examined the effect of price promotion strategies on consumer price perceptions, search behaviour, and purchase intentions (Dawes, 2018; Gielens & Gisbrechts, 2018).

Search behaviour refers to the actions of consumers in need of a product (Hofacker, 2016). They can either buy the product immediately from a previously identified store, or they can search for alternative offers. Consumers, however, incur costs during the search with regard to time, mental and physical effort, and travelling costs. Although a thorough search might lead to the lowest priced product, the cost of the search increases. Therefore, one goal of price promotion strategies is to reduce consumer search behaviour by changing the mind of the consumer in search of low prices (Gielens & Gisbrechts, 2018). Consumers do not always check prices, because they believe that the limited total saving is not worth the time or effort (Yeo & Calantone, 2015). Consequently, perceived price levels in stores constitute an important competitive tool for retailers. Various studies indicated a store's perceived price level as either the first or the second most important patronage criterion (Gauri, Ratchford, Pancras, & Talukdar, 2017; Dawes, 2018).

Studies further showed that most consumer decisions are only made in store, with up to two-thirds of brand decisions that are made in store. This is particularly true for supermarket purchases, but also applies to other retail categories (Dutta, Biswas, & Grewal, 2011; Gauri *et al.*, 2017; Guisconi *et al.*, 2018). The most influential factors of in-store purchase decisions have been identified as reduced prices, in-store promotions, displays, store atmosphere, service, stockouts, and store layout (Alvarez & Casielles, 2005; McWilliams & Gerstner, 2006).

Consumers generally perceive a certain amount of risk in trying a new product (Lamb, Hair, McDaniel, Boshoff, & Terblanche, 2009). Studies in the popular press on in-store sampling found that 92% of consumers would rather be presented with a free sample, than with a discount coupon while in the store. Nearly 70% of shoppers will try an in-store sample if approached, and 37% will buy a product once sampled. In-store samples can increase sales of the sampled product by as much as 300% on the day of the promotion (Heilman *et al.*, 2011). These findings offer that new products have a high trial rate, and sampling is an effective method to encourage trial among consumers (Vlachvei, Notta, & Ananiadis, 2009).

When shoppers are pressurised for time, they tend to make more unplanned purchases. Therefore, they tend to respond more positively to the various elements of promotional campaigns. Proposals of Stilley *et al.* (2010) and Islam (2016) indicated that the effectiveness of a shop's in-store promotion is dependent on synergies with advertising messages, making it attractive for consumers to visit the shop. One applicable generalisation from literature is that consumers are highly amenable to contextual cues in information supplied in price offers. This may motivate apparent irrational decisions (White & Yuan, 2011; Hardy, Macrury, & Powell, 2018). Based on an economic interpretation, consumers' perceptions of prices are influenced when the saving is obtained, as well as the effort to get it. Research particularly found that consumers' future price expectations are higher after redeeming coupons, because the savings are not realised immediately and they entail considerably more effort on the part of the consumers. Jia, Yang, Lu, & Park (2018) found that the relationship between coupon face value and consumer spending level may not always be intuitively positive.

In-store promotions such as a 50% discount, have been identified as offering the lowest expenditure and greatest saving for the consumer in terms of total expenditures. It also offers the consumer freedom of choice in how to allocate these savings, because unlike the volume and mixed offers, the consumer is not forced to buy more or accept more products to take advantage of the deal. Gauri *et al.* (2017) disputed that heavily discounted items will lead to additional store traffic, especially when the featured categories are high-penetration products. Promotions of branded items are found to be more effective than promotion of unbranded items. These discount offers could therefore affect store preference significantly.

Buy-one-get-one-free promotions appeal differently to customers, based on how they perceive it (Lim *et al.*, 2016). An extra-product promotion such as buy-one-get-one-free, might be perceived more favourably than a mixed promotion, such as buy-two-at-50%-discount, to buyers who do in fact distinguish between the two. Dawes (2018) suggested that consumers perceive deals that are framed as presenting gains ('... get-one-free') as more attractive than those that are framed as reducing losses ('... 50% discount').

Hultén and Vanyushyn (2014) found that consumers with a positive attitude towards direct-mail marketing and television commercials also respond positively to in-store promotion. Hence, there are interactive effects among the three promotional channels that increase shoppers' general impulse purchase tendencies. The frequency of exposure to in-store promotions also has a significant effect on this tendency. In the USA, nearly half of the large retailers are making use of price promotions (Borges & Babin, 2012). Since EDLP and PMGs are easy to copy, their use increases, making the low-price signal less distinctive. Borges and Babin (2012) therefore suggested that the increase in signals will reduce consumer perception of low prices, but it will make them more aware of potential price heterogeneity and search benefits. Therefore, search actions might increase, preventing immediate purchase intentions and minimising the positive effects of price promotion strategies in creating differentiation.

A few empirical studies reported that price promotions had a positive effect on perceived quality and brand evaluations. On the other hand, some researchers have argued that there is no significant relationship between price promotions, repeat-purchase behaviour, and brand evaluation (Huang *et al.*, 2014). Possible explanations for these inconsistent findings may include differences in product categories, the nature of the promotional activities, and consumer characteristics (Montaner & Pina, 2008). Seven key marketing activities were found to distinguish high and low performance retailers regarding in-store promotions, namely distribution, market research, setting prices, finance, product management, promotional channels, and matching products to consumers.

Consumer experience may also moderate the effects of price promotions. Shen *et al.* (2007) found that loyalty had a moderating effect on price promotions. Price incentives can enhance the brand effect on high-loyalty consumers of a non-prestigious brand. However, they can decrease the brand effect on high-loyalty consumers of a prestigious brand. Price incentives had no impact on the brand effect on the low-loyalty consumers of prestigious and non-prestigious brands (Huang *et al.*, 2014).

A study by Heilman *et al.* (2011) suggested that free sampling is very effective in inducing trial, especially among lower educated consumers. For consumers who are planning to buy a product in the promoted category, free sampling can encourage switching from the planned to the promoted brand. For consumers who did not have such plans, free sampling can draw them into the category and encourage category purchase. The interaction between the promoter and samplers, and among samplers, also seems to boost post-sample purchase occurrence. The study also found that although most consumers look forward to free samples, there was no indication that free samples enhance consumers' perceptions of the stores that provided them.

Hultén and Vanyushyn (2014) investigated the effects of promotion in France and Sweden. The responses to interactive effects between internal and external promotion sources indicated that the positive recall of commercials might evoke latent wants when the products are on display in the store. There is also evidence that touching products and trying on clothes in a shop can increase the likelihood of a shopper making an impulse purchase (Peck & Childers, 2006; Soars, 2009). Research thus identified that there is a relationship between the consumers' positive response to in-store promotion and their general impulse purchase tendency.

A meta-analysis from DelVecchio, Hernad and Freling (2006) suggested that sales promotion can either increase or decrease post-promotion brand preferences, depending on characteristics of the sales promotion and the promoted product. Nusair, Yoon, Naipaul and Parsa (2010) also indicated that the type of service or product was a critical factor in consumer perceptions of price discounts. Yoon Laurent, Fung and Gonzalez (2005) further confirmed that consumers perceived and evaluated price promotions differently in hospitality and non-hospitality industries. Montaner and Pina (2008) also observed that the effect of price promotions on consumers' evaluations of brand image, was moderated by the product category (Huang *et al.*, 2014).

Research on the effects of in-store promotions on consumer brand evaluations has yielded contrasting results. Some studies have shown distinctly negative effects of in-store promotions on consumer quality and satisfaction evaluations, whereas others have shown positive or non-existent effects (Huang *et al.*, 2014; Phillips *et al.*, 2015). The question of the effect that in-store promotions have on the perceptions and purchase intentions of South African consumers, remains unanswered. It is in this context that the current study examined the effects on consumer behaviour of everyday low prices (EDLP) and price matching guarantees (PMG). Other considerations were free samples, product displays, and coupons that were used as in-store promotion strategies in Polokwane malls in South Africa (Heilman *et al.*, 2011; Manzur *et al.*, 2014).

Aims

The primary objective of the study is:

- To determine the relationship between in-store promotions and consumer behaviour at selected malls in Polokwane.

The secondary objectives for the study are:

- To examine whether shoppers' response to promotional offers varies across the different types of in-store promotions regarding coupons, price discounts, free samples, buy-one-get-one-free, and product demonstrations.
- To examine the consumers' preferences in relation to in-store promotions.

Methods

The researcher adopted an empirical quantitative study approach. The study is cross-sectional and longitudinal as data collection took place in the middle and at the end of the month over two months. Survey research was used for the study by posing a series of questions from structured questionnaires to shoppers concerning their opinions of in-store promotions in the selected shopping malls. The study subscribed to the objectivist approach as an anchoring paradigm to provide direction to the course of the investigation. Specifically, the post-positivist philosophy was embraced as a sound paradigm for the collection, assimilation, analysis, presentation, and interpretation of the research findings.

The population targeted for this study was shoppers in selected shopping malls in Polokwane. The sample consisted of 200 shoppers (100 female and 100 male consumers) at four popular malls in Polokwane with in-store promotional activities. A minimum sample size of 196 shoppers was required with an expected sampled proportion of 15%, a margin of error of 5%, and a confidence level of 96%. The sample size was adjusted to 200 shoppers to accommodate the non-responses.

The primary data were collected through mall intercept surveys. This entailed engaging shoppers in a shopping mall, qualifying them, and thereafter, conducting the interview. Data collection was done in the middle and at the end of the month. The questionnaire obtained the following information:

- Opinions of shoppers on how in-store promotions influence their buying behaviour, specifically their brand loyalty and brand switching.
- Purchase acceleration, stockpiling, product trial, as well as preferred products or services to be promoted using in-store promotions.
- The shopping and demographic profiles of the respondents.

The analysis of the survey data was conducted using the SPSS. To measure the association between independent and dependent variables, which are both categorical in nature, the Chi-square test was employed. Reliability refers to the ability of a research instrument to continuously render similar results (Heale & Twycross, 2015). The authors identified three attributes or qualities that infer reliability, namely stability, homogeneity, and equivalence (Heale & Twycross, 2015). This study tests these attributes through the survey instrument. This study ensured validity by utilising a well-structured questionnaire that was administered to all the participants, and that successfully and consistently gathered the same type of data from the survey participants.

Research ethics can be defined as the standards of the researcher’s behaviour in relation to the rights of those who become the subjects of a research project or who are affected by it (Saunders et al., 2012:680).

- The researcher focused on the research questions and did not interfere in any way that could jeopardize the integrity of data or the study as a whole.
- The researcher was the only resource for data collection and the identities of the respondents are protected. There were no unpleasant or damaging effects on the individual, the team, or the workplace.

The study developed a framework from existing literature with which to assess consumer behaviour. Only components pivotal to this research were involved. The developed structure is not exhaustive and it creates the opportunity for future research in the area of consumer behaviour. The sample size of the study is relatively small and targeted only four malls. This makes it difficult to find significant relationships, as statistical tests require larger sample sizes to ensure a representative distribution of the population.

Results

Figure 1 shows the distribution of respondents among the four targeted malls in Limpopo. Most of the participants were shopping at the Limpopo Mall, (42.5%). This was followed by the Mall of the North (28%), Savanna Mall (18% and finally, Lebowakgomo Mall (11.5%). Slightly more females took part in the study (53% to 47%) and most participants (63.5%) belonged to the youngest age group – 18 to 25 years old, with 46.5% with a matric qualification, diploma, or degree as the highest qualifications. The participants mostly belonged to the lower income group, with 62.5% earning less than R5 001 per month.

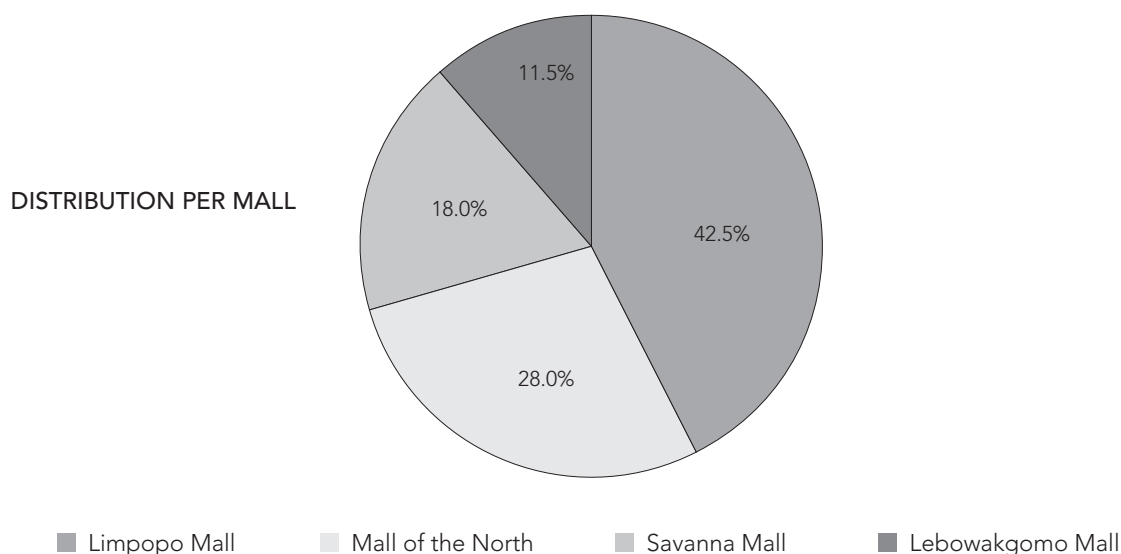


Figure 1: Distribution within the targeted malls

Primary data was collected and used in the investigation and analysis of the association between in-store promotions and consumer behaviour. For the analysis to be affected efficiently, appropriate data extraction was carried out to isolate the questions that were most aligned with the research questions. The participants’ feedback was coded and analysed using the SPSS analysis toolkit.

From the research topic it is expected that consumers will adjust their purchasing habits based on the promotional strategies adopted in stores. It therefore suffices to have consumer behaviour as the dependent or outcome variable, since it might highlight the different shifts due to in-store promotions. The statement from the questionnaire that was deemed the most appropriate was: I am a person who makes unplanned purchases? The results indicated that most of the respondents (61% in total) agreed to some extent with this statement, while 39% disagreed.

The independent variables were chosen, based on the in-store promotion strategy they referred to. The responses were categorical in nature and were guided by a 6-point Likert scale, with 1 = completely disagree and 6 = completely agree. A total of five explanatory variables were selected and questions that closely matched these variables were identified and analysed. These five variables that were investigated with the most appropriate questions and the recorded responses were:

- I enjoy in-store promotion environments.
- A coupon has allowed me to buy more quantities of the same product.
- I choose my grocery store based on the free samples they provide.
- A buy-one-get-one-free has led me to buy the product earlier than planned.
- I have favourite brands, but most of the time I buy a brand that offers price discount.

Cronbach's alpha was used to measure the reliability of the questionnaire that was used to collect the primary data. The questionnaire had a total of 14 items, but only 13 were assessed. Cronbach's alpha was not computed for the question: *Do you use in-store promotional free samples?* This is because, unlike the other 13 questions, this question is not a scale question or statement, but rather a dichotomous question with only two possible answers.

The Cronbach's alpha computed for the 13 items as shown in Table 1. The alpha value for the question, *A buy-one-get-one-free has led me to buy the product earlier than planned*, amounted to 0.5951, and it was the only item valued less than 0.60. The alpha values for the other statements ranged between 0.6056 and 0.6765. None of the statements valued above 0.70. The overall test scale alpha value was 0.6576, which means that the reliability of the 13 statements were moderately acceptable.

Table 1: Cronbach's alpha calculation for thirteen questionnaire items

| ITEMS | OBSERVATION | SIGN | ITEM-TEST CORRELATION | ITEM-TEST CORRELATION | AVERAGE INTER-ITEM CORRELATION | ALPHA |
|---|-------------|------|-----------------------|-----------------------|--------------------------------|--------|
| Q1. I enjoy the in-store promotion environment. | 200 | + | 0.3632 | 0.1991 | 0.1356 | 0.6531 |
| Q2. I am a person who makes unplanned purchases. | 200 | + | 0.2163 | 0.0434 | 0.1484 | 0.6765 |
| Q3. When I see something that really interests me, I buy it without considering the consequences. | 200 | + | 0.4226 | 0.2646 | 0.1304 | 0.6428 |
| Q4. I avoid buying things that are not on my shopping list. | 200 | + | 0.2560 | 0.0846 | 0.1449 | 0.6704 |
| Q6. A coupon has allowed me to buy another brand, which I do not regularly buy. | 200 | + | 0.4165 | 0.2578 | 0.1310 | 0.6439 |
| Q7. A coupon has allowed me to buy more quantities of the same product. | 200 | + | 0.3794 | 0.2169 | 0.1342 | 0.6503 |
| Q8. If a brand offers a price discount, that could be a reason for me to buy it. | 200 | + | 0.4670 | 0.3147 | 0.1265 | 0.6349 |
| Q9. When I buy a brand that had a discounted price, I feel that I am getting a good buy. | 200 | + | 0.4895 | 0.3404 | 0.1246 | 0.6307 |
| Q10. I choose my grocery store based on the free samples they provide. | 200 | + | 0.3874 | 0.2256 | 0.1335 | 0.6490 |

Table 1: Cronbach's alpha calculation for thirteen questionnaire items (CONTD.)

| ITEMS | OBSERVATION | SIGN | ITEM-TEST CORRELATION | ITEM-TEST CORRELATION | AVERAGE INTER-ITEM CORRELATION | ALPHA |
|--|-------------|------|-----------------------|-----------------------|--------------------------------|--------|
| Q11. I do my grocery shopping when I know there will be free samples. | 200 | + | 0.4518 | 0.2974 | 0.1279 | 0.6376 |
| Q12. A buy-one-get-one-free has led me to buy the product earlier than planned. | 200 | + | 0.6669 | 0.5518 | 0.1091 | 0.5951 |
| Q13. A buy-one-get-one-free has led me to buy more quantities of the same product. | 200 | + | 0.6170 | 0.4907 | 0.1135 | 0.6057 |
| Q14. I have favourite brands, but most of the time I buy a brand that offers price discount. | 200 | + | 0.6176 | 0.4914 | 0.1134 | 0.6056 |
| Text scale | | | | | 0.1287 | 0.6576 |

Chi-square analysis was employed to determine the relationship between in-store promotions and consumer behaviour. Cross tabulation tests were performed to establish the strength of such relationships. The results of Question 2, as the dependent variable, and Questions 1, 7, 10, 12 and 14, as the independent variables, were used for the analysis.

Table 2 presents the chi-square and p-value for each set. From these results, only one relationship has been identified, namely the influence of in-store coupon promotions on consumer behaviour, with a p-value of 0.04, which is below the critical value of 0.05. As a result, it is concluded that there is a statistically significant association between consumer behaviour and in-store coupon offers, i.e. consumers who buy more quantities of the same product as a result of coupons tend to elicit a similar behaviour with regard to making unplanned purchases.

Table 2: Cross-tabulation results

| RELATIONSHIP | CHI-SQUARE | P-VALUE |
|--------------|------------|---------|
| Q2 vs Q1 | 25,061 | 0,459 |
| Q2 vs Q7 | 38,357 | 0,043 |
| Q2 vs Q10 | 27,955 | 0,310 |
| Q2 vs Q12 | 28,563 | 0,283 |
| Q2 vs Q14 | 31,099 | 0,186 |

The results from the statistical analysis indicated that there was no association between consumer behaviour and enjoyment of in-store promotions. Lindsey-Mullikin and Petty (2011) pointed out that many consumers do not want to spend too much time finding the lowest available price. Based on the literature and the study results, it could therefore be concluded that the level of enjoyment consumers derived from in-store promotions does not influence their purchase behaviour.

Discussion

From the five different strategies of in-store promotions investigated in this study, the only statistically significant association was found between consumer behaviour and coupon offers. This is in line with the literature by Hultén and Vanyushyn (2014), who suggested that consumers who engage in information search, appear to be particularly

susceptible to coupons offering price discounts. The significance of coupons are also supported by Kotler and Armstrong (2018), who found that coupons can promote early trial of a new brand, or stimulate sales of a mature brand. This result, however, opposes the findings of Jia et al., (2018), who indicated that the relationship between coupon face value and consumer spending level may not always be intuitively positive.

The research evidenced no statistically significant association between free samples offered in stores and consumer behaviour. This finding contradicts the findings of Ho, Ganesan, and Oppewal (2012). Based on the literature by Lamb et al., (2009) and Heilman et al. (2011), the value of free samples is in exposing customers to new products or brands, therefore, overcoming the perceived risk in trying unknown products. According to Ofosu-Boateng (2020) and Heilman et al. (2011), a shortfall of free samples is a marketer's lack of control over who ultimately receives the promotion.

With regard to buy-one-get-one-free offers, the findings indicated no statistically significant relationship with consumer behaviour. The study found this result particularly interesting, because this offer implies a 50% discount and the expectation is that consumers would react positively to the promotion. Literature by Dawes (2018) indicated that the presentation of this offer influenced the perception of the customer either as a real gain, or as a reduced loss.

No significant statistical association was found between consumer behaviour and in-store price discounts. According to Johnen and Schnittka (2020), everyday low prices involve setting lower average prices and eliminating, or at least strongly reducing, the difference between regular and promotional prices. The result could imply that if the discount is not enticing enough, the pattern of the consumer behaviour will not be altered.

Finally, for the variable relating to product demonstration as in-store promotions, the research study found no evidence that would imply any association with consumer behaviour. The findings could imply that the timing of the promotion plays a role, as found by Gurau and Tinson (2003) and Sheehan and Van Ittersum (2001), regarding customers' responses to Christmas displays.

