

DURBAN UNIVERSITY OF TECHNOLOGY



**Factors Affecting Young Prospective Entrepreneurs
in the Umdoni Local Municipal Area**

Submitted in fulfilment of the requirements for the degree of **Masters in
Management Sciences: Business Administration** in the Faculty of Management
Sciences at the **Durban University of Technology**

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DECLARATION

I hereby declare that the work (described) in this study is my original work, and has not previously been submitted in part, or in its entirety, for a degree at any other university. I also further declare that this work does not in any way, infringe or violate the rights of others, as all the sources cited or quoted by me, are indicated and acknowledged by means of a comprehensive list of references.

.....

Kwethemba Good-present Mbele

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DEDICATION

This research study is dedicated to my mother Mrs Buselaphi Mbhele, whose constant love and support gave me the courage to deal with difficult challenges.

ABSTRACT

Given the current, global, economic situation, the status of youth entrepreneurship in South Africa is no different to that of the youth in other countries. It is debatable whether similar support and mechanisms used by other countries can be used without contextualising them for the South African environment. Cultural differences, level of education, different market standards, and a different socio-political environment are some of the factors that should be taken into consideration, when aiming to create an enabling environment that will open entrepreneurial opportunities for South African youth. A major threat for youth, especially in South Africa, is that if their needs and desires are not addressed, the youth will lose faith in starting their own entrepreneurial activities and in that way, become more dependent on the government to create employment opportunities for them. This situation certainly could add to the currently high unemployment rate and in the long-term, high youth unemployment could destabilise the country.

This study is aimed at investigating entrepreneurship activities in a semi-rural area, with the aim of identifying the inherent weaknesses that prevent young people from pursuing entrepreneurial activities, as well as those enabling factors that can mitigate against these identified weaknesses. The study is conducted in the UGu District Municipality, specifically, the Umdoni Local Municipal area has been selected.

A mixed methods research approach was used and 120 respondents from the selected municipal area participated in this study, including the municipal official.

The study highlighted that access to financial support is one of the primary obstacles for the setting-up of a new business, since the majority of young people in the area tend to come from disadvantaged backgrounds. In addition, the research pointed to other challenges, including the business registration process, lack of adequate entrepreneurial training and mentoring programmes,

the impact of crime in starting a fledging business and general support from government departments and agencies. Should these challenges not be addressed through an enabling environment, young people will, in the process, be discouraged from engaging in entrepreneurial activities.

Given that the study was conducted in a semi-rural area, there are certainly greater challenges to the development of youth entrepreneurship. Therefore, the recommendations include municipalities creating a special relationship with government agencies to obtain greater assistance; that Government and its agencies consider setting up a designated fund to assist young people who want to open business in semi-rural and rural areas; that the administrative requirements for such a group of young entrepreneurs, in respect of funding, training, support, mentoring and business registration, be much more accessible and easier to obtain.

Key words: Entrepreneurship, Youth, Training, Rural areas.

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ACRONYMS

BEE	Black Economic Empowerment
COGTA	Cooperative Government and Traditional Affairs
CRDP	Comprehensive Rural Development Programme
CSI	Corporate Social Investment
DC	Development Corporation
DPE	Department of Public Enterprise
DTI	Department of Trade and Industry
EMS	Economic and Management Science
GEM	Global Entrepreneurship Monitor
IDCSAL	Industrial Corporation of South Africa Limited
IYEDP	Integrated Youth Entrepreneurship Development Programme
KEF	Khula Enterprise Finance
LED	Local Economic Development
NARYSEC	National Rural Youth Service Corps
NEF	National Empowerment Fund
NGO	Non-governmental Organisation
NYC	National Youth Commission
NYDA	National Youth Development Agency
NYP	National Youth Policy
RD	Rural Development
SABA	South African Banking Association
SAPS	South African Police Service
SEDA	Small Enterprise Development Agency
SME	Small Medium Enterprise
SMME	Small Medium and Micro Enterprise
SPSS	Statistical Package for the Social Science
UYF	Umsobomvu Youth Fund
YEP	Youth Economic Participation