Conclusions

From the results of the study, coupons are the most effective promotional offer. Store managers could make use of this method to increase immediate sales and draw customers to their stores. Based on the literature by Manzur et al. (2014), the promotions must be backed up by store activity, such as attractive displays and ensuring sufficient availability of products.

It is further recommended that alternative methods of in-store promotions should not be abandoned, but that managers should find ways to improve these methods. For example, a free sample of the product offered by a coupon, might assist a customer to overcome their fear of an unknown product and motivate purchases. Managers should also identify the actual customer and ensure that promotional offers reach the correct target market.

White and Yuan (2012) suggested that promotions should be integrated into an overall marketing and key account trading strategy. These promotions should be customer-centric and should lead to customer retention and reinforce brand loyalty. Managers should therefore carefully review the success and failure of past promotions to identify the value, focal point, and timing of future promotions.

The study contributes to knowledge on the relationship between in-store promotions and customer behaviour. The use of coupons was identified as the most successful method of in-store promotions. Managers could make use of the findings of this study to better plan their promotional offers for increased results. This study set out to determine the influence of in-store promotions on customer behaviour. It was found that the offer of coupons is the most significant method of promotions.

This study merely scraped the surface of this topic. Future research in the field can be conducted in a much wider geographical setting to establish the influence of location on in-store promotions. The demographical information and income could also be used as influencing factors. A qualitative study in this field could further explain the reasons why customers are not influenced to the extent that one would expect, by factors such as the buy-one-get-one-free offer.

Acknowledgements:

We would like to sincerely thank the Tshwane University of Technology for making this study possible.

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LIVED EXPERIENCES OF WOMEN ENTREPRENEURS IN MASVINGO CITY: SUCCESSES, FAILURES AND SURVIVAL STRATEGIES

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Abstract:

There has been a significant increase in the number of women entrepreneurs in various sectors of the economy throughout the world. Some women entrepreneurs registered some success stories, while others dismally failed and ended up poorer than they were before they started their businesses. The main purpose of this study was to establish the successes, failures and survival strategies of women entrepreneurs in Masvingo city, Zimbabwe. A qualitative research methodology was employed to carry out the study. Face-to-face semi-structured interviews were conducted on 40 (forty) participants who were selected by using the snowball sampling technique. Thematic data analysis approach was utilized to analyse the collected data. It was found that despite some registered failures and challenges like failing to retain staff, failing to raise adequate capital, and failing to access advanced technology, a significant number of women entrepreneurs were generally successful in launching, maintaining and growing their businesses. The strategies which women entrepreneurs employed to survive, included among others, buying raw materials or goods for resale in bulk to enjoy the economies of scale; pegging prices and selling their products in United States Dollars (USD); pegging prices in USD and selling products at the prevailing Zimbabwean Dollar exchange rate; or hiring competent staff to ensure that workers were appropriately motivated. It was recommended that women entrepreneurs should continuously scan the macro- and micro-environments to identify new opportunities as well as emerging business threats.

Keywords: *Entrepreneurship, women entrepreneur, job satisfaction, SMEs, survival strategies*

Introduction

The number of female entrepreneurs and self-employed women have grown phenomenally over the past four decades, putting them at an approximate thirty-six percent of global entrepreneurship activities (Erickson 2017). Women enter into various forms of businesses throughout the world at an overwhelming rate. Although the number of women entrepreneurs is still far below the number of men entrepreneurs, the significance of new women entrants into various types of businesses cannot be ignored. Nyanga and Chindanya (2021) applauded women entrepreneurs in Zimbabwe and beyond for maneuvering and entering into various types of industries, however, they lamented the slow and stunted growth of the majority of their businesses. In the same vein Nyanga, Sibanda and Kruger (2018) also observed that women in both peaceful and armed conflict societies venture into various types of businesses, but most of their businesses continue to be home-based business ventures which do not grow into big business ventures. The increase in the number of women entrepreneurs in Zimbabwe and beyond has

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triggered the interests of many researchers to perform researches on female entrepreneurship (Black, Burton, Wood and Zimbelman 2010, OECD 2015, Scott and Venkatraman 2000, Yetisen, Volpatti, Coskun, Cho, Kamrani, Butt, Khademhosseini and Yun 2015, Zhang and Cueto 2015, Nyanga 2013). Most studies on entrepreneurship sought to establish the contribution of SMEs (Barbara, Catherine, and Joanne, 2011; Brush, Greene, Balachandra and Davis, 2018, Carter, Brush, Greene, Gatewood and Hart 2003; Eddleston, Ladge, Mittenness and Balachandra 2016; Gayathridevi, 2014; Malmstrom, Johansson and Wincent 2017; Tinkler, Bunker, Ku, and Davies 2015) to economic growth in general, the reduction of unemployment rate and to poverty eradication. Most entrepreneurship studies, however, grouped men and women entrepreneurs together, which has made it difficult to measure the contribution of each category. The need to establish the contribution of each category, the successes, failures and survival strategies of each category, propelled the need to carry out this study.

A woman entrepreneur is a female who typically controls a commercial venture by directing and organizing all the factors of production such as the human capital, finance, material resources and information and communication technology, for purposes of maximizing the available business opportunities and finding appropriate ways of managing threats (Erickson 2017). Women entrepreneurs perform roles of managers and oversee the launch, survival and growth of their businesses or enterprises. A female entrepreneur identifies, utilizes and maximizes a business opportunity. The entrepreneur then amasses and appropriately deploys the required materials, tools and resources to exploit the identified opportunities. The female entrepreneur maximizes the identified entrepreneurial opportunities by engaging in business activities such as putting in place the required materials, hiring employees, acquiring financial and material resources and providing good leadership and management (Nyanga and Chindanya 2021). Women entrepreneurs are expected to plan, organize, design, launch and manage their new businesses for purposes of producing products and services for sale or for hire to their clients. Women entrepreneurship is the capacity, ability, aptitude and willingness of a woman to develop, organize, and manage an enterprise along with any of the risks associated with it, to make a profit and to increase the value of the shares.

A study by Black et al. (2010) established that the credit crisis made it extremely difficult for entrepreneurs to access funding from various institutions. It is therefore essential for entrepreneurs, including female entrepreneurs, to know what is required when dealing with funding issues. Entrepreneurs need to come up with essential funding decisions to access funding, since it is the cornerstone for the success of any enterprise. An enterprise without or with limited funding is bound to fail. Furthermore, a study by Nyanga et al. (2013) established that most SMEs fail to achieve their objectives, because of a host of factors such as poor funding, poor leadership style, failure to properly position themselves. Gayathridevi (2014) also carried out a study in Bangalore Urban District in India to establish the barriers of women entrepreneurs, and he found that women entrepreneurs face several challenges that impede them from realizing their set goals and objectives. Several studies (Barbara et al 2011, Brush et al 2018, Carter et al. 2003, Eddleston et al. 2016, Gayathridevi, 2014, Malmstrom et al. 2017, Tinkler, et al. 2015) have shown that women entrepreneurs play an essential role in the economic development and transformation of any country. Nyanga et al. (2013) have also indicated that many women have been motivated to start their businesses, mainly by the deliberate efforts made by governments and civil societies to support them in starting and maintaining their businesses. The transformation of culture and gender activism made women acceptable as key players and equal partners in businesses. However, a reasonable number of businesses were due to fold, because of a lack of funding, bad business decisions, economic crisis, or due to a lack of market demand. Women entrepreneurs in the city of Masvingo in Zimbabwe and beyond have not been spared the challenges that other entrepreneurs are faced with across the globe.

Like all other forms of entrepreneurial ventures, female entrepreneurship operates within an entrepreneurship ecosystem, which comprises all government and non-governmental programs and activities that promote start-ups and support entrepreneurial initiatives. For instance, the government of Zimbabwe introduced Small Enterprise Development Corporations (SEDCO) that have the mandate of overseeing and providing support and advice to all small to medium enterprises in the country. More friendly laws, regulations and policies that create a conducive environment for start-ups were created. The Zimbabwean economy is mainly anchored by SMEs and its GDP heavily depends on the performance of SMEs in various industries. In a bid to grow the economy, the government of Zimbabwe increased the number of entrepreneurial activities by taking a deliberate move to introduce entrepreneurship studies in the secondary school as well as in the tertiary and higher education curriculum (Nyanga and Chindanya 2021). Entrepreneurship in Zimbabwe is studied in teachers colleges, polytechnic colleges, vocational training centers and universities, to increase the incubation of business ventures. A deliberate move to enroll more women in entrepreneurship-related programs is done at all levels of education. The government of Zimbabwe, through the Ministry of Higher and Tertiary Education, Science and Technology Development, also introduced innovation

hubs at universities to champion the incubation of business ideas and thoughts. The deliberate move to introduce business incubation hubs throughout the country by the Ministry of Higher and Tertiary Education, Science and Technology Development, created an opportunity for women to venture into entrepreneurial activities, such as buying and selling, as well as manufacturing of detergents. The female entrepreneurs, however, experienced a mixture of fortunes and misfortunes. Some met some challenges and failed to survive, while others have some success stories and contributed significantly to poverty eradication and economic growth. The purpose of this research was to establish the successes, failures and survival strategies of female entrepreneurs.

Rationale

The study is essential because it provides useful insights on policy formulation at company, industry and national levels. For women entrepreneurs to be successful and grow their organizations, they need to be supported by policy which is deliberately formulated to address their needs and requirements. The study clearly outlines the problems, challenges and failures encountered by women entrepreneurs and it proffers suggestions to solve them. This would cause women to manage SMEs to survive and grow, even if they were operating in economically distressed environments. The successes and achievements of women entrepreneurs were also revealed, and these served as an eye-opener for women entrepreneurs to know what they were doing right, so that they would continue or even further improve on what they were doing. The government also needs to fully support women who manage SMEs, hence, this study provides it with adequate information on what needs to be done and at what stage SMEs managed by women should be successful.

Objectives

The objectives of this study were as follows:

- To determine the successes and achievements of women entrepreneurs in Masvingo city.
- To establish business practices and other factors which contribute to the failure of women entrepreneurs in Masvingo city.
- To evaluate survival strategies employed by women entrepreneurs in Masvingo city.

Methodology

The city of Masvingo is home to several women entrepreneurs operating in various sectors of the economy. Synonymous with what is happening in most parts of the country, the majority businesses established, managed and owned by women in various industries in Masvingo city, closed due to unfavourable macro-environmental factors such as the distressed economy. The closure of several industries in the city opened a door for many entrepreneurs to start their businesses in various areas, such as manufacturing of home detergents, building material, and others. Women entrepreneurs were also not left out in starting various types of businesses in the city. Most women, however, were mainly involved in the business of buying and selling, and also in manufacturing goods on a small scale, such as making peanut butter and maputi. The cross-border trading business, however, dominated all the other types of businesses.

To get an in-depth analysis and finer details of issues under investigation, a qualitative research approach was utilized. The qualitative approach was adopted, because the researcher intended to cater for various groups of the study population, such as the literate and the illiterate. Furthermore, the qualitative approach was the best approach for this study, because issues under discussion needed to be thoroughly scrutinized. The study population comprised women entrepreneurs operating various types of businesses in Masvingo city. According to Nyanga and Chindanya (2021) the types of businesses managed by women entrepreneurs in Masvingo include small scale manufacturing, buying and selling, cross-border trading, airtime vending and many others which require small capital. The population of the study was approximately 500. The exact population could not be established, since some of the entrepreneurs operated informally. The sample of the study comprised 40 (forty) participants who were selected using the snowball sampling technique. The researcher started by identifying one well-known and successful cross-border woman entrepreneur whose business is at the Chitima market in Masvingo town. The woman entrepreneur then referred the researcher to other cross-border women entrepreneurs. The study purposely targeted a sample of women entrepreneurs who were either high-growth oriented, or who engaged in entrepreneurship out of necessity, and therefore the sample involves entrepreneurs who are engaged in various types of businesses. The majority of the participants were cross-border traders who import goods for resale from various countries such as South Africa, Tanzania, Zambia, China, Japan, and other economically emerging or developing countries. To solicit data from the sample, a self-designed face-to-face semi-structured interview guide was employed. Face-to-face interviews

were adopted, because they were found to be the most versatile form of collecting data from a population which comprises both literates and illiterates. Interviews also helped the researcher to get detailed perceptions, opinions and attitudes from women entrepreneurs in Masvingo. In order to gain deeper insight, to effectively probe further, and also to observe participants' facial expressions, the interviews were conducted in person but in full compliance with the COVID-19 regulations. The data collection instrument that was employed, offered an advantage over self-completion methods such as a questionnaire, because interviewees are more likely to give their full attention to the interview session, which enables the interviewer to probe further. To ensure that the instruments were accurate in measuring what they should measure, the researcher carried out a pilot study in Zvishavane town, which is 90 kilometers from Masvingo city – the study area. Data was analyzed using thematic data analysis. Themes and sub-themes were drawn from the respondents' responses. Themes and sub-themes were drawn from the interview audio recordings and notes that were written by the interviewer.

Findings

The participants of the study comprised 40 women entrepreneurs whose educational qualifications ranged from Grade 5 to doctoral degree level. The qualifications of the participants imply that any person, irrespective of their level of education, can be a business entrepreneur. However, it was noted that those participants with lower qualifications, have limitations in a number of areas that require strategic thinking and analysis, and also to hedge their organizations from the adverse effects of economic and socio-political upheavals. The age range of the participants was between 17 and 67 years. It shows that almost all age groups within the working fraternity are represented. The 17-year-old category, however, shows that there is an element of child labour, since the law outlines 18 years as the legal age of majority. The findings are consistent with Gukurume and Nyanga (2013) who observed that child labour was rampant in the Mucheke suburb in Masvingo, where some children abandon school and engage in the business of buying and selling, while others engage in business ventures after school to raise their school fees. In terms of marital status, participants were distributed as follows: married = 6, single = 9, widowed = 15 and divorced = 10. The distribution of participants in terms of marital status, shows that the majority of the participants were not married. The widowed and divorced categories dominated all the other categories. This is because most women decide to engage in income-generating projects after losing their spouses through death or divorce, where the spouse provided the major source of income. Most housewives who lose their husbands or are in broken marriages, are left with no option but to engage in income-generating activities to take care of themselves and their children. Most women entrepreneurs who participated in the study had been in business for a period that ranged from 1 to 28 years. The majority of women entrepreneurs were in the business of buying and selling (cross-border traders), small-scale manufacturing and farming. Only 2 (two) participants were into mining.

The study also indicated that most successful women entrepreneurs in Zimbabwe began their businesses as a second or third profession. They maximized their previous careers to enter into the business world, hence, the majority started their businesses in their early or late 40s. Some women entrepreneurs started their professional lives as teachers, nurses, doctors and engineers. The teaching fraternity, however, dominated the other sectors. According to the Global Entrepreneurship Monitor report (2015), "women are nearly one-third more likely to start businesses out of necessity than men."

In terms of the successes achieved by women entrepreneurs, the study revealed that most female entrepreneurs managed to hedge their organizations from the macro- environmental upheavals that have been bedeviling the country for the past two decades, by regularly scanning the environment and making sure that their businesses were not exposed to risks. Most women entrepreneurs managed to grow their businesses from small to medium and medium to large corporations, because of their ability to appropriately position their organizations and maximizing the available opportunities. For instance, a shortage of a commodity such as cooking oil in Masvingo, triggers importation of the product in huge quantities, which in turn make entrepreneurs benefit from the economies of scale. One of the participants said, *"I managed to grow my business from a small-scale shop, which was operating under the tree, to a medium-scale enterprise, operating from a well-furnished building infrastructure. The growth of my business was propelled and triggered by my ability to utilize funding opportunities that were provided by the government through the Ministries of Youth and Small to Medium Enterprises. I managed to get adequate capital to buy large quantities of goods to restock my business, which consequently led me hedge my business from the rising inflationary environment."* Participant 12 said, *"I closely follow the development in the political, economic, social and technological environments, hence, I quickly pick all key business opportunities and grab them and also quickly identify the major business threats."* Most women entrepreneurs in Zimbabwe are credited for managing to grow their organizations and protecting them from the economic distress that has been affecting the country for a

very long time. In most industries SMEs have become the engines for the supply of goods and services, because most big players closed their businesses during the 2008 economic meltdown. Women entrepreneurs are therefore credited for keeping industries that provide essential goods and services afloat. Women entrepreneurs presented themselves as serious business leaders, generators and innovators of new and very useful ideas that can help businesses to grow and also provide the much-needed products in the right quantities and quality. Entrepreneurs successfully perceived new business opportunities and exhibited a positive attitude toward their perception. Most women entrepreneurs have grown to become risk-takers that could exploit the available opportunities with ease.

The findings also showed that one of the successes scored by women entrepreneurs was the full utilization of modern-day information communication technology and systems to market their products and services that acquire raw materials to distribute their products. Women entrepreneurs utilize social media such as WhatsApp to market and communicate with their clients, suppliers and transporters. Social media such as Twitter, Facebook, WhatsApp and others, are heavily utilized in disseminating information to key business stakeholders. The use of social media as a mode of communication significantly reduces transport and communication costs, stationary costs, and it saves time for the entrepreneur (Nyanga and Chindanya 2021). For instance, cross-border traders can order their goods through WhatsApp from India, South Africa, Tanzania, China or anywhere in the world. Participant 8 said, *"I order my goods for resale from South Africa and Tanzania using WhatsApp, hence, I significantly reduce my transport and logistics costs."* Participant 19 remarked, *"I rely on e-business when I order my raw materials to manufacture detergents. I buy most of the chemicals from South Africa and China, but I rarely visit those countries, because I use an email to make my order and also use e-banking systems to make payments. I then contact the transporters using social media and also email. The strategy significantly reduced my production costs."* The findings are consistent with Cuaton (2019) who argues, "Supply of raw materials is not only hampered by the depleting natural resources but also by the availability of drying facilities." It implies that successful women entrepreneurs need to find ways and strategies of getting their raw materials on time, in the correct quantities, and at a low cost. The majority of women entrepreneurs who engage in the business of buying and selling goods, imported from better developed economies, and they successfully managed to acquire their goods at low costs and on time, because of their strategy of taking advantage of the modern-day technologies.

The study revealed that while some women entrepreneurs registered remarkable and difficult to ignore entrepreneurship success stories, some faced serious challenges that led to the total failure of their businesses. One of the major failures of women entrepreneurs in Zimbabwe is that the majority of them failed to motivate and satisfy their employees, to the extent that the majority of workers ended up leaving their organizations and absenting themselves from duty. The success of any organization, irrespective of size and complexity, depends on the motivation and job satisfaction levels of its employees (Nyanga et al 2018, Nyanga, 2018). One of the participants remarked, *"Women entrepreneurs have a perception that workers look down upon them, hence, they are harsh and ill-treat their workers. Some workers are made to work for unpaid overtime or are not granted vacation days as prescribed in the Labour Act chapter 28:01. Such unfavourable work environments make workers emotionally, psychologically and mentally detached themselves from the activities of the organization, which consequently lead to poor performance."* Participant 21 said, *"I have been working for a female entrepreneur for 9 (nine) years, but I do not have a written formal employment contract. My employer therefore breaches the psychological contract as and when it best suits her. In order to retaliate, I do my private business within his business and also steal from her."* Low job satisfaction results in workers engaging in unprofessional business activities and criminal acts, which have the potential to sink the organization. Bornali and Ajanta (2019) also argued that lack of finance, household poverty, low market rate, lack of education and lack of communication network are the main challenges encountered by rural women entrepreneurs. There are, however, some challenges which emerge as a result of employers' failure to address key human capital management fundamentals, such as giving workers living wages, satisfying workers and improving workers' working conditions.

Almost all the participants indicated that most women-owned and managed SMEs, have failed in recruiting, retaining and developing its human capital. Most women entrepreneurs hire semi-skilled and unskilled workers as a way of reducing their expenditure on wages and salaries. This view is in line with the Japanese saying that if you give your workers nuts you attract monkeys. Lowly paid workers find ways of feeding themselves from the activities of the organization without the authorization of the employer. Organizations should therefore employ skilled people who have the potential of giving an organization a competitive advantage. Women entrepreneurs compete with men entrepreneurs and other well-established organizations, hence, it is prudent that they hire people who are dedicated and loyal and have the stamina to give their organization a competitive edge. The results are in sync with

those of Daelman (2019) who propounds that women entrepreneurship is not all about the money, but about doing the right things and taking the right decisions regarding employee resourcing. Most women entrepreneurs regard training and development of employees as a waste of resources, yet it is one of the key investment strategies. Furthermore, Sibande (2019) says that women entrepreneurs deprive themselves of acquiring skills, hence, they lack managerial skills needed to operate successful enterprises. Women entrepreneurs have also failed to reposition their customer value propositions, in order to remain competitive in the ever-changing environment which attracts big businesses. Apart from failing to properly manage the human resources, most women entrepreneurs failed to manage their financial resources in a business manner. Business finances are mixed with domestic finances, hence, domestic expenditure end up being taken care of by business finances. Failure to have financial discipline resulted in most women entrepreneurs using borrowed capital for domestic needs. Such financial indiscipline led to the closure of many SMEs managed by women in Zimbabwe.