Chapter 1

Introduction

1.1 INTRODUCTION AND BACKGROUND OF THE STUDY

Developing and developed countries have recognised the role and significance of entrepreneurship in creating employment and enhancing economic development. The challenge is, many established businesses in Africa operate in an unfavourable policy and regulatory environment. African countries have hindrances in accessing credit for their established businesses, lack appropriate marketplace for their goods, use outmoded technology, lack acceptable working places, and have no business training facilities designed to meet their requirements. Therefore, experience has indicated that the key to operative entrepreneurship development is a joining of factors linked to entrepreneurship development, such as access to financial assistance, corruption and crime elimination, infrastructure development, and the availability of business role models, along with adequate entrepreneurship training and education, an enabling environment for business development, and the necessary support from public and private sectors (Okpara and Kabongo 2009: 7,8). The South African situation is the same and there is a wanton lack of entrepreneurial activity.

In particular, young people in South Africa are no different to young people in other countries, comparable opportunities and impediments exist, such as being a successful entrepreneur. Even though comparable difficulties are known, it is arguable whether identical support and mechanisms used by other nations can be used without contextualising them for the South African environment. The cultural dissimilarities, level of education, different market standards, and a different socio-political environment are some of the factors that should be taken into consideration, when aiming to create an enabling environment that will open entrepreneurial opportunities for South African youth. As Herrington (2008: 44) observes, “a major threat for youth is that,

should their needs not be addressed, they will be discouraged in establishing their own entrepreneurial activities and in that way, become more reliant on jobs having to be generated for them by the government”.

A report by ProQuest (2012) suggests that young people engaging in entrepreneurial activities can be a very important source of business innovation and economic growth, and can also enable the country to enjoy an encouraging business environment. Therefore, focusing on rural or semi-rural areas that contain good entrepreneurial talent and on creating skills for young, prospective entrepreneurs can definitely have a positive impact of minimising the challenge of high unemployment the country is experiencing.

The significance of youth development is also acknowledged by the South African government, as noticeable from the public statement by President Jacob Zuma that “we (South Africa) need to invest in our youth to ensure a skilled and capable workforce to support growth and job creation” (Steenekamp, Van der Merwe and Athayde 2011 :48).

This research is aimed at investigating entrepreneurship activities in a semi-rural area within South Africa, with the Umdoni local Municipal area having been selected. This exploratory study is primarily targeting young people from this area, who may be able to create their own employment opportunities through the establishment of businesses. It is intended to identify the inherent weaknesses that prevent young people from pursuing entrepreneurial activities, as well as those enabling factors that can mitigate against these identified weaknesses.

The study focuses itself in Umdoni local Municipal area, located in the province of KwaZulu-Natal, within the UGU District Municipality. The Municipality is appropriately located 50 km from Durban and 65 km from Port-Shepstone. It comprises 10 Municipality wards and seven Traditional Authority areas. The total population of the Municipality is approximately 78, 875, of which 40, 581

of that population is female and 38, 294 male. Of the population, 15 percent resides in the urban strip, 15 percent on commercial farms, and 70 percent in traditional, rural areas.

The employment profile of the Umdoni local Municipal area indicates that the employed population comprises 21 percent, unemployed 11 percent, discouraged work seekers 5 percent, and those who are not economically active, make up 28 percent (Municipality 2013: 8,62). In order to create an enabling business environment that will open job opportunities in this selected local Municipal area, the promotion and recognition of young entrepreneurs is crucial.

1.2 PROBLEM STATEMENT

The South African government's economic priorities were clearly set out by former President Thabo Mbeki in his opening address to parliament in 2001. These priorities are to develop entrepreneurship, promote black economic empowerment, accelerate economic growth and increase the competitiveness of our country. The former president further indicated that the government has a critical role to play in assuring that these objectives are met because if left to its own devices, the market often fails. In particular, the State needs to become more sophisticated in its approach, it needs to be transformed into a more effective instrument for economic development (Ladzani, Nieuwenhuizen and Nhlapo 2011 :1461).