To ensure that their businesses survive from various forms of micro and macro risks and threats, women entrepreneurs in Masvingo city, employed several survival strategies. Since 2000, the socio-economic environment in Zimbabwe has not been favourable for the survival and growth of start-ups, hence, for a start-up to survive, it needs to employ well-calculated strategies that give it an edge over its competitors. One of the strategies which are employed by women entrepreneurs is diversification. Women entrepreneurs create several business portfolios so as to spread the macro-environmental risks associated with their businesses. For instance, a woman entrepreneur in Masvingo started as a cross-border trader, buying and selling clothes from South Africa, but has since diversified and introduced a new strategic business unit that manufacture building materials such as window frames and door frames. The other survival strategy is in the pricing of goods and services, and in producing goods in bulk to benefit from the economies of scale. Most women entrepreneurs price and sell their goods and services in foreign currency and they sell at the going rate for the foreign currency exchange market. Furthermore, other women entrepreneurs do not trade using 'soft money' like EcoCash, bank transfers and swipe, but they rather demand all their clients to pay cash. Such a strategy was employed to hedge enterprises from the shortages of cash and foreign currency in the banking sector. For SMEs to restock, they require foreign currency, which is mostly available on the black market – an illegal and informal market – hence, they need cash to buy the foreign currency. Trading in cash also helps women entrepreneurs to avoid the 2% government charge on all payments made using other forms of payment such as EcoCash, swipe and money transfers. Though illegal, evading taxes such as the pay-as-you-earn tax, sales tax and other forms of production and operations taxes, is one of the strategies used by women entrepreneurs to make their businesses survive. The study also indicated that some women entrepreneurs hedge their money from inflation by opening and maintaining offshore accounts. The findings are consistent with Nyanga et al. (2013), who argued that for SMEs to survive during the economic meltdown, they had to employ several survival strategies, such as diversification and to source funding from financial institutions.

Limitations

The study faced the following limitations:

The researcher did not have adequate funding to finance the study and had to rely on financial assistance from friends and family members to finance the research. The financial resources, however, were inadequate to cover a wider geographical area and therefore the study had to be confined to Masvingo city. To reduce the impact of the problem, the researcher had to spend a longer period in the field, since he would only get to the respondents as and when he had acquired the necessary financial resources to cover stationery and other research-related costs. The other limitation of the study was that it was difficult to access women entrepreneurs, since they were always busy with their businesses, which caused failure from them to create time with the researcher. Not to disrupt their work schedules, some interviews were held after hours when the respondents had completed their day's work. The impact of the limitations of the study did not compromise the usefulness of the findings of the study to scholars, women entrepreneurs and policymakers.

Conclusion

The study came to the following conclusions: 1) A significant number of women entrepreneurs in Masvingo city in Zimbabwe reached remarkable milestones in terms of launching and growing their businesses. Some businesses started very well and they grew and managed to survive the threats and pressures of the macro-environmental factors. Some women-owned businesses have migrated from micro to macro enterprises. The ones that were successful, started small and grew to become the major players in their industries of operation. Women entrepreneurs are applauded for becoming risk-takers, and also for providing good leadership which led to the success of their enterprises. The major factors that propelled the growth and survival of women entrepreneurs was hard work,

financial support from various stakeholders, and the utilization of contemporary communication systems such as social media. 2) The majority of women entrepreneurs who failed to grow their businesses, failed due to their failure to manage their human capital and financial resources. Women entrepreneurs struggle in setting up good work conditions that can help their organisations to attract and retain highly competent staff. There is very high labour turnover in SMEs, because of the poor working conditions and low wages and salaries and fewer opportunities for growth and promotion. Therefore, there is a need for key stakeholders to impart human resource management skills in women entrepreneurs, so that they can fully benefit from hiring and retaining competent staff. 3) Women entrepreneurs employ business diversification, pricing and quality service, and product strategies as their main strategies to keep their businesses afloat. There is a need to provide more funding to women entrepreneur enterprises to boost their financial base. Women entrepreneurs also need to continuously scan the macro- and micro-environments to benefit from all the opportunities that emerge, and also to deal with impending business threats.

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ENTREPRENEURSHIP AND MANAGEMENT OF SMALL ENTERPRISES: AN OVERVIEW OF AGRICULTURAL ACTIVITIES IN THE MOPANI DISTRICT MUNICIPALITY

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Abstract:

Background: This study analysed entrepreneurial dynamics, activities and challenges confronting small agricultural businesses in the Mopani District Municipality in Limpopo, South Africa. Mopani is a rural district municipality and home to 1,2 million people of whom 77% live below the poverty line. Agriculture is a major income-generating sector for many disadvantaged communities in rural areas of South Africa, and it plays a significant role in the economy.

Objectives: The objectives of the study were to investigate the operational practices that contribute to the success/failure of emerging agricultural small enterprise owners in their agricultural activities within Mopani District – a district with large numbers of highly competitive and commercial farmers. In addition, the study suggested interventions that could help smallholder farmers to sustain their income-generating businesses.

Method: A qualitative research method was adopted to gain insights from 30 small agricultural businesses, which included crop, poultry and diversified or mixed production. Different data collection techniques (interviews, document analysis and observations) were used to collect data and increase the trustworthiness of the research findings.

Results: The majority (68%) of farm owners had no finance to start their own personal businesses, except that they received funding (financial start-ups) from the Municipality, the Comprehensive Agricultural Support Programme (CASAP) and other agencies. Thirty-two per cent (32%) started their businesses on their own without municipal assistance, but they received funding later on. The study revealed that entrepreneurial practices and procedures of running small agricultural enterprises were multidimensional and diverse. Entrepreneurs lacked business management skills, vision, capital and access to markets.

Conclusions: While the number of jobs in the large enterprises is decreasing, and government battles in creating conditions for job opportunities, the number of people seeking employment is growing every year. This causes an increase in unemployment in the country. The successful enterprises established income-generating activities that met the needs of their communities. Successful farmers seem to have an endless array of internal and external constraints such as internal efficacy, farm knowledge, business practices, poor marketing, natural disasters and harsh climate conditions amongst emerging farmers. Government should focus their attention on entrepreneurship training, as this is the avenue for incubators and the engine room for economic growth. This would create the much-needed business sustainability, employment opportunities and alleviate poverty in communities.

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1. INTRODUCTION, BACKGROUND AND PURPOSE

The public reforms that began immediately after 1990 in South Africa, laid a foundation for an increased number of small businesses, with government identifying growth and economic empowerment as key to the sustainable growth of the economy (Nel, 2001). With 7.2 million (32.5 %) of South Africans unemployed, it became essential that every opportunity for job creation and the generation of sustainable jobs, was nurtured. More income-generating programmes and projects begun as a way of addressing widespread poverty and unemployment. Small enterprises were perceived to have an important role to play in economic growth (Ayandibu & Houghton, 2017). With the support from various organisations and state organs, some previously disadvantaged individuals began to test business opportunities and profit. For the first time in decades a whole range of self-employed small businesses (small agricultural enterprise activities in Mopani) started and gained speed as a consequence of the reforms that took place with the dawn of democracy. Government's idea was to encourage people to do this for themselves to reduce poverty and to create jobs for South Africans. Small agricultural enterprises established income-generating activities that met the needs of their communities. This further contributed to a growth in the number of self-employed individuals and an increasing recognition of the importance of small enterprises in South Africa (Akintude, 2020).

In 1994, the new African National Congress (ANC) led government made firm commitments for a programme of development and building the economy in order to meet basic needs, increase output in all sectors of the economy, and to open up previously suppressed economic and human potential in rural areas (White Paper on Reconstruction & Development Programme, 1994). Despite the commitment to the goal by every sphere of government, successful small enterprises in Mopani are still few and far behind regarding development. Since 1994, the area did not have as many emerging farmers as they envisaged. Few people started farming and learnt some farming business management skills, but within a short time they never got going (Fakoti, 2014). Although the district has great agriculture potential, it has a 60,4% unemployment rate, it remains characterised by low levels of economic activity and extreme conditions of poverty. Almost 80% of people in Mopani live in rural villages and the majority struggle to survive. About 39% of the working population work on the farms (Mopani District Municipality Integrated Development Plan, 2018).



Figure 1: Map of Mopani District, Limpopo Province

Source: <http://demo.demarcation.org.za/info>

With reference to the importance of small enterprises that are a major subject of considerable interest in government, academia and business in most developing countries, small enterprise development is the road to a progressive realisation of economic freedom and rural development (Chowdhury, 2013). Small enterprise development is identified as something desirable, worth pursuing and that contributes to a vibrant local economy and social development (Dempsey, 2013). Thus, owning and running a small enterprise is a dream for many people.

Despite the increased attention paid to accelerated small business development, the rate at which small agricultural businesses fail, remains high and little is known about patterns of successes in small businesses. This study on Entrepreneurship and Management in small enterprises in Mopani District Municipality, attempts to understand and identify practices and patterns of how successful agricultural entrepreneurs run their businesses. Agricultural activities are the mainstay for many people in Mopani District Municipality. The challenges confronting small agricultural businesses ventures have been a subject of debate for some time, but there seems to be a dearth of information that suggests long-term solutions. The Global Entrepreneurship Monitor [GEM] (2019) asserts that entrepreneurship plays a significant role in poverty reduction, alleviation of unemployment, and improving the general standard of living. South Africa, like most developing countries in Africa, is grappling with high levels of unemployment, crime and poverty, compounded with a very high rate of inequality (Gini Coefficient of 0.65 points). There are various factors contributing to a high Gini Coefficient, such as the present government's governance style and the legacy of apartheid. The economy has to turn to entrepreneurship to improve economic growth and the standard of living of its people.

By analysing the entrepreneurial activities and challenges faced by small agricultural businesses in Mopani District Municipality, the study reveals continuous training and financial management as some of the issues relating to enterprise development. This also includes the experiences (learning from others) of people involved in these entrepreneurial ventures.

2. RESEARCH OBJECTIVES AND QUESTIONS

With reference to the theoretical basis of this study, the following research objectives and questions were formulated:

2.1 Research objectives

- I. Establishing factors contributing to the success/failure of small agricultural enterprises in Mopani District Municipality.
- II. Assessing challenges faced by small agricultural enterprises in Mopani District.

2.2 Research questions

- I. What factors contribute to the success/failure of small agricultural enterprises in Mopani District Municipality?
- II. What challenges do the small agricultural enterprises in Mopani District face?

3. LITERATURE REVIEW AND THEORETICAL BASIS OF THE STUDY

3.1 Overview of Agricultural Entrepreneurship

The concept 'entrepreneurship' conjures much debate and a variety of interpretations. It is derived from the French word 'entreprendre', meaning to undertake (Kuratko & Hodgets: 2001) or a person who undertakes (Massey, 2005). It refers to capacity and willingness to undertake and manage a productive venture with all attendant risks, while seeking profit as a reward. Acs and Audretsch (2005) assert that the concept of entrepreneurship relates to operations and a pursuit of new opportunities or starting a new venture from limited resources in order to maximize profit. While Douglas (2004) states that entrepreneurs adopt various or alternative strategies best suitable to achieve their goals. It therefore stands to reason that an entrepreneur is a rational person who mobilises all resources necessary to produce and market a product that answers a market deficiency – a contributor to the process of creativity and innovation. In addition, entrepreneurship is a perceived profit opportunity and initiated action to fill currently unsatisfied needs, or it is to improve inefficiencies, to perceive an opportunity, and to create an organisation to pursue it. According to Mtaputi, Nkosi and Sebetlene (2007), entrepreneurs would assume the risk for a business, and they would expect that to make a profit is their prime factor in an entrepreneurial function.

Small agricultural businesses are underpinned by a general theory of entrepreneurship with three critical assumptions. The first assumption is that opportunities are objective. Opportunities have an objective component, and these opportunities exist whether or not an individual recognises them (Shane, 2003). These opportunities are derived from the attributes of the market wherein an entrepreneur contemplates to take action. Thus, if an entrepreneur understands the attributes or structure of a market, they will be able to exploit economies of scale in order to seize the opportunities. Therefore, understanding entrepreneurial opportunities is important, because the characteristic of an opportunity influences the very value that opportunity might create.

The second nexus is that entrepreneurship requires differences in people and that these differences manifest themselves in their cognitive ability to recognise opportunities. Thus, individuals are entrepreneurial and alert to

existing opportunities (Kirzner,1973). Entrepreneurial alertness is not a deliberate search, but a constant scanning of an environment by an entrepreneur who notices market imperfections. These opportunities are not assumed to be objective phenomena formed by exogenous shocks to a market only, but they are rather endogenously created by the actions, reactions and enactment of entrepreneurs who explore ways to produce new products or services (Venkataraman, 2003).

The third assumption is that entrepreneurs are risk bearing. Risk bearing is a necessary part of the individual entrepreneurial process (Shane, 2003). Starting a business venture is in itself a risk, because the outcome is not known but hoped for. The decision-making context within which entrepreneurs choose to exploit an opportunity is assumed to be risky, rather than uncertain. A decision-making context is risky, if at the time as a decision is being made, decision makers can collect enough information about a decision to anticipate possible outcomes associated with that decision, and the probability of each of those possible outcomes is fulfilled. Agricultural opportunities are created through a series of decisions to exploit a potential opportunity. This includes analysis of the market and through learning. Therefore, opportunities do not have an existence independent of the actions of an entrepreneur to discover and create them (Davidsson, 2015).

3.2 Factors contributing to the success/failure of small agricultural entrepreneurs

Effective and efficient business management is essential if small businesses are to survive, succeed and thrive. There are many variables postulated as critical factors that contribute to success or failure of businesses. These include, amongst others, the notion that an entrepreneur who wants to succeed would have to study the success of others, identify business role models, network with other business professionals, and he should have commitment, determination, leadership, creativity, self-confidence and adaptability, motivation to excel and develop (Kroon, 1998), both intrinsic and acquired. Commitment and determination are seen as more important factors as these enable entrepreneurs to overcome incredible obstacles and also compensate extremely for other weaknesses. Du Plessis, Jooste and Strydom (2005) state a number of factors contributing to the success of entrepreneurs: experience, education, ability of business to make profit, business growth, marketing and sales, customer management, bookkeeping/accounting practices and turnover (volume of sales during the financial year). These factors provide critical information for improving business, reduce the risk of failure and increase success. They are often considered as yardstick measures that suggest that there is a relationship pattern between acquiring such variables and they are positively associated with business success. This further suggests that lessons learnt from others (role models) assist in the development of effective strategies for business success.

While the study emphasised the importance of small agricultural businesses as the engine for economic growth, there other small businesses that are rapidly plummeting, owing to knowledge and skills deficiencies (management and entrepreneurial competencies) that contribute to inappropriate and uncompetitive management of businesses. These factors include inexperience in business management, poor financial management, lack of accounting records and lack of planning. Failure to manage finances and inability to apply financial management practices, suggest nothing else but business mortality. To elucidate further, the best way to overcome failure, would be the acquisition of the necessary aptitudes, knowledge and skill through training and counselling. The consequence of small business failure is a serious matter for directly involved business owners and stakeholders, and it requires deeper understanding to reduce small business discontinuity.

3.3 Challenges facing small agricultural entrepreneurs

Nik (2006) identifies numerous constraints that small businesses experience, which often lead to a failure to grow. A common constraint has been the general management of small enterprises, competition, and how they have been conceived. This includes limited access to training, lack of skills which reduces enterprise productivity, technological innovation and competitiveness. SMEs are failing to embrace agricultural technologies (IoT) – just a mere desktop computer to capture their records and assess their financial costs. This is also attributed to low computer literacy ratios, limited education and a lack of understanding of how technologies can facilitate information sharing. Another challenge is a lack of financial resources. With reference to the rate of collapse of SMEs, financial institutions have a leg to stand on in refusing to finance such ventures (GEM, 2016). Despite numerous institutions providing training and advisory services, most entrepreneurs still have a gap in the application of what they have learnt. Of the many reasons for small business failure, poor management methods, experience and lack of relevant business expertise in areas, such as financial management (e.g., mismanaging money, poor accounting and inability to develop and monitor financial statements), have emerged (SMME Forum, 2004).

Given the business models used by most SMMEs, most financial institutions believe that these models are not

sustainable and therefore they are not willing to advance lines of credit or loans. In addition, if the entrepreneurial venture does not have a traceable financial and trading history, there are no chances of funding from financial institutions (GEM, 2016). Commercial banks and financial institutions are not ready to support businesses without a trading history. Financial challenges continue to confront SMMEs in most parts of the African continent.

According to the Organisation for Economic Co-operation and Development [OECD] (2001), failure to harness and embrace agricultural technologies can be consequential to SMMEs. This does not mean using state of the art technologies like drones, but just a basic computer to capture, store and retrieve information about agricultural trends might help start-ups. However, limited computer literacy levels, limited education, inability to access internet services and failure to appreciate how technologies can facilitate information sharing, are key impediments to adoption of agricultural technologies (OECD, 2001). With reference to the rural set-up of the study, there are a myriad of other challenges such as transportation of produce, inability to access markets and poor marketing strategies (GEM, 2016).

3.4 Interventions to improve the survival of small agricultural entrepreneurs

There are various interventions to improve small agricultural entrepreneurs. This includes government funding, access to markets, and a collaborative/cooperative approach to the established small business development centres that must focus on the necessary skills and needs of local entrepreneurs, provision of appropriate, relevant, problem-based entrepreneurship training programmes, business advisor services and market information (Kahan, 2012). People venturing into small enterprises need to have certain skills, personal attributes and understanding (augmented by vocational training) of business environment.

Moloi (2014) states that some SMMEs, especially in the retail sector, have developed supply chain networks. This is an apparent reference to spaza shop owners (foreign nationals) that pool their financial resources together to approach wholesalers for discounted bulk purchases. Effectively this reduces the cost price and improves the spaza shop owner's profit margins. Therefore, cooperative strategies can give agricultural farmers bargaining power in the market and ameliorate some of the business management skills facing small agricultural business ventures.

Zambonini (2012) suggests government funding and support would help alleviate some of the problems. If government, through the Small Enterprises Development Agency (SEDA) and other agencies provide training and development programmes, the SMME sector would be vibrant and become the nexus for incubation and innovation. Thereby they would become centres for economic growth and development. With such initiatives aimed at creating sustainable businesses, support might also come in the form of access to markets and infrastructure development (Moloi, 2014).

4. RESEARCH METHODOLOGY

Chalmers (2002) defines ontology as the study of being where reality is constructed within the human mind. Proponents of objectivism state that the researcher's beliefs and opinions should not influence the nature of reality, therefore, the researcher should be detached from the subjects under investigation. The nature of the study required the researchers to interact and immerse themselves with participants, thus, a subjectivism ontological perspective led to the adoption of an interpretivist philosophical stance. Proponents of subjectivism believe that the view of reality depends on the mind and it is socially constructed (Neil, 2019). Given the nature of the study, the researcher believed that reality was multi-layered and complex. Thus, there were multiple interpretations of the concept of entrepreneurship, especially in the agricultural sector. Saunders, Lewis and Thornhill (2016) state that when studying a phenomenon, interpretivism applies research techniques to help understand how people interpret and interact with their social environment. Subjective human experiences and perceptions shape the ontological perspective of the study. Bryman and Bell (2015) assert that interpretivism uses meaning-oriented methodologies with in-depth interviews – observation that relies on subjective relationships between the subjects and the researcher. An exploratory research design was used in this study, because the objective was to use multiple qualitative data collection techniques (Leedy & Omrod, 2015).

Qualitative data was gathered through in-depth interviews, participant observation and document analysis. These data collection techniques complemented the exploratory research design to obtain evidence which addressed the research questions and objectives. Saunders et al. (2016) state that in qualitative research, the researcher interacts with subjects to gain preliminary insights into decision problems and activities of small agricultural entrepreneurs. Data was collected from thirty (30) participants through interviews, documents analysis and by observing the practices of five of the most successful small agricultural business owners in Mopani District Municipality. Rich and

timely data was collected, because the researchers could record accurate participants' behaviour and preliminary insights (Creswell, 2014).

Data collected was organised and classified into categories or themes. Categories that were inductively derived from data were coded to identify emerging critical themes emerging from raw data, broad patterns, linkages and relationships that characterize the case more broadly than a single piece of information. The purpose of coding was not only to describe, but more importantly to acquire understanding of a phenomenon of interest, to obtain a general sense of the information to identify patterns and reflect on its overall meaning, or to make sense of the data. The researchers collected and analyzed data from several cases. A comparison was made among different entrepreneurs to identify points of major divergence and similarities.

5. FINDINGS

Qualitative data was gathered through in-depth interviews with 30 participants. Consent was granted by each participant to record their opinions during the interviews. All transcriptions were exported to NVivo 12 for coding and identification of themes/patterns. Clarke and Braun (2014) state that thematic data analysis is not merely a process of summarizing data, but the researcher has to identify and interpret themes/patterns of meaning across qualitative data. Researchers were involved in the interviews, they made notes, and then they generated codes for all the themes. Literature has deep-seated assumptions and propagations for modern business practices without acknowledging the nature and context of farming practices in rural areas, farmers' alternative decision processes resulting from various circumstances, and how this, in turn, improved their business practices. Participants stated the following:

Most of us here do not have business and financial management skills.

As you can see, the way we operate shows that we do not have any vocational training in agriculture.

Traditional agricultural tools such as hoes and ox-drawn ploughs, scotch carts are widely used amongst all rural farmers. We do not have the latest technologies to help us with our farming activities.

Although certain elements (such as vocational training and financial management) are prerequisites for the success of small agricultural businesses, it is an entrenched bias. However, the above extracts suggest that participants did not have formal vocational training. The views raised by participants showed that rural communities relied on traditional agricultural tools and methodologies. Participants indicated that the lack of business and financial management skills is a big problem impeding their success. The study debunks such a contemporary wisdom, since successful entrepreneurs created opportunities from their mundane realities and value systems (due to the complex and unpredictable nature of business environment). Their practices presented the emergence of a new or organised social entrepreneurship paradigm that transcends the current and orthodox (and perhaps dogma) approaches to business practice. Much as this was the case, financial management and constant workshops on the use of technology in farming and sharing best practices remain important regarding their suitability for the agricultural small enterprises, particularly in the rural Limpopo Province. Some comments from participants were:

We operate our businesses in remote areas; thus, we do not have access to the Internet and other resources to keep us informed.