Young people in rural areas encounter a number of challenges, with respect to accessibility and availability of services and facilities. This, according to the National Youth Policy (2009: 17), results in fewer opportunities, lack of relevant information and employment unavailability, than in metropolitan areas. There is also big uneasiness concerning rural-urban migrants, who are predominantly young. A good example would be Gauteng Province, with the maximum proportion of youth population (22.7 percent), compared to other provinces in the country. This is a clear indication of the tendency of youth to

migrate from rural areas to affluent urban regions, in seeking greater opportunities (National Youth Policy 2009: 17).

This study seeks to establish what factors affect young prospective entrepreneurs in the Umdoni local Municipal area and to find practical solutions that may be implemented to encourage more young people to consider opening small businesses.

1.3 RESEARCH QUESTIONS

The key research questions are:

- What are the constraints preventing the development of youth entrepreneurship?
- What is the level of young, prospective entrepreneur's exposure to entrepreneurial training and development?
- What are the enabling factors available for young prospective entrepreneurs in pursuing businesses freely?
- What is the role of Umdoni local Municipality in promoting youth entrepreneurship?

1.4 RESEARCH OBJECTIVES

The primary objective of this study is to explore enabling and inhibiting factors affecting young, prospective entrepreneurs in the Umdoni local Municipal area, with a view to getting more young people interested in self-employment initially and then considering themselves to be future employers.

In order to address the primary objective, the following are the secondary objectives:

- To identify the constraints for the development of youth entrepreneurship.
- To establish the level of young prospective entrepreneurs' exposure to entrepreneurial training and development.

- To critically examine the enabling factors available for young prospective entrepreneurs in pursuing businesses.
- To determine the role of the Umdoni local Municipality in promoting youth entrepreneurship.

1.5 JUSTIFICATION

One of the major challenges in South Africa is that young people from rural or semi-rural areas migrate to the cities in search for job opportunities and this phenomenon is not new. However, in a developing country such as South Africa, it places great stress on cities. Hence, should it be possible to allow young people to develop their entrepreneurial talent and skills, within their semi-rural or rural environment, this has the potential to delay a major exodus of young people from such areas. By creatively promoting entrepreneurship and working with the semi-rural or rural Municipalities to provide the necessary supports, there could be a synergy between semi-rural business creation and its spread into the wider city or metropolitan area. This research intends to examine these aspects.

1.6 SCOPE OF THE STUDY

This research will be conducted in the Umdoni local Municipal area, located in the KwaZulu-Natal province. The main reason for the study to be conducted in that selected area is due to its geographical proximity to where the researcher resides, with the target population will be easily available for the gathering of the data.

1.7 LIMITATIONS

The limitations of the study are:

- The study will focus on young, prospective entrepreneurs in a particular geographic area and the results can therefore neither be regarded to be representative of all young, prospective entrepreneurs in South Africa, nor of all youth in the selected Municipal area.

- The sample size may be influenced by the insufficient response from participants and it can be argued that the research study is limited to young, prospective entrepreneurs in the demarcated area.
- The questionnaire collected by the researcher, only addressed selected determinants.
- The participants might treat the study survey as another exercise, therefore not completing the study survey fairly, negatively impact the research study.
- Respondents might understand survey questions in different perceptions from what was firstly anticipated.

Any recommendations made as an outcome of the results were subjective to the population group and geographic area tested, thus, the outcomes cannot be seen in the general observation for the rest of the young, prospective entrepreneurs in South Africa, but can be used as a source for further research and studies on youth entrepreneurship.

1.8 EXPLANATION OF KEY TERMS

1.8.1 The term *entrepreneur* is defined as “an economic agent who perceives market opportunities and assembles the factors of production to exploit them in a firm” (Benderman Bezuidenhout, Hewett, Rensburg, Naidoo, Arrd, Bank, and Visser 2011: 4).

1.8.2 *Young entrepreneurs* are defined “as Individuals who are, or want to become self-employed or who have started, or want to start, new business, in either the formal or informal sector, in order to generate income” (Ellis and William 2011: 9). In addition, it refers to “young men and women aged from 18 to 35 years who can enter into a business contract independently without the requirement of parental, guardian or representative assistance and consent” (Department of Small Business Development 2014: 54).