I do not have business management qualifications, however, from my experience in this agricultural project, I can say that I have relevant experience. If there are opportunities to get training and development, I would be grateful.

Lack of financial resources affects all of us here in Mopani District.

It is acknowledged that most rural communities in South Africa are poor, do not have adequate infrastructure and are severely affected by poverty. Therefore, the view raised by the participants are acknowledged. Remote areas in South Africa do not have access to the Internet or other resources that are relevant to information sharing. The study found elements that may be relevant to understanding successful farming practices (e.g. thinking on your feet when confronted by certain situations) and to also broaden the epistemological horizons, which are largely ignored in policy circles and scholarly literature, regardless of the growing evidence of its value in the development of small enterprises.

With reference to access to markets, participants said that:

We do not have a readily available market for our produce. This exposes our perishable products.

Some markets force us to leave our produce and then we get paid after a long time. By then, we would have incurred additional expenses such that by the time we get paid, the value of the money would have been eroded.

After production, some farmers would distribute their produce and expect payment later. This ensures avoiding the challenges of poor sales and of not completely losing their produce. At the same time, it builds social relationships with customers. Whereas those that succeeded presented the attributes associated with a plethora of literature that emphasized the importance of learning from others and having financial management, those that failed reflected their inability to take risks under the circumstances and they also failed to manage their finances. The most important finding was that small enterprise managers do have wishes and desires which reflect their unique interests, because various factors induce or persuade small-scale farmers to do business according to how they deemed fit. This was reflective of successful farmers' ability to do what is best for them and to have the courage to follow their passion. This risk-taking attitude, according to Kroon (1998), was some form of determination, an attribute which some did not have. Farmers have shown that no matter what they may have learnt, they would act in their own interests and choose what they believe will help them to reach their goals. This is a reflection that repackaged textbook material is inadequate to understand entrepreneurs' situations. In order to promote sustainable entrepreneurship and existing interventions, couples with entrepreneurial intuition and tolerance to risk, suggest a radical shift in approaches that underpin interventions for successful small agricultural enterprises.

Out of thirty (30) small enterprise farm owners interviewed, 40% remained in operation (the majority of which started on their own) beyond five years, and 60% collapsed within the first three years of their start-up. This shows that funding alone is inadequate for successful small business, and that a combination of various attributes such as determination and courage is more appropriate. The majority of those that failed were not self-starters but had been retrenched in their previous employments and they opted to start businesses due to funds made available to them. Clearly, funding alone cannot make one successful. Respondents were asked to share their experiences of the challenges they encountered, and also how they managed such challenges for the business to survive. A summary of the challenges facing agricultural farmers in Mopani District is illustrated in Figure 1 below.

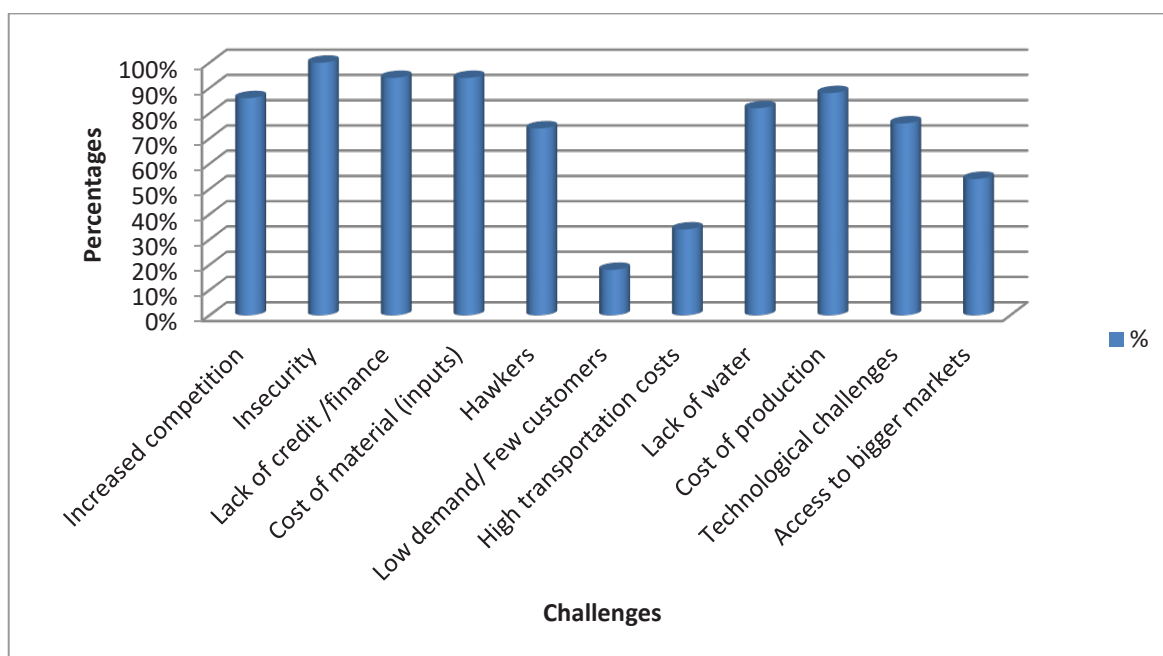


Figure 1: Challenges facing small enterprises

Chicken farmers further had the challenge of chickens pecking one another and cannibalism (chickens eating one another when there is not enough food), the seasonal outbreak of the Newcastle disease, Coccidiosis disease which was simply transmitted from one bird to the other through their droppings, and the Gamboro disease – an

infectious bronchitis which is the infection of the breathing system which chickens are susceptible to. Crop farmers complained about the use of agents who sold vegetables at the market on behalf of farm owners. Their tolerance to risks was good enough to keep them going. Accordingly, agents rent floor space for farmers' produce from the owner of the market. When such produce is sold, an agent would get 7.5% of the gross sale of products, while the owner of the market would take his amount for the rented space. Thus, the market then pays the remaining balance to the farmer who has to pay employees, transport costs, make some savings, spend money on other input costs, and perhaps rent a tractor. Although they were aware of these circumstances, their ability to network with other wholesalers enabled them to salvage the little they could. Their main challenge was summed up as follows:

Ours is struggle and we are not prepared to give up. You cannot water your farm for the entire day using borehole water pump. Otherwise, the machine will be heated and ultimately stop. You either use the other borehole if you have, or else you continue the following day. If I were to pump into the little reservoir, it would take me the entire day and night before reservoir is full. I now have to water the crops in the evening when heat is less, but risk the machine been taken away by thugs. I am somehow forced [to] plant few crops and can't even make money due to competition. What gets worse is when your produce can't sell at the market and yet you have to pay a person who sells produce on your behalf.

Business owners used a number of contacts and their employees to market their businesses locally. Many of them relied on direct local market supply to major supermarkets (though inconsistent) and used word-of-mouth to promote their businesses. Because the establishment of these enterprises was mostly a government initiative, their businesses were featured in the government newsletters (particularly that of various local municipalities) and the local radio stations. This, however, did not happen regularly. Except for these instances, there was limited marketing through word-of-mouth. Local community members and school feeding programmes became their target market for selling their produce. As there was a social relationship between grower and consumer, farmers were geared to sell their crops directly to the consumer.

Financial information serves as a basis for business performance, profitability or failure. Studies showed that the small business success and failure were mostly caused by elements such as cash flow management and record-keeping. The majority of small agricultural businesses exhibited inadequate financial and accounting management knowledge to enable them to assess whether they make a profit or not. Some attributed their success to commitment and determination (persistence), willing to make personal sacrifices, a drive towards establishing a successful business and getting assistance from others. Advice from other farmers and commitment to the challenges of business has helped many entrepreneurs to make wiser decisions. For many small business owners, dedication and perseverance have served as key to their success and to weather the storm.

6. DISCUSSION

Small agricultural enterprises are seen as critical drivers of job creation and generally, economic growth. Besides the major benefits amongst farmers in Mopani, there are various challenges and constraints that they face. Small agricultural business owners faced different challenges, depending on the nature and type of the business they operated. The challenges, such as competition and cost of production, were common. Other challenges experienced by those that failed were, amongst others, overly saturated market, falling prices due to oversupply of similar products, stiff competition, product price reduction to mitigate the risks, access to markets, use of boreholes, input costs, crop diseases such as Nematode and poor road infrastructure from farms to markets that spoiled produce. Lack of collateral which could allow them to secure a loan to expand their businesses, proved to be a major hurdle. Their ability to find other alternatives to keep their business afloat was a sign of sheer determination, which is an attribute associated with most successful farmers.

Successful businesses showed the ability to develop survival mechanisms to withstand and overcome any potential threat to the demise of a business venture through their unconventional business practices. This, according to Du Plessis, Jooste and Strydom (2005), is only possible with people who are determined and prepared to take certain risks. Some showed discipline in finance management through procurement of ordinary farm implements rather than fancy bling cars. Their underlying knowledge of the suitability of a product to certain climatic conditions helped them to succeed (Mtaputi, Nkosi & Sebetlene, 2007). Although conditions are generally suitable for tomato production in Mopani, they are particularly suitable for conditions in the Greater Letaba. Thus, some form of education is important for successful small agricultural enterprises (Du Plessis, Jooste & Strydom (2005). Similarly, chicks of chicken farmers in the greater Giyani and Ba-Phalaborwa municipalities died in large numbers due to a heat wave in the area compared to those chicks in the Tzaneen and Maruleng area. This could have been avoided had they been equipped with some basic training of chicken rearing.

Although most farmers had no relevant education, they became protégés and relied on the advice and practices of other established farmers who often shared information and best practices. Other successful farmers who had some level of experience from their previous businesses, used their previous job experiences to their advantage as prior knowledge appears to have been helpful in their business success. Some may not have acquired preferred knowledge from fine print materials such as the theory learned through textbooks, or the book-based system of learning (education), but through experience based on other aspects which then translates into education. It can be inferred therefore, that prior business experience was helpful in small businesses success. The assumption that if a farmer has a higher level of education it increases their efficiency and success (Shane, 2003) appeared to be disputable. Qualification based on levels of education alone is not necessarily a critical factor for business success. Knowledge of business and its dynamics was found to be more important.

Efforts from small agricultural businesses confirmed the assertion by Wijbenga & Van Witteloostuijn (2007) that entrepreneurs' internal locus of control (belief that success or failure is a result of the effort and hard work they invest in the farming business), ability to use their door-to-door and nodal point strategy of selling their produce to consumers, and the fact that some of them were well known within communities, had ensured their success. Others survived in business through their traditional marketing and sales at social grants payout points, due to limited access to national market infrastructure which was often monopolized by big businesses (Louw, Jordan, Ndanga & Kirsten, 2008). Their convenience and social skills, particularly to local customers who buy in bulk for 'stokvel' and for funeral purposes, suggest that such farmers may have entrenched themselves in township economy or in the local town and communities. Farmers' ability to take risks and have relations with customers, went so far as to sell their produce on credit and collect their money weeks later. They give regular customers a few products for free as a gesture of appreciating their support, creating social capital/bonds, to win clients and to foster relations. The mushrooming Shisa-Nyama (chicken grills) on almost every street corner in local towns and bus terminals, strongly reaffirms the efficacy of social entrepreneurship and the power of social media marketing, viral marketing, buzz, or guerilla marketing (word-of-mouth).

The use of diversified farming (chicken, vegetables, piggery) helped to create small agricultural businesses amongst others. Farming diversity mitigated risks, improved cash flow, complemented business against market fluctuation and kept the farm running optimally. Thus, farm diversification seemed to be related to risk management strategies that are devised to withstand price fluctuation, manage income risks, cope with risky agricultural returns, and provide entrepreneurs with some adjustment to changes in the cost of a product.

Whereas agriculture remains a critical component of programs that seek to reduce poverty, attain food security, job creation and economic growth in Mopani, there were various constraints that limited such a contribution. Some of the challenges that led to business failure were a lack of feasibility studies before they could start their businesses (Stott et al., 2014). The fact that some farmers had not conducted any form of feasibility study or market research to ascertain a need for a specific business before venturing into it, remains prevalent, worrying and may have been a possible reason for business failure. Thus, the narrow and unrepresentative slice of available evidence on business opportunities without adequate feasibility, market analysis and management practices, were therefore unfortunately a contributor to business failure (Stott et al., 2014). Going into poultry farming without practical knowledge and peculiarity of the venture, had been a direct invitation to failure. Most business owners generally lacked business training, innovation, creativity and experience, but they still continued to establish businesses. Furthermore, lack of vision, priorities and transition plans further suggest that for some entrepreneurs, starting a business was not opportunity-driven or because of demand considerations (Khapayi & Celliers, 2016).

A major setback was poor cash flow and record management, which reaffirm viewers of many scholars as reality that exists among many farmers whose businesses had collapsed. According to Ademola, Samuel and Olore (2012), record-keeping is a foundation on which the totality of modern businesses depends. Without record-keeping, it is impossible to ascertain the level of profitability and the level of business susceptibility. Therefore, the usefulness of the information provided by the accounting system through records or bookkeeping, is of cardinal importance in determining business success or failure. Proper records and financial reports (performance measure) are important and provide useful information regarding the financial position of the business.

In business, age is not just a number. As farmers get older, they often become more conservative and reluctant to accept risk. The majority of those that failed, started their businesses at a late stage of their life. According to Bembridge (1984), as farmer activism declines with age, the probability of business failure amongst older farm managers/owners is higher than amongst younger farmers.

Successful entrepreneurs possess an uncommon degree of dynamism, commitment, creativity and just plain guts than to make immediate profit (Simeh, 2011). Their efforts were mostly directed to pursue their opportunities and activities to build their businesses, making themselves known and their enterprises real to those people they serviced. Their actions seemed to suggest that building a business was more of a first priority than immediate profit maximization in the short-term. Perhaps this is what distinguished success from potential failure, since what activity entrepreneurs did daily, really mattered, and therefore had a significant influence on the ability of entrepreneurs to create successful ventures (Simeh, 2011). Most of the owner-managers seem to have acquired their unconventional managerial knowledge and skill through practice, network, learning through experience, social interactions (Chowdhury, 2013), or through learning embedded in their everyday managerial work activities. This involved trial and error learning, making mistakes, and emerging from such mistakes to make the business a success.

7. RECOMMENDATIONS AND CONCLUSIONS

Farming can be a highly profitable business and the prospect of having and operating a farm business may be very exciting. Besides a plethora of literature on how to conduct successful business operations, entrepreneurs often do not necessarily operate in accordance with these. No singular management practice was sufficient to explain small enterprise survival, success and growth in Mopani. It is important that sound management practices are championed, in order to ensure a successful small business and avoid business failure. Regular training and using others as role models are recommended for successful small business. Given the emergence of the Corona Virus Disease-2019, small agricultural farmers could consider the adoption of technologies to improve management of their activities. This would include marketing, record-keeping and information management (Chigada, 2014).

8. LIMITATIONS

This study confronted methodological and researcher limitations. The first limitation was attributable to the data collection techniques of in-depth interviews and observation. Research participants were not open enough to share their experiences, for fear of the unknown. The authors assured the participants that their information would be used for academic purposes and no personal identities would be revealed to third parties. With reference to observation, some of the participants did not behave in their usual way of conducting business, thus, the study might not have obtained a true behaviour reflection. Some participants might have changed their behaviour to please the authors, or because they were scared, they might not have demonstrated their abilities. These limitations could have been avoided by using different data collection techniques such as a survey. The other limitation faced during the study was the use of the English language. Some of the participants preferred the interviews to be conducted in their vernacular languages for easier communication.

9. ACKNOWLEDGEMENTS

The authors acknowledge small agricultural business owners/participants for their time, commitment and information shared during the study. Without your availability and willingness to participate in the study, we would not have completed this research project successfully. The first author (AR) is acknowledged for conceptualizing and developing the study. The second author (JC) is acknowledged for compiling and structuring this research into an academic paper. We acknowledge everyone who contributed to this study in various ways. We thank you for your inputs.

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AN EVALUATION OF GOVERNMENT SUPPORT SERVICES FOR SMMEs IN THOHoyANDOU, SOUTH AFRICA

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Abstract:

Small, Medium, and Micro Enterprises (SMMEs) possess attributes akin to entrepreneurship that make them indispensable tools for economic growth and development. While SMMEs have a direct impact on economic growth in advanced economies, these enterprises have a high failure rate due to a variety of reasons, especially during the start-up and growth phases. Government support schemes have been availed to SMMEs to assist them to survive the vulnerable phases of their existence. This study investigates the role of government support services towards the development and growth of SMMEs in South Africa. The quantitative research design used the survey method to collect data from a sample of one hundred (100) SMMEs in Thohoyandou, South Africa. The Statistical Package for Social Sciences (SPSS) was used to analyse the data, and presentation used descriptive analysis. The main study revealed that despite the government support schemes and initiatives, the failure rate of SMMEs remains high. The major factors affecting the uptake of government support schemes and initiatives included the lack of information and access to the financial assistance offered to most SMMEs through the government schemes. Despite the support schemes and initiatives, further challenges include the proliferating myriad of rules and regulations in the regulatory environment curtailing the operations and survival of SMMEs. Study findings indicated that despite the existence of the growth and development-oriented government support schemes, most SMMEs are unaware of their existence while other enterprises find them ineffective. The main conclusions point to the information deficit and needs analysis that would tailor-make and accommodate the specific requirements of different enterprises.

Keywords: *SMMEs; Government support services and Entrepreneurship.*

INTRODUCTION

Small, Medium and Micro Enterprises (SMMEs) are widely accredited for their significant role in promoting economic growth and development (Jili, Masuku & Selepe, 2017; Tang, & Li, 2021; Zulu, 2021). This distinct ability of SMMEs to increase productivity and inspire innovation makes them an appropriate solution to the dynamic nature of economies (Liu, Ndubisi, Liu & Barrane, 2020). They are critical to economic growth and development as they enhance job creation, thereby reducing unemployment and poverty and, poignantly, youth unemployment in the economy (Tang & Li, 2021). The contributions of SMMEs to the creation of jobs and to the alleviation of poverty has been recognised globally in all economies. In South Africa, the SMME sector is considered an immediate priority towards economic assistance and job creation (Litheko, 2021; Ouma-Mugabe, Chan & Marais, 2021; Soogun & Mhlongo, 2021).

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The study aims to evaluate the extent to which government support services contribute to the growth and development of SMMEs. The specific study objectives are to (a) identify government support services available for growth and development, and (b) investigate the effectiveness of the government support systems to the growth of SMMEs with specific reference to Thohoyandou, Limpopo Province, South Africa.

Small, Medium and Micro Enterprises (SMMEs)

Small businesses have various definitions in different parts of the world. Although many definitions have been given to small businesses, the study adopts the definition according to the Small Business Act No. 102 of 1996 in South Africa. Section 1 of the National Small Business Act of 1996, as amended by the National Small Business Amendment Acts of 2003 and 2004 (NSB Act), officially defines a small business as:

"... a separate and distinct business entity, including co-operative enterprises and non-governmental organisations, managed by one owner or more which, including its branches or subsidiaries, if any, is predominantly carried on in any sector or sub-sector of the economy mentioned in Column I of the Schedule 14..." (Lesejane, 2021: Page 8; Langa & Govender, 2019).

The definition of SMMEs in South Africa takes into consideration several variables. These variables as used in the study are: the size, the number of employees and the turnover of the enterprise.

The Department of Trade and Industry (DTI, 2014) is in line with the Small Business Act and categorises as follows: Firstly, Survivalist enterprises characterized by unemployed persons, focusing on providing minimum means to keep them and their families alive, with little capital invested. Micro enterprises are those with one to five employees, usually the owner and family, with an annual turnover below of R300 000 per year. Very small enterprises are those with less than ten paid employees, an annual turnover of less than R300 000 and basic owner management structure. While small enterprises have less than 50 employees, an annual income of above R300 000 and a semi-formal management structure. Lastly, medium enterprises have above 100 - 200 employees, a decentralized management structure and an annual income level of more than R1 000 000 (Mbomvu, Hlongwane, Nxazonke, Qayi & Bruwer, 2021; Mothoa & Rankhumise, 2021; Ouma-Mugabe, Chan & Marais, 2021).

The dynamic nature of SMMEs enables them to thrive in even more dynamic times or economies (Quansah, Hartz & Salipante, 2022; Rashid & Ratten, 2021; Weaven, Quach, Thaichon, Frazer, Billot, & Grace, 2021). SMMEs have an innovative edge, creativity, competitiveness, and drive to succeed (Isaacs, Friedrich & Basardien, 2020; Takyi & Naidoo, 2020). They possess salient features that enhance their ability to contribute towards economic growth and improved living standards. Some of the salient features include the initiation and creation of distinct enterprises which have the ability to grow rapidly (Wiid & Cant, 2021a), generate a significant number of new jobs, increase productivity and have a positive impact on standards of living (Abisuga-Oyekunle & Muchie, 2020). Despite these salient characteristics, SMMEs grow rapidly in some countries and remain stagnant in others (Meyer & Meyer, 2017; Murithii, 2017; Ndayizigamiye & Khoase, 2018; Bandara, Jayasundara and Naradda Gamage, (2020); Umadia Sr & Kasztelnik, 2020). A number of factors such environmental contexts and related aspects play a significant role in determining their survival or demise (Nyangarika & FSM, 2020). A range of factors identified and cited for contributing to high mortality rates in some contexts include: financing, poor infrastructure, inadequate government support, ineffective marketing, poor management or leadership, and overall bad decision-making (Murithii 2017; Madzimure 2020); Cant 2020); Ogujiuba & Boshoff 2020); Madzimure & Tau 2021).

Research evidence suggests that conducive business environments enhance the growth and expansion of SMMEs (Wiid & Cant, 2021c; Scheba & Turok, 2020; Gamidullaeva, Vasin & Wise, 2020). Government support services such as financial support (Sishuba, 2020) and related training support and schemes enhance the survival and growth rates of SMMEs.

South African government SMME support services

The government has high expectations concerning the SMME sector (Moise, Khoase & Ndayizigamiye, 2020; Ouma-Mugabe, Chan & Marais, 2021). For the next decade, an estimated number of jobs is to be provided by this sector (Kraai, 2021). SMMEs experience high failure rates due to a variety of reasons such as lack of support structures, low levels of research and development, lack of access to markets, onerous labour laws, poor infrastructure, and government bureaucracy (Mhlope, 2021). However, the lack of access to finance, training and experience have been singled out as prominent factors which contribute to SMME failure (Ayandibu & Vezi-Magigaba, 2021; Kanayo, Olamide, Ogujiuba & Stiegler, 2021). Governments can provide financial support and training programmes to help SMMEs realise their growth potential (Botha, Smulders, Combrink, & Meiring, 2021).

Schirmer & Visser (2021) report that the South African government has established institutions mandated to promote and support SMMEs. The Department of Small Business Development (DSBD) was established in 2014 and mandated to specifically create a conducive and favourable environment for SMMEs to thrive, while supporting the National Development Plan goals towards the creation of 90% of jobs by SMMEs (Vivence, 2021; Zulu, 2021). Additionally, the mandate of the Department of Trade and Industry (DTI) was broadened by an Act of Parliament to support SMMEs through its commercial and industrial support mechanisms. Furthermore, the DTI works to promote the growth of SMMEs in cooperation with institutions such as the National Youth Development Agency (NYDA), the Small Enterprise Development Agency (SEDA), the National Empowerment Fund (NEF) and the Small Enterprise Finance Agency (SEFA) (Khoase, & Ndayizigamiye, 2019; Khoase, Derera, McArthur & Ndayizigamiye, 2020). More significantly, the DTI's strategic direction focuses on the development of policies and strategies that promote enterprise growth, empowerment, and equity through initiatives such as the Broad-Based Black Economic Empowerment (B-BBEE), the Isivande Women's Fund and the SEDA Technology Programme (STP).

The National Empowerment Fund (NEF), one of the agencies under the DTI, seeks to promote small businesses through financial and non-financial support for start-ups, expansion, and equity acquisition (Arshad, Ahmad, Ali, Khan & Arshad, 2020). The establishment of the multi-agencies and programmes by the South African government indicates its commitment towards promoting the growth and survival of SMMEs (Lose, 2019). There is a need for effective institutional support services that enhance the survival and growth rates of SMMEs and their capacity towards reduction of unemployment and poverty (Dvouletý, Longo, Blažková, Lukeš & Andera, 2018; Nkwinika, 2018; Hewitt & van Rensburg, 2020).

SMME performance in South Africa

Notwithstanding the establishment of multiple agencies with specific and general mandates to promote and support SMMEs and economic growth and development (Refiloe, Derera, McArthur & Ndayizigamiye, 2020), the sector still faces compounding problems and challenges. The contribution of SMMEs towards employment creation remains elusive in the face of growing unemployment levels, estimated at 32.5% (Onakoya & Seyingbo, 2020; Pasara & Garidzirai, 2020) rising to 34.4%. In 2021, it stands at 35.5% (Maskaeva & Msafiri, 2021). According to the Statistics South Africa 2020 Report, the unemployment rate remains high in the midst of increasing poverty levels and business closures (Mukwarami, Mukwarami, & Tengeh, 2020). The level of unemployment stood at 29.1% in 2016 (Mulaudzi & Ajoodha, 2020). Relatedly, a high number of these businesses end up failing (Saah & Musvoto, 2020; Shiyuti, Zainol & Ishak, 2021; Seid, 2020).

There is a direct link between the lack of access to business finance and the failure of SMMEs (Fosu, 2020; Refiloe, Derera, McArthur & Ndayizigamiye, 2020; Olarewaju & Msomi, 2021; Saah & Musvoto, 2020). The failure of SMMEs is directly related with lack of support structures, poor infrastructure, lack of access to markets, onerous labour laws and government bureaucracy (Schirmerl & Visser, 2021, Wiid & Cant, 2021; Worstall, 2016). The estimated failure rate of SMMEs in South Africa is between 70 and 80% (Nkwinika & Mashau (2020) as survival rates decline to 3 to 5 years (Asah, Louw & Williams 2020; Botha, Smulders, Combrink, & Meiring 2021; Saah & Musvoto 2020).

Despite the establishment of support services provided by different government agencies and the private sector initiatives, SMMEs continue to fail in South Africa (Arshad, Ahmad, Ali, Khan & Arshad, 2020). There is therefore a need for further empirical research on the impact of government support services on the SMME sector in South Africa.

METHODOLOGY

The study adopted a survey method to collect data from one hundred (100) SMMEs in the Thulamela Municipality, Thohoyandou, Limpopo Province, South Africa. The target population comprised one thousand (1000) business enterprises within the categories specified by the study. The ownership of the small business enterprises comprised individuals, partnerships, close corporations, and private companies in charge of micro, very small, small, and medium enterprises in Thohoyandou, Limpopo Province, South Africa. To determine the sample size, three criteria were followed: (a) minimum sample size to conduct meaningful data analysis, (b) sample sizes used in past research, and (c) costs associated with collecting the information from enterprises. To ensure that the population was representative, the Raosoft sample size calculator was used to derive a sample of one hundred (100) SMMEs. The self-administered questionnaire was structured with open-ended questions, closed-ended questions and Likert scale questions. The descriptive quantitative method of analysis was used in the study. Content coding was first done to change the open responses of the participants to descriptive data. The main reason for the coding was to separate responses into meaningful categories and then, allocate frequencies to the responses. Descriptive

statistics were used to analyse the data using the Statistical Package for the Social Sciences (SPSS version 24). The Cronbach Alpha was used to measure the reliability of the research instrument. A reliability coefficient of 0.72 was adopted from a similar study (Musara & Gwaindepi, 2014). According to Bujang, Omar & Baharum (2018), a reliability coefficient above 0.70 means the instrument is internally consistent. Results obtained were also compared with previous studies. These two aspects improved the quality of the study.

RESULTS AND DISCUSSIONS

Profile of Enterprises

A total of one hundred (100) business enterprises completed and returned the questionnaires. As these enterprises are run by individuals and management, the questionnaires were answered by the owners of the enterprises or personnel who were knowledgeable about the affairs of the enterprise. The table below summarises the variables examined in the study

| Variables | |
|-----------|--------------------------------------|
| 1. | Years of existence |
| 2. | Number of employees |
| 3. | Annual income |
| 4. | Level of education |
| 5. | SMMEs by subsector |
| 6. | Sources of funding |
| 7. | Relationship between firms and banks |
| 8. | Refusal of banks to grant loans |
| 9. | Government support programs |
| 10. | Awareness of government schemes |
| 11. | Use of government schemes |
| 12. | Helpfulness of government schemes |
| 13. | Extent of support |

Years of existence

As concerned the years of existence, a majority of them (46.3%) had been running for 1 – 5 years. This may explain the reason why most of them complained about the difficulty in staying in business. The second category had been in business for 6 – 10 years, and the percentage came up to 20.7%. The third category, 14.8% of the sample, had been in business for 11 – 15 years. Comparatively, those who had been in business for 16 – 20 years were 8.3%, and the enterprises in existence for 20 years and above constituted 9.9%. The results showed that most of the enterprises have been in existence for 6-10 years. It was, however, noticed that as the years increase, only a few enterprises continue existing. This may be due to the various challenges that SMMEs face from their conception. As the years go by, the number of enterprises dwindles due to numerous challenges they encounter (Ikadeh & Cloete, 2020). These challenges include aspects such as cash flow problems which may end up affecting the liquidity position of the enterprises, lack of government support as well as the regulatory environment (Musara & Gwaindepi, 2014; Padmapriya, 2021).

Table 1

| | YEARS OF EXISTENCE | FREQUENCY | % | VALID % | CUMULATIVE % |
|-------|--------------------|-----------|-------|---------|--------------|
| Valid | 1 - 5 years | 46 | 46.0 | 46.0 | 46.0 |
| | 6 - 10 years | 20 | 20.0 | 20.0 | 66.0 |
| | 11 - 15 years | 15 | 15.0 | 15.0 | 81.0 |
| | 16 - 20 years | 8 | 8.0 | 8.0 | 89.0 |
| | 20 years and above | 11 | 11.0 | 11.0 | 100.0 |
| | Total | 100 | 100.0 | 100.0 | |

Number of employees

The results showed that 15.8% of the enterprises had no employees. Those operating with 1 - 5 employees constituted 55.8%, followed by 17.5% who had 6 - 10 employees, while those with 11 - 15 employees were less than 4%. 3.9% of the enterprises had 16 - 20 employees. Less than 3% of the enterprises indicated having between 20 and above 200 employees. The reason that a greater majority of them had between 1 - 5 employees may be as a result of their size. This shows that small businesses indeed can be categorised in terms of the number of employees (Berisha & Pula, 2015). A greater majority may have fewer employees because of the expenses that come with running the business and paying wages to these employees (Worstall, 2016). Furthermore, Matlala (2014) attributes financial position and sustainability to a higher number of employees, as such businesses are financially stable and can afford to pay wages and salaries. This section indicates that small businesses are doing their part as employers. This is shown in their contribution to trying to alleviate unemployment (Bruwer & van Den Berg, 2017).

Table 2

| | NUMBER OF EMPLOYEES | FREQUENCY | % | VALID % | CUMULATIVE % |
|--------------|---------------------|-----------|-------|---------|--------------|
| Valid | No employees | 16 | 16.0 | 16.0 | 16.0 |
| | 1 - 5 employees | 56 | 56.0 | 56.0 | 72.0 |
| | 6 - 10 employees | 18 | 18.0 | 18.0 | 90.0 |
| | 11 - 15 employees | 3 | 3.0 | 3.0 | 93.0 |
| | 16 - 20 employees | 4 | 4.0 | 4.0 | 97.0 |
| | Above 20 employees | 3 | 3.0 | 3.0 | 100.0 |
| | Total | 100 | 100.0 | 100.0 | |

Annual income

Although quite a few enterprises were reluctant to disclose this information, which is demonstrated by the missing figures, the researcher was able to convince them of the importance of this information. None of them had an annual turnover below R10 000. 25.5% of them had incomes ranging from R10 001 – R50 000, while 14.4% of the businesses had an annual income of R50 001 - R100 000. 16.9% of them stated that R100 001 - R150 000 was their annual income. 12.7% of the enterprises also admitted to earning up to R150 001 - R300 000 and only 8.5% of them admitted to getting from R300 001 - R500 000. Lastly, 22.0% of them admitted to having above R500 000 as their annual income.

Table 3

| | NUMBER OF EMPLOYEES | FREQUENCY | % | VALID % | CUMULATIVE % |
|--------------|---------------------|-----------|-------|---------|--------------|
| Valid | Below R10 000 | 0 | 0 | 0 | 0 |
| | R10 001 – R50 000 | 26 | 26.0 | 26.0 | 26.0 |
| | R50 001 – R100 000 | 13 | 13.0 | 13.0 | 39.0 |
| | R100 001 – R150 000 | 16 | 16.0 | 16.0 | 55.0 |
| | R150 001 – R300 000 | 14 | 14.0 | 14.0 | 69.0 |
| | R300 001 – R500 000 | 8 | 8.0 | 8.0 | 77.0 |
| | Above R500 000 | 23 | 23.0 | 23.0 | 100.0 |
| | Total | 100 | 100.0 | 100.0 | |

Level of education

Questions about levels of education were relevant to ascertain the impact the level of education had a on the successful running of the enterprise. Thus, regarding the education level that the owners of the enterprise had achieved, 43% had High School matric certificates, followed by 19% with a first degree, 8% with an Honours degree, 2% with a Master's degree, and 3% indicated that they had a Doctorate degree. Those who indicated other were 25% of the sample, and this comprised of those who never went to school, those who had a training certificate and those who went to secondary school but never matriculated.

It was observed that almost 78% of the owners of the enterprise did not have a first degree. This confirms the socio-economic reality of the country, where access to and availability of jobs and employment are low (Du Toit, 2017). Entrepreneurship and small business ownership are used by individuals to secure employment, as the absence of jobs will prompt them to either be entrepreneurial in their thinking or establish businesses as a means to survive (Chigunta, 2017; Matlala, 2014). This is consistent with the study by Matlala (2014) and Perks (2010) who determined 87% and 80% respectively, of business owners did not have tertiary education but went into business after failing to secure jobs. This brings in the relationship between business success and education. The failure of small businesses within the first 2 to 3 years of their existence may be as a result of their owners having difficulty understanding or applying stipulated laws and regulations. This points to the fact that education is essential to the performance and success of businesses (Isaacs et al., 2017; Iwara, 2018). It is also worth mentioning that some enterprise owners were sensitive to this question and failed to answer it as they considered it offensive.

Table 4

| | LEVEL OF EDUCATION | FREQUENCY | % | VALID % | CUMULATIVE % |
|--------------|--------------------|-----------|-------|---------|--------------|
| Valid | High School | 43 | 43.0 | 43.0 | 43.0 |
| | First degree | 19 | 19.0 | 19.0 | 62.0 |
| | Honours | 8 | 8.0 | 8.0 | 70.0 |
| | Master's | 2 | 2.0 | 2.0 | 72.0 |
| | Doctorate | 3 | 3.0 | 3.0 | 75.0 |
| | Other | 3 | 3.0 | 3.0 | 100.0 |
| | Total | 100 | 100.0 | 100.0 | |

SMMEs by subsector

The enterprises operating in the retail sector were 25.6%, followed by 16.5% operating as manufacturers and finally, 6.6% operating as wholesalers. The results also showed that 6.6% of the enterprises were operating as distributors, 6.6% operated as intermediaries while 43% indicated that they operated other forms of business in the services sector. These included services like barbing, catering, wedding and décor services, hair dressing, hotel and accommodation, tourism services, funeral services, key cutting, sewing, dentistry, optometry, and cybercafés for typing, printing, and other internet services.

Table 5

| | SMMEs BY SUBSECTOR | FREQUENCY | % | VALID % | CUMULATIVE % |
|--------------|--------------------|-----------|-------|---------|--------------|
| Valid | Retail | 26 | 26 | 25.6 | 25.6 |
| | Wholesale | 7 | 7 | 6.6 | 32.2 |
| | Manufacturing | 17 | 17 | 16.5 | 48.7 |
| | Intermediaries | 7 | 7 | 6.6 | 55.3 |
| | Other | 43 | 43 | 43 | 98.3 |
| | Total | 100 | 100.0 | 100.0 | |

The results showed that among the enterprises who participated in this study, 70% were aware of the different government business support schemes, while the other 30% knew nothing about government support services. It was discovered that most of the enterprises who were aware of and received government support schemes were the small and very small enterprises. This could be because they are probably the ones who need more financial support, so they go in search of these support schemes (Muni, 2021). However, they included only the National Empowerment Fund (NEF), Broad-Based Black Economic Empowerment Fund (B-BBEE), NYDA (National Youth Development Agency) grants and DTI (Netshishivhe, 2021).

The results of the study revealed that a large and significant percentage (86%) of the SMMEs are owned by the youth. This shows that the youth are pursuing entrepreneurship and contributing significantly to the economy and towards improving their lives. Youth entrepreneurship as found in this study is critical towards the sustainable

management of investments and entrepreneurship in a country like South Africa (Mbuya, 2022; Zwane, Radebe & Mlambo, 2021).

Funding

Table 6 below indicates that 60% of the SMMEs stated that savings were their major source of finance, while 2% showed that they were borrowing from other individuals. This supports observations by Nanziri & Wamalwa (2021) and Owusu, Owusu Ansah, Djan & Anin (2021) regarding the reliance on savings to fund SMME operations.

Funding is one of the most prominent obstacles to SMMEs' growth and the most preferred item business owners want help with (Asah & Louw, 2021; Manzoor, Wei & Sahito, 2021; Msomi & Olarewaju, 2021; Tala, 2021). The results further showed that 10% borrowed loans from banks to finance their businesses while 24% were depending on government grants or support as their major source of funding. 4% had other sources of finance that included crowdfunding and angel investors as in similar studies (Ngwakwe, Rachidi, Musandiwa & Mokoena, 2021; Vivence, 2021). The variations in the source of funding among the businesses show that different businesses require different amounts of capital injection and working capital. The results also point towards the fact that the accessibility to different forms of funding and the formalities required to obtain different forms of finance may also be contributing factors towards the choice of funding that the SMMEs use (Tala, 2021, Saah & Musvoto, 2021).

Table 6

| | SOURCE OF FUNDING | FREQUENCY | % | VALID % | CUMULATIVE % |
|--------------|----------------------------|-----------|-------|---------|--------------|
| Valid | Savings | 60 | 60.0 | 60.0 | 60.0 |
| | Borrowing from individuals | 2 | 2.0 | 2.0 | 62.0 |
| | Borrowing from banks | 10 | 10.0 | 10.0 | 72.0 |
| | Government grants/support | 24 | 24.0 | 24.0 | 96.0 |
| | Other | 4 | 4.0 | 4.0 | 100.0 |
| | Total | 100 | 100.0 | 100.0 | |

The relationship between firms and banks

With regards to the banks providing the SMME's with all the funds they requested, 78% of the enterprises disagreed and 12% strongly agreed to show that the banks are not providing the enterprises with the funding that is required for business operations. The failure of the banks to provide the requested funds may be due to the fact that these SMMEs lack the required collateral to qualify for the requested full amount, or the projected growth prospects of the firm may not be satisfying or realistic (Chilembo, 2021; Gakpo, 2021; Gumel & Bardai, 2021). Additionally, 6% agreed that the banks are providing them with the full requested amount while 4% of the enterprises were neutral. This is in concurrence with a study conducted by Tala (2021) who discovered that 75% of SMMEs were denied loans by banks, and only a fraction of the small businesses that apply for loans have their applications granted. Olarewaju & Msomi (2021), Tala (2021), Saah & Musvoto (2020) also list several reasons why SMMEs find it difficult to access finance – these include poor business plans, lack of collateral security and lack of the required bank loan. The minority that is getting the requested amount may be since they had the needed collateral, projected statements may be realistic, and the requested amount may be lower with limited formalities as different businesses require different capital injections (Asah, Louw & Williams, 2020).

Table 7: Relationship between Firms and Bank

| RELATIONSHIP RESULTS | STRONGLY AGREE % | AGREE % | NEUTRAL % | DISAGREE % | STRONGLY DISAGREE % |
|--|------------------|---------|-----------|------------|---------------------|
| Banks providing all requested funds | 0.0 | 6.0 | 4.0 | 78.0 | 12.0 |
| Banks refused to provide requested funds | 16.0 | 24.0 | 2.0 | 54.0 | 4.0 |
| Banks only providing partial funding | 0.0 | 18.0 | 0.0 | 78.0 | 4.0 |
| Enterprise did not apply for funding at bank | 0.0 | 40.0 | 2.0 | 56.0 | 2.0 |

Concerning the refusal of banks to grant loans, 16% of the enterprises strongly agreed, while 24% of enterprises agreed that banks refused to grant them the requested funds, and 2% of the enterprises were neutral. However, 54% of the enterprises disagreed while 4% strongly disagreed, stating that the banks did not refuse to give them the requested funds. These findings show that the refusal of the banks to provide the requested funds may be due to the understanding that although the enterprises are clients to the banks, they lack the required collateral security or possibility of loan repayment which may result in the rejection of the loan application (Amadasun & Mutezo, 2021; Matsongoni & Mutambara, 2021). Additionally, 18% of the enterprises agreed that banks provide only partial funding while 78% disagreed and 4% strongly disagreed that banks do not provide partial funding (H Rubin & Ben-Aharon, 2021; Xu, Yuan & Rong, 2022). This likely supports the previously discussed results that banks provide the funds on the basis that all the stipulated requirements are met by the applicant (H Rubin & Ben-Aharon, 2021; Xu, Yuan & Rong, 2022).

Refusal of banks to grant loans

Concerning the SMMEs applying for bank loans, 40% of the enterprises confirmed that they made an application for a loan while 2% of the enterprises were neutral. Additionally, 56% disagreed and 2% strongly disagreed indicating that they had not applied for the bank loans. Many of the enterprises indicated that they did not apply for the bank loans, and this may be because most of the enterprises were reliant on the personal savings of the owner (Jordaan & Coetzee, 2021; Mkhize & David, 2021; Owusu, Owusu Ansah, Djan & Anin, 2021). This is presented in the table below.

Table 8

| REFUSAL OF BANKS TO GRANT LOANS | | FREQUENCY | % | VALID % | CUMULATIVE % |
|---------------------------------|-------------------|-----------|-------|---------|--------------|
| Valid | Strongly agree | 0 | 0 | 0 | 0 |
| | Agree | 40 | 40.0 | 40.0 | 40.0 |
| | Neutral | 2 | 2.0 | 2.0 | 42.0 |
| | Disagree | 56 | 56.0 | 56.0 | 98.0 |
| | Strongly disagree | 2 | 2.0 | 2.0 | 100.0 |
| | Total | 100 | 100.0 | 100.0 | |

Government organisations providing support programs

The findings showed that the various government support services through organisations that are available to bolster the growth and development of the SMMEs are NYDA, SEDA, NEF, KHULA, SEFA and DTI. This included 8% of enterprises who received government support through NYDA, 29% who received assistance from DTI and 6% showed that they were under SEDA. Moreover, 2% of the enterprises indicated that they were under KHULA and SEFA, respectively. 3% received support through NEF while 50% were not using government schemes. This shows that indeed the government does provide support programs but businesses either do not know about the existence of these programs or the institutions in charge of rendering the programs, which explains the percentage of businesses that were not under any organisation, as similar studies point out (Alkahtani, Nordin & Khan, 2020; Zin & Ibrahim, 2020).

Table 9

| SUPPORT PROGRAMS | | FREQUENCY | % | VALID % | CUMULATIVE % |
|------------------|-------|-----------|-------|---------|--------------|
| Valid | NYDA | 8 | 8.0 | 8.0 | 8.0 |
| | DTI | 29 | 29.0 | 29.0 | 37.0 |
| | SEDA | 6 | 6.0 | 6.0 | 43.0 |
| | KHULA | 2 | 2.0 | 2.0 | 45.0 |
| | SEFA | 2 | 2.0 | 2.0 | 47.0 |
| | NEF | 3 | 3.0 | 3.0 | 50.0 |
| | None | 23 | 23.0 | 23.0 | 100.0 |
| | Total | 100 | 100.0 | 100.0 | |

Awareness of the scheme

The assistance of the government and other organisations towards increased development of SMME's was evaluated in this study to determine if the SMMEs knew about the existence of these schemes in the first place, as Mukonza (2020) proposes. The results showed that among the enterprises who participated in this study, 70% were aware of the different government business support schemes, while the other 30% knew nothing about government support services. However, they included only the National Empowerment Fund (NEF), Broad-Based Black Economic Empowerment Fund (B-BBEE), NYDA (National Youth Development Agency) grants and DTI (Botha, Smulders, Combrink & Meiring, 2021).

Use of Government Schemes

The study results revealed that 52% of the enterprises have used the government support schemes, or that they are under a government support initiative. 48% of the enterprises indicated that they are neither under a government support initiative nor have used a government support scheme. This was attributed to the fact that these enterprises were not registered for such schemes, either because they did not have the required documents, fall under the criteria to be eligible, or they did not just want to get help from the government as they feel that incubators help SMMEs (Munnik, 2021). It was also noticed that some grants were only awarded when the SMME is considered innovative (Scheba & Turok, 2020; SEDA, 2016). These results show that there is a need for government to encourage these enterprises to register or sign up for these schemes if they want their National Development Plan of 2030 to come to fulfilment (Lesejane, 2021; Mothoa & Rankhumise, 2021).

Helpfulness of the schemes

Concerning the helpfulness of the scheme, of the enterprises shown to use government schemes, 50% found the schemes helpful. This shows that while these government schemes may be of help to the SMMEs that are using them towards their development, the schemes may not be effective enough (Mothoa & Rankhumise, 2021). Again, most of the enterprises under such schemes complained that the help they received was once-off without a possible renewal, because if renewed, they would have to be paid back (Ouma-Mugabe, Chan & Marais, 2021). Others appreciated the grants they received from the government which they did not have to pay back. This denotes that although government support programmes are to a greater extent helping towards improving the development of the enterprises, they still need to improve the way they render their services to SMMEs. This involves ensuring that through these initiatives, they indeed cause these enterprises to thrive gainfully (Musabayana & Mutambara, 2022).

Extent of support

With regards to determining how often the enterprises receive this assistance, 8% of the enterprises indicated that they sometimes receive this form of assistance (grants and training), followed by 44% who indicated that they receive the support once in a while, and 48% showed that they never received such government and non-government organisation support services. As a result, out of 70% who are aware of government support programmes, only 52% indicated to have some form of assistance. This also shows that despite the positive effect that the government support services have on the development of businesses, there is still a need for continued awareness of such schemes (Rens, 2021).

From the discussions above, it can be deduced that even though SMMEs happen to be aware of the schemes made available by the government through supporting organisations, only above the average number of them make use of these services, which is why only half of them find these services helpful (Akpo, Oyebanjo, Robertson & Tengeh, 2021). Coupled with a high percentage of them which either never make use of the services or only occasionally, this justifies the increase in failure of SMMEs (Botha, Smulders, Combrink & Meiring, (2021). Thus, it can be concluded that one of the main reasons, amongst others, for this failure, is the ineffectiveness of government schemes in performing their role of fostering the growth of SMMEs (Matsongoni & Mutambara, 2021). Again, it is worth noting that the findings also showed that 50% of the enterprises regarded the government support schemes to be helpful while 50% of the enterprises indicated that the government support programmes are unhelpful towards the development of the SMMEs. This almost equal balance denotes that although government support programmes are to a greater extent helping towards improving the development of the enterprises, they still need to improve the way they render their services to SMMEs. This involves ensuring that through these initiatives, they indeed cause these businesses to thrive gainfully (Dladla & Mutambara, 2022).

CONCLUSION

The primary aim of this study was to identify government support services available for the growth and development of SMMEs in Thohoyandou, Limpopo Province South Africa. The study shows that the South African government

has initiated and established several institutions to improve and enhance the growth and development of SMMEs around the country. The government understands that this support to SMMEs will result in strengthening the economy and, subsequently, a reduction of unemployment.

The study revealed that although there were several government initiatives in existence, there is still a need to increase awareness of these schemes and the effectiveness with which they are implemented. The relevant authorities can also ensure provision of grants towards purchasing the required and up-to-date machinery or materials, increased business financial support, provision of agents to monitor business performance, provision of continued business training workshops and reduction of the requirements and the application process.

The secondary aim of this study was to investigate the effectiveness of government support systems to the growth of SMMEs with specific reference to Thohoyandou, Limpopo Province, South Africa. The effectiveness of government support services in this study was measured in terms of the way in which these services make enterprises better through training, funding, and mentorship. This support leads to the enterprises faring better, ultimately leading to growth.

As some enterprises in the study indicated, particularly the medium enterprises, they were aware of the initiatives but had not been able to participate or benefit from them as there existed several initiatives, but they did not match with the growth goals of their enterprises. Meanwhile other enterprises, mostly the small and very small enterprises, indicated that they purposely go in search of these services to ensure that their enterprises are growing and successful. However, the ones they ended up finding were not tailored for them and usually have several requirements they could not meet as small businesses.

Thus, it can be said that although the government has done its possible best to put various institutions in place for the promotion of SMMEs, they still need to tailor these schemes according to the needs of SMMEs. This is best to ensure optimum utilisation of these schemes by SMMEs to enable them to be as effective as possible. This can be done through monitoring and evaluating these schemes to keep abreast of the applicability of these programs, to improve business operations towards the overall growth and development of the SMMEs sector.

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THE EFFECTIVENESS OF INTRAPRENEURIAL WASTE MANAGERS IN THE FUTURE OF SOUTH AFRICA. A CONCEPT PAPER.

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INTRODUCTION

South Africa has a rich and powerful history when it comes to overcoming challenges. One of the major challenges which was overcome was the abolishment of apartheid which, among others, led to the transformation of the public sector to include a service to all. The much-needed transformation included a local municipal structure, as well as how to effectively deal with waste. In the past few decades there has been a steady march towards addressing global warming, pollution and other negative effects on the environment (GreenCape Report, 2020). The importance of dealing with waste management in an effective and efficient manner has become more pressing. We tend to look at the problem of pollution and environmental degradation, and the negative impact it has on society, more holistically (PETCO, 2022). This paper will focus on the waste managers within the public sector and introduce the concept of intrapreneurship and explore the possible effects it could have on municipal waste managers. It will also bring the much-needed background information of how waste management fits into the concepts of global warming. The paper brings clarity on the role of the waste managers within the municipal structures, the laws and regulations that need to be considered and the management of various logistical issues that make up the duties of a municipal waste manager. Within this paper we will explore intrapreneurship within the waste management sector and highlight to what extent intrapreneurial freedom is allowed.

BACKGROUND

Waste management and global warming

The age-old question regarding the importance of waste management can be answered easily within the context of global warming and pollution in the 21st century. Mother nature itself can be seen as being delicate at best and by adding human beings into the mix, with no respect for mother nature based on their behaviour, leads to the destruction of the planet and all its inhabitants (Godfrey & Oelofse, 2017).

Waste management can be defined as activities and processes necessary to effectively deal with waste from the point of collection to its disposal (Ma & Hipel, 2016). These activities and processes start with the collection of waste through various means, for example, garbage bin collection, waste pickers and recycling drop points. In addition, there is the treatment of waste, based on material composition such as sorting it according to plastics, metals and even precious minerals (Ma & Hipel, 2016).

The waste that is being generated across the world and the ineffectiveness of dealing with that waste is contributing directly to climate change through the increase of carbon particles in the air and on the ground (Onyanta, 2018). The end result is warmer temperatures which in return creates catastrophic greenhouse effects and further effects to the environment.

It is therefore argued, by Godfrey and Oelofse (2017), that proper waste disposal is the responsibility of every organization and government. If waste is not handled and treated in the correct manner it will have a negative impact on the ecosystems across the world and can lead to the death of animals and humans.

The World Bank predicts that 3.4 billion tons of municipal solid waste (MSW) will be produced in the year 2050 (The

World Bank, 2021). Currently Canada's estimated waste generation is 1.3 billion metric tons, with only a population of 36.7 million people (The World Bank, 2021). This is alarming as the annual waste per capita is 36 metric tons.

Based on current behaviour, global warming can never be stopped; however, it can be delayed by reducing the overall waste that is produced by humans which will reduce the negative effects that waste has on mother nature and will also assist in decreasing greenhouse gasses.

Therefore, one can argue that waste management is an important component in the fight against global warming, as literature based on the topic will reveal that more governments and businesses across the world are turning towards more sustainable practices that seeks to decrease their carbon emission footprint in the world (GreenCape Report, 2020).

Waste management in the South African context

During the apartheid regime, only white South Africans benefited from the government in leu of municipal services being delivered. While millions of black South Africans were forced to live in homelands, with no or limited-service delivery taking place within the respective black homelands (Jensen & Zenker, 2018). Waste management was mainly prioritized within white neighborhoods and the services were not implemented for the rest of the country. Since the newly democratic government was elected in 1994 the African National Congress (ANC) was left with the enormous task of reinventing the South African public sector to ensure equal service delivery for all.

The Nation Waste Management Strategy (NWMS) is a mandatory prerequisite of the National Environmental Management (Waste Act No. 89 of 2008) or better known as the "Waste Act" (DEA, 2019). The main goal of NWMS is to meet all the objectives set out in the act to ensure that waste management in the new South Africa is more effective and efficient and available to all its citizens.

In 2008, the National Environment Management (NEM) Waste Act (Act 59 of 2008), was promulgated and made provision for increased detailed regulations to improve waste management. According to NEM (Act 59 of 2008) it defines waste management as being vital to everyday life of South Africans as it seeks to collect, transport and effectively treat waste in a manner that is less harmful to the environment and surrounding communities (Republic of South Africa, 2008).

Waste management in the modern day seeks to promote eco-friendly protocols when dealing with waste so that less air and ground pollution takes place. The National Environment Waste Management Act (Act 59 of 2008) is focused on promoting and ensuring the effective delivery of waste services, treating and safely disposing of waste and lastly, avoiding and minimising the generation of waste (Godfrey & Oelofse, 2017).

Waste management in South Africa is predominantly the responsibility of the public sector. There are two economies within the waste sector namely, the formal sector; where the allocation of tenders and formal business contracts take place and the informal sector; which consists of 60,000–90,000 waste pickers and informal businesses (Godfrey & Oelofse, 2017). The aforementioned is very relevant and impacts waste management, however, it is outside of the scope of this paper.

In 2018 more than 75% of all waste collected in South Africa ended up at the landfills which was mainly due to the slow implementation of the National Waste Management Act strategy resulting into landfills running out of capacity to dispose waste coupled with limited alternatives to utilize when dealing with waste (DEA, 2012).

During 2018 more than 323 478 households were yet to receive refuse removal services resulting in waste being dumped illegally, estimated to be at 4 million tons (Rodseth et al., 2020). Therefore, it shows that when refuse removal does not take place it results in the illegal dumping which causes more environmental damage and costs the state more money and ultimately could cause diseases within the community.

Waste streams generated in South Africa

Municipal waste managers (MWM) in South Africa are required to be in a position where they are able to facilitate the treatment and disposal of more than one type of waste stream. Waste streams can be divided into plastic, organic, paper, cardboard, etc., just to name a few. It is important to note that different waste streams are being generated in South Africa and require effective waste management to deal with the waste accordingly (City of Cape Town, 2021). According to Godfrey and Oelofse (2017) the best-known waste amongst citizens is commercial and domestic waste. Commercial and domestic waste in South Africa has increased drastically as a result of rapid

urbanisation (City of Cape Town, 2021). According to the DEA (2019) general waste such as garden waste, building rubble and household can be taken as waste that does not affect the surrounding environment negatively as it normally gets transported to landfills and recycling centers.

Another waste stream is the waste generated from mining activities and industrial hazardous waste. Mining waste can be defined as waste that is generated during the mining process; this includes tailings, slugs and rocks that cannot be re-used (Republic of South Africa, 2021). Hazardous waste is also generated during mining activities and contains chemicals that are deadly to humans and surrounding environments and must be dealt with great caution. The last form of waste that will be discussed is organic waste. Organic (natural) waste consists of plant waste, foods and some paper-based goods (Republic of South Africa, 2021). The important components of organic waste are that it will decompose into its organic form which will go back to the soil where it came from and this process happens over a period of decomposition.

The role of waste management in South Africa

The former Minister of Environmental Affairs and Tourism, Valli Moosa, said that South Africa must change its national flower to the plastic bag due to the plastics bags polluting our beautiful communities (Staff Reporter, 2003). The tax on plastic bags was implemented which required customers to pay for every plastic bag, hoping that this will deter customers from making use of plastic bags and rather to utilise reusable shopping bags (Staff Reporter, 2003).

Since 5 May 2021 the mandatory Extended Producer Responsibility (EPR) for plastic packaging in South Africa came into effect (PETCO, 2022). EPR came into effect as part of Section 18 of the National Environmental Management Waste Act (NEMWA). EPR seeks to hold both the plastic packaging industry and government accountable, and also seeks to improve transparency in the system. However, waste management suffers from a pervasive underpricing, which means that the cost of waste management is not fully appreciated by consumers and waste disposal is preferred over other options.

The 3Rs of waste management are reuse, recycle and reduce (The 3Rs initiative, 2022). The 3R seeks to help reduce the amount of waste that South Africans disposes of, and also seeks to reduce landfill space by making use of recycling, re-using and reduction methods. Waste management is being steered towards promoting the reuse and recycling of goods made from glass, paper and metal as this can be melted and be made into new products, and thus reducing the negative impact of waste on our environment (Dukhan, Bourbon-Séclet & Yannic, 2012).

The top five countries generating the most amount of waste is Canada, Bulgaria, United States, Estonia and Finland. Currently Canada's estimated waste generation is 1.3 billion metric tons with only a population of 36.7 million people (The World Bank, 2021). This is alarming as the annual waste per capita is 36 metric tons. During 2018 more than 12 million households in South Africa received refuse removal and the overall domestic waste that was generated by South African households was more than 12 million tons (Stats SA, 2018). Thus, South African households, according to this data, will generate 1 ton of waste per household over the period of a year. Whether the figures can be compared depends on a few factors, such as if the sample had similar characteristics, and also whether the income was comparable, etc.

Waste management is important as it seeks to move away from the traditional ways of dealing with waste, such as landfilling. This is done by taking a new direction of encouraging citizens to recycle their waste at home and if not recycling, then to rather separate waste at source (at home). For example, some suburbs in South Africa received a recycling bin that is dedicated solely to recycling waste (Waste Plan, 2022). This new way of dealing with waste is centred around waste education and how each citizen can do their part in keeping our environment clean and safe for future generations. Waste Plan has an educational program tailored for the public to educate citizens on how to recycle their waste correctly by using various colour bins dedicated to specific materials (Waste Plan, 2022).

Municipal Waste Managers (MWM)

According to the NEWM (Act 59 of 2008) a municipal waste manager can be defined as the person that is appointed by the local municipality to coordinate and deliver waste management service as per the Municipal Structures Act (Act 117 of 1998) (South African Government, 2021).

In accordance with the Act, municipalities are responsible for appointing a Municipal Waste Manager (MWM) to coordinate waste management activities within the municipalities' jurisdiction and also needs to submit performance based annual reports to provincial and national departments.

Saleh and Rahman (2018) argue that MWM must ensure that the effective coordination of waste activities takes place within the local municipality. This includes the treatment of household waste and other supporting services, in order to adhere to the National Waste Management Strategy as stipulated in the Gazette. However, municipalities and MWM are allowed to exercise their own discretion with regards to the standard set for local waste services; for example, waste separation and disposal must still be in line with the standards of provincial and national government (Republic of South Africa, 2021).

Waste managers work primarily (in the scope of this article) for the State, as it is the State's responsibility to effectively deal with waste management.

Minimum criteria to be appointed as municipal waste managers (MWM)

It is important to note that the minimum criteria required to be appointed as municipal waste manager falls within the framework of the NEWM (Act 59 of 2008) as the Act seeks to provide the necessary direction when appointing municipal managers. According to the recent job vacancy advertised, for a municipal waste manager within the Swellendam Municipal region, the following specific criteria were used (Swellendam Local Municipality, 2021):

- The necessary academic qualifications that are needed to fulfil this position is a degree or diploma in waste management, which is preferred; however, other related degrees related to project management, mechanical engineering and public administration will also be considered.
- MWM must be registered with the Integrated Waste Management of South Africa (IWMSA).
- For MWM to be appointed they need to have at least 5 years' relevant work experience as MWM.
- MWM must also be capable to demonstrate their advanced computer literacy skills (Windows, MS Word, Excel and PowerPoint).

Role and responsibilities of MWM

The role and responsibilities of MWM outlined by the Swellendam Municipality can be summarised as being the following (Swellendam Local Municipality, 2021):

- MWM need to conduct investigative and productivity reports that are directly related to waste management which includes areas such as recycling, methods of waste management and lastly, minimizing waste.
- MWM are also required to draw up and interpret the annual waste management infrastructure budget.
- It is the responsibility of the MWM to monitor and evaluate the performance of waste management against the annual financial budget and identifying any deviations and handle it accordingly.

Identifying where does waste managers fit into waste management

Waste managers can be found in all three spheres of the South African government namely, at national, provincial and local governmental levels. The table below tabulates the three spheres of government and the functions that are performed within those spheres.

Table 1: Summary of waste managers within the three spheres of government

| Three spheres of government | Functions within the spheres |
|-----------------------------|---|
| National government | <ul style="list-style-type: none"> • The Department of Environmental Affairs (DEA) reports back at national level regarding waste management. • The DEA main responsibilities that can be highlighted are the overseeing and the implementation of the Waste Management Act. • The waste manager officer (WMO) reports feedback on agreed goals and targets. |
| Provincial government | <ul style="list-style-type: none"> • Activities and programs related to waste management. • Provincial waste manager director. • Provincial government must also compile annual reports that speak to the effectiveness of the waste management programs and overall performance. • Reports directly to the minister. |
| Local government | <ul style="list-style-type: none"> • Appoint a local municipal waste management officer (WMO). • WMO must oversee solid waste and refuse removal for their communities. • WMO maintain refuse dumps in a sustainable manner. • Provide the necessary space to store the collected waste that was collected and to dispose the waste using different methods. • Financial planning and management |

Establishing the current situation in practice regarding waste management officials (WMOs)

To understand the performance of waste management within South Africa it is important to take a closer look at what is already happening in practice. In research conducted by the Local Government Sector Education and Training Authority (LGSETA) several questions were asked and the results or answers to the questions are documented in Table 2 below. The results reflect that 41% of the respondents lack the necessary qualifications required to fill the position. 38% of the respondents do not have the necessary work experience, and only 49% indicated that they are able to write an annual performance report. There were 38% of respondents who claimed that WMOs are not required to engage bylaws and related policies. Furthermore, 36% respondents indicated that they have intrapreneurial freedom to implement their own ideas within the workplace. Lastly, 38% of the respondents indicated that they did not know how to develop a waste management services budget and other subsidies for the municipality. It is clear from these figures that there are incumbents in these positions who do not know how to function in these roles and this has a major effect on service delivery to communities at large. The ripple effect is also felt throughout the waste economy and the environment.

Table 2: Research questions asked by Local Government Sector Education & Training Authority (LGSETA) to MWOs regarding skills and qualifications

| Questions | WMOs |
|---|---|
| Do you possess the necessary academic qualifications? | 41% lack the necessary qualifications |
| Do you have previous work experience related to waste management? | 38% indicated that they do not possess the necessary work experience |
| Are you comfortable with Integrated Waste Management Planning and Reporting? | 49% WMOs indicated they are able to write annual performance reports during the implementation phase of the IWMP |
| Do you as a WMO need to engage with bylaws and related policies? | 38% of WMOs indicated that this does not form part of their job |
| Does the workplace allow for intrapreneurial freedom? | 36% of WMO indicated that there is some intrapreneurial freedom within the workplace. |
| Are you comfortable with developing waste management services budgets and other subsidies/tariffs for the municipality? | 38% of WMOs also indicated that they do not know how to develop a waste management services budget and other subsidies/tariffs for the municipality |

Source: (Local Government Sector Education & Training Authority, 2020)

Challenges faced by waste management officials (WMOs)

WMOs are faced with a variety of challenges on a day-to-day basis. The Municipal Demarcation Board (MDB) highlighted some of the key challenges in their national report. These challenges impact the effectiveness and efficiency of WMOs.

The first major challenge that WMOs face is financial challenges (MDB, 2018). It is important to note that waste management can be seen as being one of the major budget components for municipalities ranging from 50% to 90% of the annual budget of a municipality. Due to the global pandemic (Covid-19) it resulted in thousands of households and businesses not being in a financial position to pay for waste collections hence the non-payment of these household and businesses has majorly impacted municipalities' ability to provide these services (Dukhan et al., 2012). For example, the average expenditure for waste management for the financial year of 2017/18 was between R50 million and R108 million (MDB, 2018). Covid-19 had a negative impact not only on the financial budget of WMOs but also the effectiveness of service delivery that was hampered by the different levels of lock down (South African Government, 2022).

The second major challenge being faced by WMOs is due to planning and management related issues. LGSETA states that the rapid increase of the urban population and growth in the overall population directly impacted municipal waste collection services, which resulted in a backlog of two months and more (LGSETA, 2020). WMOs are losing the battle when it comes to managing landfills in South Africa due to the lack of funding and the lack of knowledge on the importance of waste management in the country (DEA, 2018). Currently the Stellenbosch local municipality being one of the bigger municipalities in South Africa ran out of airspace at the local landfill (GreenCape Report, 2020). The only municipalities that still have enough landfill space for the next five years are

the Overstand district municipalities and the Swartland district municipalities (GreenCape Report, 2020). This is indicative of the lack of planning which could have prevented this from happening.

The third challenge that WMOs are facing is the issue of illegal dumping. Illegal dumping of waste has seen a drastic increase over the last few years due to the global pandemic impacting homeowners and businesses' monthly income, and thus affecting their ability to pay to dump their waste legally (LGSETA, 2020). WMOs are tasked with preventing illegal dumping since the clean-up of illegal dump sites can cost up to 30 times more in expenses rather than dumping waste legally at landfills or recycling centres (Abel, 2018). Currently there is a strong drive from the Department of Forestry, Fishery and Environment (DEFF) and the Department of Environmental Affairs to reduce the amount of illegal dumping within South Africa (DEFF, 2022). By joining forces these two departments have implemented different initiatives, for example, the working on waste initiative (DEFF, 2022).

The final major challenges that WMOs have to deal with on a daily basis are the laws and legislation that govern waste management. For example, the Gauteng province has not been awarded a single new landfill license in the past 26 years (AWARD, 2019). The reality is that very few remaining landfill sites have capacity and are filling up at an alarming rate which means that WMOs are not acting fast enough to open up new landfills or build more recycling centers and other alternative centers to dealing with the waste problem (AWARD, 2019). The opening of more landfill sites will only prolong the problem that we are currently facing; therefore, in the opinion of the authors, looking for alternative measures such as the 3R principle is vital in combatting pollution as a result of waste disposal.

Thus, WMOs need to be entrepreneurial in their thinking when considering innovative ways to combat the status quo and opening up new landfills is not the answer to this problem. This is one of the main reasons that this research paper highlights the need for intrapreneurial WMOs.

Understanding the true form of Intrapreneurship and its traits

Intrapreneurship was first introduced by Gifford and Pinchot in the early 1980's. Gifford (1985) defined intrapreneurship as an individual who works within a set company to develop an innovative idea that will increase the performance of the company. Intrapreneurs make use of organizational resources whereas entrepreneurs simply make use of their own personal resources (Zahra, 1991). According to Zahara (1991) intrapreneurship consists of a multiple layered structure and its often-tested intrapreneurial factors such as the ability to take risk, promoting innovation, and identifying the competition which sets intrapreneurs apart from the rest of the organization. According to Allen (2021) intrapreneurship can be seen as being the dynamic process to creating wealth while using innovative ideas to create something of value, not only for the intrapreneur but also for its serving organisation.

It is important to note that intrapreneurship can be seen as being the vehicle to creating an innovative environment by allowing its employees to utilize their own skill which will profit the organization and the intrapreneurs (Allen, 2021). Intrapreneurship creates the necessary platform for employees within an existing organization to experiment with new ideas in solving existing problems or to apply their insight to help grow the organization (Allen, 2021).

Some of the intrapreneurial traits that can be identified are as follows:

- Intrapreneurs are passionate about their idea/innovation as this will serve as the internal motivation for intrapreneurs to help achieve the goals that was set (Majumber, 2017).
- Intrapreneurs display great determination to succeed and acknowledge that there will be obstacles and other challenges which need to be resolved first (Majumber, 2017).
- Intrapreneurs have a sense to be adaptable and obtain goals and objectives irrespective of the environment (Majumber, 2017).
- Autonomy is a key driving force of intrapreneurs (Soltanifar, Hughes & Göcke, 2020).

Influence of intrapreneurship on waste management

In this section the focus will be on the impact of intrapreneurial thinking and how it could influence MWOs and its municipalities. This is through ensuring that the necessary innovation will contribute to the overall readiness of MWOs, and to overcome its competition by being proactive through taking a more robust approach in identifying potential problem areas, instead of waiting for problems first to take place (Soltanifar, Hughes & Göcke, 2020). One of the major issues, when considering waste management, is the delivery of services. MWOs have been issuing contracts for waste collection on a municipal jurisdiction basis which is a large area, however, the MWOs need

to consider the collection of waste from a residential area's perspective. This could have an impact on improving service delivery in that particular area and create an opportunity for small business to be established in the value chain, resulting in employment opportunities within the communities.

Innovation within this context implies to the overall tendency of an organization to take part in more creative processes that allow for the development and testing of new ideas. The freedom of MWOs to explore innovative ideas and testing can later then be adopted by municipalities to improve service delivery within South Africa. Multiple empirical studies have confirmed that innovation does not negatively impact the performance of an organization (Soltanifar, Hughes & Göcke, 2020).

As mentioned earlier, autonomy is a key driving force in intrapreneurs and a key factor in achieving results (Soltanifar, Hughes & Göcke, 2020). In waste management however, it is no different as the waste portfolio needs to be championed through achieving success and the MWO (the mandated official), thereby fulfilling the set mandate. Performance is heavily impacted by the autonomy of the intrapreneurs which effects the overall profitability and increases the innovation of MWOs (Jensen & Zenker, 2018).

Benefits of intrapreneurial training and development

In the early 1980's Gifford predicted that the future will be more intrapreneurial orientated (Gifford, 1985). We can see that the prediction has come full circle as more businesses rely on the innovation of its employees to grow and develop, for example, there are companies which have incentive schemes for the implementation of innovative ideas. In our view the public sector is no different as there is an increased competitive threat from the private sector to deliver services at a cost. Intrapreneurial training and development would allow MWOs to compete, in creative solutions, with those competitors in the private sector. Intrapreneurial training will allow MWOs to apply their ideas within the workplace since WMOs would know best as to what needs to be done to improve service delivery (GreenCape Report, 2020). By promoting the importance of intrapreneurial training this will create an environment for WMOs to share their ideas with other WMOs and ultimately contributing to the body of knowledge when it comes to waste management (GreenCape Report, 2020).

A benefit of intrapreneurial development is an increase in employee morale (Aparicio, Turro & Noguera, 2020) which highlights that when employees seem to be contributing to the organisation it adds to their wellbeing since they feel they are making a difference. Woodward et al. (2019) mentions that intrapreneurship increases the sense of pride in the work being produced which relates to a boost in confidence. Needless to say, having employees who believe in their skills and strategies will have a positive effect on the employees and in turn, the employers. Currently, MWO's are not self-confident and as a profession it is not seen as being a high-value job within society (DEA, 2020). We can refer to Table 2 above which depicts the incumbents of MWO posts within the municipality.

Woodward et al. (2019) adds that intrapreneurship training and development gives rise to improved financial decision making. Good financial decision-making ability is vital when working with a budget, especially a budget that is under pressure due to the 'perceived significance' of the portfolio. By allowing MWOs the freedom to think innovatively and creatively, within the prescribed policy, will give rise to more efficient and effective waste management processes and increase levels of service delivery which impacts budgets and allows for effective utilisation of resources (Lee, 2018).

Recommendation for future studies

Intrapreneurship provides the necessary and much needed platform to engage with employees within the work environment and identify key challenges that employees face with regards to doing their day-to-day activities (Iglesia, 2019). The impact that intrapreneurial thinking will have on public sector management will be immeasurable as it will not be seen as only a job that needs to be done or just a form of income to the incumbent. The importance of intrapreneurship can visibly be seen by allowing the necessary decisions to be taken by employees by using their own innovativeness and creativity through a process when applying their focus towards the task at hand (Lee, 2018). One can argue, that intrapreneurs are individuals that are hardworking and specifically take pride in their work. Currently the unemployment rate is 34.9% which is the highest rate of unemployment in the history of the South Africa economy (StatsSA, 2021). Hence, the need for sustainable job creation is the solution in the fight against unemployment (Foley, 2020). Potential jobs will be created by the construction and operation of newly developed recycling plants across the country as the demand for recycling in the country has drastically increased in the past 10 years (Foley, 2020).

Due to the global COVID pandemic this had a drastic impact on the South African GDP which currently stands at \$320 billion (Stats SA,2021). Hence, intrapreneurship can be seen as a tool to help grow the South African economy and reduce fiscal spending by making use of new methodologies and strategies when dealing with waste. Due to the spate of corruption, which gained unprecedented momentum in the Jacob Zuma era, and the onset of the COVID pandemic over the past two years, coupled with more corruption during the various tendering processes, has left the country almost crippled. With the majority of municipalities being bankrupted and service delivery being non-existent in the municipalities there is little or no hope of surviving the devastating impact of waste on the environment and society at large.

We recommend that research be conducted in the form of a skills audit of all those currently in waste management positions within municipalities; not to get rid of the managers but rather assess and equip them with the necessary intrapreneurial skills required to make a success of the portfolio. It is important to conduct a bench marking exercise between the private and public sectors to determine the roles, responsibilities, expertise and strategy implementation within each sector as both incumbents operate in the same sector. The role of a waste manager in most municipalities is seen as a "necessary evil" that needs to be filled, and does not necessarily have the same prestige as other positions within the municipality. We are also aware and are mindful of the impact of political appointments within municipalities which have a bearing on the performance of various portfolios due to some appointments being under-qualified or not qualified at all.

CONCLUSION

South Africa has a colourful history when looking at the different challenges that South Africa has faced in the past. One of the current major challenges that South Africa is facing now is how to effectively deal with waste management and how WMOs can assist in the fight against waste. Within this paper the focus was placed on waste managers within local municipalities and their respective roles. In addition, the challenges that WMOs are facing were highlighted and unpacked. The concept of intrapreneurship was introduced as a tool to assist WMOs in dealing with these challenges and how intrapreneurship can lead to more effectiveness and efficiency within waste management. The problem of waste management within South Africa is in need of an African solution and intrapreneurship is the vehicle that needs to be used.

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THE IMPACT OF BUSINESS DEVELOPMENT SUPPORT TRAINING ON YOUTH ENTREPRENEURSHIP SUCCESS IN SOUTH AFRICA: A CASE STUDY OF THE GAUTENG PROVINCE

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Abstract:

The development of youth-owned businesses is one of the key drivers of economic growth, innovation and job creation in developing countries. Business Development Support (BDS) is one vehicle that has been used in South Africa to achieve this by capacitating entrepreneurs with the necessary skills and knowledge for venture creation. This study investigates the impact of BDS training on the success of youth entrepreneurship success and the level of adequacy of the training youth receives from BDS providers. The quantitative cross-sectional design study used a survey to collect data from 494 young entrepreneurs enrolled on the BDS programme in the Gauteng province, South Africa. The study's findings showed that BDS training positively impacts entrepreneurship success through financial and non-financial training programmes such as marketing, innovation, risk-taking and management skills. However, it was interesting to note that non-financial training had a more significant impact than a financial training programme on the entrepreneurship success for youth entrepreneurs. Moreover, entrepreneurs viewed the adequacy of training received from BDS differently when analysed across demographics. The study concludes that BDS providers should focus more on providing the youth with non-financial training, which seems to have a bigger impact. It is evident that non-financial training will enhance their innovation, marketing, risk-taking and management skills seeing that this is how non-financial training was operationalised. This study recommends that when designing programs for the youth consideration should be taken on the level of education, management and owner experience, and the age of the business, as the needs seem to be according to these demographics.

Keywords: *Human Capital; Youth Entrepreneurship; Business Development Support; Entrepreneurship success; Entrepreneurship; BDS Training; Financial training; Non-financial training*

1. INTRODUCTION

South Africa faces high levels of youth unemployment, which is a key demographic group that is critical for the future development of any economy (Oseifuah & Rugimbana, 2010). Youth entrepreneurship has the potential to integrate the youth into the job market and drive innovation within the space of entrepreneurship and is one of

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the ways for addressing youth unemployment (Adams & Quagranie, 2018). Unger, Rauch, Frese and Rosenbusch (2011:343) define human capital as skills and knowledge that individuals acquire through investments in schooling, on-the-job training and other types of experience. They further indicate that human capital covers a broad spectrum that includes formal education, employment, training, start-up and owner experience, parents' background, skills, and knowledge. Unger et al. (2011:341) further stated that:

“human capital increases owners' capabilities of discovering and exploiting business opportunities. In addition, human capital helps owners acquire other utilitarian resources such as financial and physical capital, and it assists in accumulating new knowledge and skills”.

Marvel, Davis and Sproul (2016) state that the term human capital embraces educational investment and prior knowledge which enhance the ability to exploit new ideas and ventures, making decisions about existing ventures, and accumulating relevant knowledge. In addition, Venter and Urban (2017) describe human capital as knowledge and skills acquired, inclusive of experience, that increases cognitive ability which in turn enables the ability to exploit an opportunity. Unger et al. (2011) highlight the need for further research on human capital to include greater understanding on how new owners come up with ideas to explore and exploit business opportunities. However, the drive for youth employment through new venture creation is limited by the lack of human capital, among most of the youth (Khumalo & Mutobola, 2014).

The primary goal of the Integrated Small Business strategy adopted by the South African government in 2005 was to promote and encourage the growth of Small, Medium and Micro Enterprises (SMMEs), entrepreneurship, creation of an enabling environment for entrepreneurship, and enhancement of competitiveness and capabilities of existing enterprises. Furthermore, the policy had multi-pronged objectives which included the expansion of education and training for small businesses (Mathibe & Zyl, 2011). Despite these interventions, the SMME sector continues to experience high mortality rates as they fail to grow and create the necessary employment previously envisaged by the government (Masutha & Rogerson, 2014a). Subsequent multiple private and public interventions that include Businesses Development Support (BDS) programmes and support mechanisms have been implemented to mitigate the challenges faced by SMMEs (Mathibe & Zyl, 2011). In addition, BDS organisations focusing on supporting and providing business training services to newly formed and established small businesses at strategic and operational levels were created (Khoase, Mutinta & MacArthur, 2018).

This study evaluates the adequacy of training provided by BDS providers and the impact this training has on youth entrepreneurship success among youth entrepreneurs who completed BDS training in the Gauteng province, South Africa. It is critical to understand whether BDS providers are succeeding in developing the youth and preparing them to run successful enterprises. This study focuses on human capital development and its impact on youth entrepreneurship success.

2. LITERATURE REVIEW

2.1 Youth Entrepreneurship

The United Nations (UN) defines youth as individuals between the ages of 15 and 24 years, while the Commonwealth considers ages 15 to 29 years as youth (Adams & Quagranie, 2018). In South Africa, the categorisation of the youth is between 15 and 35 years of age, and those aged 15 years and above are permitted to enter the labour force (Oseifuah & Rugimbana, 2010). The Global Entrepreneurship Monitor defined youth entrepreneurs as those in any population aged 18 to 34 years (Schøtt, Kew, & Cheraghi, 2015). For purposes of this study, youth entrepreneurs are defined as those young men and women between the ages of 18 and 35 years, who resided in rural or urban areas, and run their own enterprises (DTI, 2013).

The highest prevalence of entrepreneurship activity in South Africa is among the youth, with over 20% of SMMEs owned by individuals who are below 35 years of age (SEDA, 2018). Rajasekaran, Chinnathai, & Ramadevi (2015) reported that the focus on youth entrepreneurship is a deliberate mechanism for alleviating youth unemployment to ensure that young people participate in creating new businesses as a means of creating self-employment. Furthermore, the initiative builds capacity for youths to create jobs that align with innovative and dynamic business environments (Holiienka, Pilková, & Jančovičová, 2016). A survey conducted by Statistics South Africa (2018), showed that youth unemployment in South Africa was at 38.2%. The government has tried multiple interventions to promote and ensure youth employment through entrepreneurship interventions such as incubation facilities, youth entrepreneurship education, and tax relief for small businesses (Mohutsiwa, 2012). Ceptureanu and Ceptureanu

(2015) report that in Europe, youth unemployment is estimated at 21%, and governments are in a panic because of the risk of youth disengagement from the mainstream economy and are crafting new policies and funding initiatives aimed at youth entrepreneurship. Rajasekaran et al. (2015) indicated that in India of the 300 million youth in need of employment, the government could only secure 100 million jobs leaving the system with a 200-million job deficit. This creates a crisis that cannot be easily resolved, and the Indian government is continuously creating opportunities for youth entrepreneurship. This shows that youth unemployment is not only a South African challenge but rather a global one. However, South Africa has one of the highest and growing youth unemployment levels in the developing world.

Success in youth entrepreneurship requires the necessary skills, ideas, and personality traits which most young people lack (Ceptureanu & Ceptureanu, 2015). This places greater significance on entrepreneurial education which focuses on skills and knowledge development among the youth to shift their mind-sets towards thinking entrepreneurially (Rajasekaran et al., 2015).

2.2 Human Capital

Human capital refers to a set of skills and knowledge that an individual would utilise in performing a set task, and based on those skills, an expectation of success is attached (Dimov, 2017). Human capital can be categorised in general and specific terms, where the former refers to education and overall practical experience and the latter to education and experience concerning a particular activity or context (Davidsson & Honig, 2003). However, Zainol, Al Mamun, Ahmad and Simpong (2018) noted that the true definition of human capital varies. For example, some researchers concentrate on the conceptualisation of areas of interest, such as the long-term survival and sustainability of businesses. According to Cooper et al. (1994) and Unger et al. (2011), human capital incorporates economic activities that are dependent on individual characteristics such as age, gender, education, technical 'know-how' and management that broadens networking and critical problem-solving skill of the entrepreneur. Thus, this study's interest in understanding the role BDS plays towards developing the critical individual characteristics in fostering sustainable youth entrepreneurship success in South Africa.

In contrast, Ucbasaran, Westhead, Wright, and Flores (2010) consider the interplay between characteristics such as parental background, attitudes and entrepreneurial capabilities. While Unger et al. (2011) argue that human capital should be viewed in terms of multiple factors such as formal education, training, employment experience, start-up experience, owner, parent's background, skills, and knowledge, that a person possesses and how these contribute towards decision-making regarding discovery, exploration, and exploitation of an opportunity.

While noting the importance of human capital, Mamabolo, Kerrin and Kele (2017a) argued that the divergent and often contradictory views on the concept impede its development with respect to the specific skills needed by entrepreneurs, thereby restricting the empirical study of entrepreneurship. Dimov (2017) pointed out that although the area of human capital is wide enough, the biggest challenge is to convert the theoretical conceptualisation into specific fields of study that can assist future entrepreneurs. The debate focuses on the actual impact of human capital with some scholars arguing that the presumed impact depends on the human capital dimension under scrutiny rather than the general human capital propositions. In contrast, some empirical studies have found weak to non-existent correlations between human capital and entrepreneurship and where some relationship has been proposed, the extent of the relationship is debatable (Schwab, 2018). Thus, the need for further empirical studies on the phenomena.

SEDA (2018) indicated that 70% of South African entrepreneurs have matric or lower qualification and also stated that the country is ranked as one of the poorest countries in terms of human capital development. The Global Entrepreneurship Monitor (GEM) Report (2009) indicates that in the context of South Africa, entrepreneurs lack management skills which is a consequence of a shortage of business-related training and education. Therefore, human capital is viewed as important in entrepreneurship and SMME growth.

2.3 Entrepreneurship Success

There is no consistent and accepted definition of entrepreneurship success in literature. The entrepreneurial success phenomenon is informed by the implied meaning or context and more times than not, it is understood as a grammatical construct in reference to entrepreneurship (Fisher et al., 2014). Thus, entrepreneurship is understood and defined through the context within which it is found (Fisher et al., 2014).

Entrepreneurship success can be viewed from the individual and organisational levels. Overall and Wise, (2017) state that characteristics of entrepreneurial success at the individual level include aspects such as independence,

persistence, achievement, locus of control, hard work, self-efficacy, and willingness to take risks. While entrepreneurship success at the organisational level is measured through performance indicators such as profit, business growth, owner hours, the number of people employed, return on investment, business goal achievements, and economic success (Fisher, Maritz, & Lobo, 2014). Further entrepreneurship success can be understood in terms of return on investment from activities related to idea generation, venture creation, and continued growth rate in business or the stock market (Limsong, Sambath, Seang & Hong, 2016). Furthermore, successful entrepreneurial businesses are associated with the ability to identify new opportunities embracing activities such as mobilising resources and utilising human capital abilities to create value (Sar, 2017). Thus, entrepreneurship success can be defined as the ability to generate financial returns in the form of profit or generating an actual first sale from a new enterprise (Davidsson & Honig, 2003). For this research, entrepreneurship success is viewed in terms of organisational performance measures, revenue (sales), growth in the number of employees and profit generated by youth entrepreneurs.

2.4 Business Development Support (BDS)

Developing nations have identified BDS as central to developing the entrepreneurial base and reducing small business failure rates (Masutha & Rogerson, 2014a). Thus, BDS has been developed to attend to different challenges such as technology acceleration, business growth, revitalisation of economic sectors and reducing the failure rate of small businesses (Masutha & Rogerson, 2014a). According to Hackett and Dilts (2004), the continued growth and never-ending failure of multiple new ventures in North America since the 1980s spurred an increase in the number of incubators. The justification for incubators was the belief that with increased competition among firms, it was important to incubate small firms to avoid failure until they were self-sustaining and had sustainable business structures (Hackett & Dilts, 2004). According to Msimango-Galawe and Hlatshwayo (2021) there is no convincing evidence that BDS is yielding the desirable outcomes especially reducing the failure rate of SMEs in South Africa. The BDS concept is still in its infancy in South Africa and requires much development and investment from the different stakeholders such as government and big business (Khoase et al., 2018). In 2004, four incubators were launched in South Africa which increased to fifty-one (51) by 2013, with 42 of these having been established through public sector participation and nine (9) through private sector participation (Masutha & Rogerson, 2014a). Of those recorded, thirteen (13) specialised in the manufacturing sector, eight (8) were in the mixed-use industry, seven (7) were in agriculture, five (5) in construction, five (5) in ICT, four (4) in chemicals, four (4) in jewellery, two (2) in small scale mining, and one (1) in bio and life sciences (Masutha & Rogerson, 2014a). In their 2018 report, Catalyst for Growth (C4G) indicated that the number of BDS providers grew from 314 to 442 in Africa, and 59 of these centres were in South Africa (C4G, 2019). It then becomes vital to assess and quantify the impact of the incubators in the SMME space in South Africa.

While new businesses may have valuable and tangible ideas, most lack the resources, skills, and knowledge to ensure that ideas materialise (Khoase & Ndayizigamiye, 2018). New businesses need assistance in terms of business registration, sourcing funding, business training, as well as continuous support from idea inception to completion given that many entrepreneurs rely solely on their own capital and have little business knowledge leading to higher chances of failure (Khoase & Ndayizigamiye, 2018). While several countries have embraced BDS programs to encourage and cultivate entrepreneurship, research on BDS remains limited and fragmented primarily due to the difficulty in collecting longitudinal data to assess SMMEs that are part of BDS programs and compare with those that are not (C4G, 2019).

In South Africa, one of the key foci of BDS is enterprise development, driven primarily by the need for broad-based black economic empowerment (Ntlamelle, 2015). The thrust remains a central tool of government to achieve equality and employment creation through small business development and giving smaller businesses a larger piece of the pie when trading with the State (Ntlamelle, 2015). This policy has forced many corporates to get involved in the development of SMMEs, but this has come with unintended consequences as some do it for only compliance, thus affecting the quality of support given to their beneficiaries. This study looks at the adequacy of support or training and impact thereof.

2.5 BDS training

An organised and coordinated approach is needed to allow small businesses to play a significant role in the economy (Egelsner & Rena, 2013). BDS training influences entrepreneurship by ensuring that new business owners have the necessary skills and knowledge to start new ventures, instil and stimulate entrepreneurship values such as creativity, risk-taking, and independence (Egelsner & Rena, 2013). Furthermore, the ever-changing environment requires small business owners to equip themselves with the necessary skills and knowledge that ensure sustained competitive advantage (Khoase et al., 2018).

Research evidence on entrepreneurial training have found that training programmes, whether customised or generic, are necessary for new venture growth and improving SMME's chances of success (Khoase et al., 2018). Therefore, there is a need for diverse training programs, which focus on different industries (Khoase et al., 2018); especially on key areas of running a business, such as basic accounting, economics, marketing, and cash flow management (Egelsner & Rena, 2013). The role of SMMEs as change agents and contributors to economies is well documented. However, the true value of a small business is far from being realised, primarily because most entrepreneurs are not educated or skilled to run businesses (Egelsner & Rena, 2013; Msimango-Galawe & Hlatshwayo, 2021).

The small business and entrepreneurship training environment in South Africa is highly fragmented, comprising multiple role players, including government agencies such as Youth Development Agency, SEDA, NGOs, community-based organisations, and educational institutions at all levels (Nieman, 2013). The National Small Business Act 1996 paved the way for the White Paper on National Strategy for the Development and Promotion of Small Business by the Department of Trade and Industry in South Africa (Nieman, 2013) that outlined three primary pillars for training. The pillars include modular training relevant to sectors and certain groups, training of trainers, training services and methods, and the role of local business centres as training agencies for small business owners (Nieman, 2013).

Khoase et al. (2018) point out the different schools of thought regarding the impact of training on business performance. They highlight scholarly debates around the impact of the role of government involvement towards creating an environment conducive for business formalisation, growth and survival. However, some scholars argue that entrepreneurship education should focus on entrepreneurs who will act as change agents for the next generation (Nieman, 2013). Further arguing that focusing on existing entrepreneurs is short-sighted, considering that they have benefited from different programmes without any evident impact (Nieman, 2013). This study seeks to understand this more by looking through a BDS lens. This study also argues that BDS plays a significant role towards reducing unemployment levels through developing and empowering youth entrepreneurs, thereby minimising SME failure rate and thus ensuring that the youth remain economically active.

The study is informed by the following hypotheses that investigate two types of BDS training:

- *H1*: There is a positive impact of BDS non-financial training on youth entrepreneurship success in Gauteng.
- *H2*: There is a positive impact of BDS financial training on youth entrepreneurship success in Gauteng.

Financial training is assumed to include performing financial analysis, developing financial systems, controlling costs, organising and maintaining the financial records, managing the financial records, and reading and interpreting financial records. While financial training and or skills include innovation, marketing, management and risk-taking.

3. METHODOLOGY

This quantitative study adopted a cross-sectional design approach to investigate the impact of BDS financial and non-financial training on youth entrepreneurship success in Gauteng. Cross-sectional designs allow the researcher to collect data at one point in time using self-administered questionnaires for collecting numerical data to measure and quantify the extent of the impact under investigation in a cost-effective manner that allow respondents to complete at their convenience (Creswell & Creswell, 2017).

There are 2.3 million entrepreneurs in South Africa, with 34% in the Gauteng province and over 25% of the total are categorised as youth entrepreneurs (SEDA, 2021). The targeted population comprised three thousand (N =3000) youth entrepreneurs registered as BDS beneficiaries on the Catalyst for Growth (C4G) platform in the Gauteng province. The sampling frame included all young entrepreneurs on the Catalyst for Growth (C4G) database as the organisation stores information for BDS service providers and their beneficiaries. Random sampling was used to draw a sample from the sampling frame that gave each young entrepreneur who completed BDS programmes from BDS service providers, registered under the Catalyst for Growth, an opportunity to respond to the questionnaire. The study sample is representative, and the findings are generalisable to the entire population (Cooper & Schindler, 2019). However, 494 responded and completed the survey in full constituting a 16.5% response rate. The general rule of thumb suggests that any sample size greater than 300 is suitable for regression analysis. Alternatively, the study could adopt the ratio approach of 10:1 indicating that 25 items x 10, which is 250, which is an acceptable sample size (Pallant, 2010). Therefore 494 was an adequate sample size for this study.

To ensure that the study complies with ethical requirements, the respondents were informed that the survey was voluntary and that they had the right to terminate at any point during the process. Additionally, they were assured that personal information and contact details were not shared with the researcher as the questionnaire

was distributed by one of the C4G staff members and data shared was anonymised. This was in addition to ethics clearance from the institution's ethics committee that ensured that all ethical processes were adhered to.

3.1 Sample characteristics

The study focused on youth entrepreneurs who were BDS beneficiaries and had their businesses in Gauteng. The South African National Youth Policy 2020 defined youth as those within the South African population ages 15 to 35 years, which is consistent with the African Youth Charter (RSA, 2015).

Table 2 below shows that there were 494 respondents in this study; all had businesses in Gauteng and were below the age of 35 years. The data collected indicated that more respondents (48%) were male than female (42%), while 10% of the respondents were indicated as other. Of the 48 countries measured by the GEM report 2018, 42 countries show a similar representation of male and female entrepreneurs. This is no different in South Africa, where male entrepreneurs are dominant (Singer et al., 2018). Two intervals were used to categorise age: 18 to 25 years and 26 to 35 years. The age group 18 to 25 years constituted 65% of respondents, as expected. Over two-thirds of the respondents possessed a degree of higher qualifications. 75% of respondents were African. Coloured respondents constituted 8%, with White and Indian respondents constituting 6.7% and 6.5%, respectively.

Table 2: Sample Characteristics

| DEMOGRAPHICS (N=494) | SUB ELEMENTS | FREQUENCY | PERCENT |
|----------------------|-------------------------|-----------|---------|
| Gender | Male | 237 | 48.0 |
| | Female | 209 | 42.3 |
| | Other | 48 | 9.7 |
| Age | 18-25 | 170 | 34.4 |
| | 26-35 | 324 | 65.6 |
| Education | Did not matriculate | 19 | 3.8 |
| | Matric certificate | 36 | 7.3 |
| | Post-matric certificate | 42 | 8.5 |
| | Diploma | 63 | 12.8 |
| | Degree | 142 | 28.7 |
| | Honours or equivalent | 132 | 26.7 |
| | Masters or equivalent | 50 | 10.1 |
| Race | PhD or equivalent | 10 | 2.0 |
| | White | 33 | 6.7 |
| | African | 371 | 75.1 |
| | Coloured | 39 | 7.9 |
| | Indian | 32 | 6.5 |
| | Asian | 15 | 3.0 |
| | Other | 4 | 0.8 |

Business experience: Most (92%) of the respondents have been in business for a period of between 1 – 3 and 4 – 6 years, each category just over 40%. Only 1% have been in business for 10 years and more, or for less than 1 year.

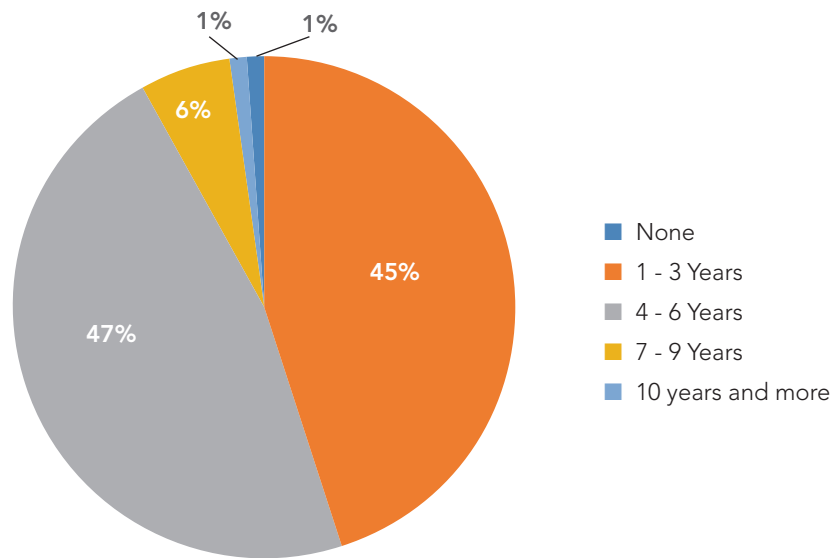


Figure 1: Business Experience

4. RESULTS AND DATA ANALYSIS

The objective of the study was to investigate various training programmes provided by BDS to young entrepreneurs in Gauteng and how this training impacts the success (performance) of their enterprises. Further to assessing the training programmes the entrepreneurs deemed their training programmes more adequate for their business growth. BDS training was categorised into financial training (performing financial analysis, developing financial systems, controlling costs, organising and maintaining the financial records, managing the financial records, and reading and interpreting financial records) and non-financial training operationalised as innovation, marketing, management and risk-taking training.

The non-financial training construct had multiple dimensions as suggested by literature, but the factor analysis showed that they are best analysed as one factor or dimension instead of individually. This is because they all loaded onto the non-financial training factor when exploratory factor analysis was conducted to test construct validity. In turn, the financial training component included training in relation to performing financial analysis, developing financial systems, controlling costs, organising and maintaining the financial records, managing the financial records, and reading and interpreting financial records. The third variable in the study was the entrepreneurship success as the dependent variable which included annual revenue, jobs created, annual profits and profit margins.

The results of the multiple linear regression that was conducted showed that BDS training explained 15% of the variation in entrepreneurship success model with R-square = 0.150. Furthermore, the regression model of BDS training as the independent variable was significant in predicting entrepreneurship success since the p-values for F (2, 491) was less than 0.05. Though the variance explained is low, BDS training was significant in explaining the variations in entrepreneurship success. It was then critical to go further and understand in detail how each of these variables impacted entrepreneurship success.

Table 3 below shows the results for financial and non-financial training by BDS on entrepreneurship success. This gives us more understanding on which type of training impacted youth entrepreneurship success the most, and it was the non-financial training (24%) rather than financial training (17%) as expected.

Table 3: Coefficients

| Model | UNSTANDARDISED COEFFICIENTS | STANDARDISED COEFFICIENTS | PERCENT | t | Sig. | 95.0% Confidence Interval for B | |
|-------------------------------------|-----------------------------|---------------------------|---------|-------|-------|---------------------------------|-------------|
| | B | Std. Error | Beta | | | Lower Bound | Upper Bound |
| 1. (Constant) | 1.090 | 0.467 | | 2.335 | 0.020 | 0.173 | 2.007 |
| BDS Training - Non Financial | 0.411 | 0.118 | 0.239 | 3.479 | 0.001 | 0.179 | 0.644 |
| BDS Training – Financial | 0.290 | 0.118 | 0.169 | 2.469 | 0.014 | 0.059 | 0.521 |

a. Dependent Variable: Entrepreneurship Success

H1: There is a positive impact of BDS non-financial training on youth entrepreneurship success in Gauteng.

The results in Table 3 indicated that BDS non-financial training ($M = 0.239$, $p\text{-value} < 0.05$) had a significant and positive impact on entrepreneurship success. Therefore, it was concluded that BDS non-financial training positively impacted youth entrepreneurship success in Gauteng.

H2: There is a positive impact of BDS financial training on youth entrepreneurship success in Gauteng.

The results in Table 3 further indicated that BDS financial training ($M = 0.169$, $p\text{-value} < 0.05$) had a significant and positive impact on entrepreneurship success. Therefore, it was concluded that BDS financial training had a positive and significant impact on youth entrepreneurship success in Gauteng.

In conclusion, both financial and non-financial BDS training had a positive impact on entrepreneurship success of Gauteng BDS beneficiaries. However, it is interesting to note that BDS training that focused on non-financial aspects of the business, such as innovation, marketing, risk-taking, and management, had more impact than the training that focused on financial aspects of the business. The study then went further to look across demographics to see how the entrepreneurs reported on the adequacy of the training received.

Summary of key findings and insights contributing to knowledge on BDS Training

Further tests that included ANOVA, Welch F-Test and Brown Forsythe were conducted to get a deeper understanding on whether the responses from the respondents were homogenous across demographics.

The respondents reported financial training ($M=6.19$) as more adequate for their businesses success when compared to non-financial training ($M=6.12$), although the results show evidence of a stronger positive impact of BDS non-financial training compared to financial training on youth entrepreneurship success of Gauteng BDS beneficiaries. The BDS financial training is reported as the most adequate though it has lower impact on entrepreneurship success. The two training variables were measured using a scale of 1 to 7 where 1 is extremely inadequate and 7 extremely adequate. In this study most respondents indicated the range between adequate to extremely adequate scale. Entrepreneurship success ($M = 5.41$) indicated that on average businesses grew moderately at less than 10% of which the financial training had a significant impact compared with financial training.

Furthermore, analysis on how some of these individual variables behaved when analysed in respect to various demographics (gender, age, level of education, race, management and owner business experience, and the age of the business) indicated the following: that all the demographics have a significant mean difference when it comes to adequacy of BDS training except for gender, for both financial and non-financial training, and age for only non-financial training.

Gender demographic: Male entrepreneurs reported both types of BDS training as less adequate compared to female entrepreneurs. But this difference was not statistically significant when analysed with unequal variance assumption taken into consideration. However, male entrepreneurs' businesses performed better than female entrepreneurs even though they did not deem the BDS training as adequate as they would have preferred. Future research should investigate the reasons for the differences between male and female entrepreneurs in terms of adequacy of BDS training on these constructs and business performance.

Age Demographic: The mean difference was not significant for the non-financial training of the two age groups (18 – 25 and 26 – 35 years old) but was significant on financial training which means when it comes to the adequacy of financial training offered by BDS providers age influenced how each group received the training.

Level of education, race, management and owner experience, and business age all had a significant mean difference in the adequacy of BDS non-financial and financial training: The findings indicated significant differences between those who had diplomas and lower qualifications, who showed that training was less adequate compared to degreed entrepreneurs and post graduates who reported that the same was extremely adequate. This is the same for both financial and non-financial training which suggest a need for deeper understanding on how and why the demographics have a bearing on the adequacy of BDS training for these groupings.

5. DISCUSSION

The study findings support similar research findings on BDS, which indicate that training programmes, whether generic or customised are necessary for new venture growth and success as they greatly improve SMMEs' chances of survival (Khoase et al., 2018; C4G, 2019). Studies have shown that small business owners have low levels of education, skills and knowledge of key business areas, such as basic accounting, economics, marketing and cash flow management (Egelsner & Rena, 2013; Unger et al., 2011). However, the results supported the notion that SMMEs that have gone through BDS training have a much higher chance of survival and a greater chance of revenue generation than those who have not received such training (C4G, 2018; Msimango-Galawe & Hlatshwayo, 2021). The success of BDS does not hinge on government support alone, as some BDS service providers are private, and there is a requirement that more support is provided by other institutions that play a key role in the economy and market dynamics (Mazanai & Fatoki, 2011; Hewitt & van Rensburg, 2020).

BDS training and education influence new venture creation by ensuring entrepreneurs have the requisite skills and knowledge to start new ventures, instil and stimulate entrepreneurship values such as creativity, risk-taking, and independence (Egelsner & Rena, 2013), and this was evident in this study's findings. Post testing both hypotheses, the results indicated that there is a positive and significant impact of BDS training on youth entrepreneurship success, which meant that both hypotheses were supported. Furthermore, it was evident that some demographics have a bearing on whether entrepreneurs find the training received adequate or inadequate in growing their enterprises.

There have been many challenges concerning the development of BDS providers, and the government has played a pivotal role in their success, such as the DTI identifying the importance of BDS services as a strategic tool in growing small businesses (TIPS, 2019). However, some researchers have indicated that governments' involvement in creating a conducive environment for businesses to thrive might in effect be a hindrance, mainly because some ventures are highly informal and, in an attempt to formalise them, government policies might induce the complete collapse of the venture (Khoase et al., 2018; Mazanai & Fatoki, 2011; Hewitt & van Rensburg, 2020).

The research findings were consistent with previous literature specifically on the importance of BDS training on the success of youth-driven businesses. For example, Egelsner and Rena (2013) indicated that BDS training influences entrepreneurship activity by ensuring that entrepreneurs have the necessary skills and knowledge to start new ventures, and instil and stimulate entrepreneurship values such as creativity, risk-taking and independence. BDS training is particularly important, especially in the South African context, as the government believes that small business plays a pivotal role in the economy and are key drivers of economic growth, job creation, and inclusive growth. Furthermore, the NDP proposes that SMMEs are used for job creation and has set a target of 90% of jobs that should be created by small businesses by 2030 (NPC, 2011). BDS training, therefore, plays a vital role because it ensures that new business owners have the necessary skills and knowledge to start and manage their new ventures. If South Africa is to reduce the failure rate of SMMEs there is a need to accelerate the role of BDS providers to address specific training needs, in order to enhance the success of young entrepreneurs in developing their enterprises. Further BDS training may need to consider the different needs on the basis of demographics profile such as level of education, owner experience, management experience, the age of the business and even race to enhance youth entrepreneurship success. Additionally, the business needs should be assessed before enrolling beneficiaries, in order to match the training needs with the respective beneficiaries' training and support needs offering general training.

6. RECOMMENDATIONS AND CONCLUSIONS

It is evident that BDS training has a significant contribution towards the youths' entrepreneurial journey, with respect to non-financial and financial training, which in turn has some positive impact on youth entrepreneurship success. Notwithstanding the significance of types of financial training, non-financial training showed a stronger impact which suggest the need for more emphasis on such training programmes. The study recommendations include the need for BDS providers to monitor and offer post-training support. Additional resources should be made available for non-financial training in the areas that include innovation, risk-taking, marketing and management. Gender was not an issue for this sample so the training provided can be the same across gender. Training programs should be taking into consideration the levels of education, race, owner and management experience and age of the business as it is evident that the needs differ according to these demographics.

7. LIMITATIONS AND FUTURE RESEARCH

The main limitations for the study include time and resources. Future studies should conduct longitudinal studies to confirm, or otherwise, the longer-term determinants of youth entrepreneurship success. In addition, future

research should interrogate the effect of demographic characteristics on the training needs of youth entrepreneurs in addition to examining the phenomena in the different South African provinces.

Acknowledgement

We would like to thank Catalyst for Growth (C4G) for assisting us and making it possible to access the data by sharing our questionnaire with their membership.

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