1.8.3 *Small business* is considered as small when “it has a relatively small share of the marketplace; it is managed by owners, or part-owners, in a personalised way and not through the medium of a formalised management structure; and it is independent in that it is not part of a larger enterprise” (Mahembe 2011: 22).

1.8.4 *Entrepreneurial training* is defined “as an activity with the aim of fostering entrepreneurship mindsets, attitudes and skills, and also covering a range of aspects, such as idea generation, start-up, growth and innovation” (Fayolle 2009).

1.8.5 The definition of *rural areas* includes that “they are sparsely populated, possess limited educational and other community services, are areas where people farm or depend on natural resources, where land is cheap, and transport costs are high” (Meyer 2014: 1614-615).

1.9 STUDY LAYOUT

1.9.1 Chapter 1 – Introduction

This chapter defines the nature and scope of this study, which involves the background of the study, problem statement, as well as the research objectives, justification of the study, and definition of key terms, followed by limitations.

1.9.2 Chapter 2 – Literature review

The theoretical base and understanding of the concept of entrepreneurship are examined in this chapter, which also covers a historical overview of entrepreneurship, as well as the entrepreneurship concept and theoretical underpinning. This chapter furthermore, addresses the rural development and youth in rural areas, national youth policy, youth entrepreneurship and enabling factors, and the role of municipalities for entrepreneurship development. The chapter concludes with a discussion on entrepreneurial training and development.

1.9.3 Chapter 3 – Research methodology

In this chapter the research design, target population, sampling method, and data collection method are set out, with additional information regarding the measuring instrument, validity and reliability, as well as the data analysis, followed by the chapter conclusion.

1.9.4 Chapter 4 – Data analysis and report of the results

An explanation of the research methodology that was followed to complete the study survey is contained in this chapter, with the data gathering procedure and statistical methods used to analyse the data also presented. The main purpose of this chapter is to identify the current factors affecting young, prospective entrepreneurs in the demographic area.

1.9.5 Chapter 5 – Discussion of the results

This chapter discusses the study findings, as per the study objectives or research questions.

1.9.6 Chapter 6 – Conclusions and recommendations

In the final chapter, conclusions are based on the results of the survey study. Recommendations are made to encourage entrepreneurial efforts for young, prospective entrepreneurs in South Africa. The chapter concludes with suggestions for further research.

1.10 CONCLUSION

This chapter has defined the nature and scope of this study. The research problem was presented, with regards to factors affecting young prospective entrepreneurs in pursuing business activities freely, along with the research objectives, while the justification of the study was also discussed.

CHAPTER 2

Literature review

2.1 INTRODUCTION

Entrepreneurship is perceived as an important source of improved economic growth, generating job opportunities, and advancing human welfare. Therefore, there is a considerable connection between entrepreneurship and development, since both of these approaches seek to fulfil identical intentions for an economic environment. It is generally recognised that entrepreneurship is an imperative force in influencing the alterations that take place in the economic setting. Therefore if entrepreneurship development is not encouraged, the economic growth of local communities will continue to deteriorate, which may hinder the long-term development of these communities (Luiz and Mariotti 2011: 47).

Seen from a South African perspective, the highest constraint to economic development and growth is the country's scarcity of entrepreneurs. The South African government fully understands and has employed various approaches, to aid in creating an enabling business environment that encourages people to participate in entrepreneurial activities (Barnard 2012: 13). Despite these interventions, there are a number of inhibitors that contribute to the failure of entrepreneurial activities in South Africa. These inhibitors includes uncondusive business environment, poor infrastructure, lack of financial support and assistance, high rate of crime level and corruption, strict government regulation and administration, and also lack of information and recognition of entrepreneurial activities in rural areas (Herrington, Kew, and Monitor 2010: 45).

The focus on youth entrepreneurship in South Africa began after the formation of Umsobomvu Youth Fund (UYF) in 2001. Its mission was intended at fostering an entrepreneurial attitude amongst young people, through providing

access to funding and markets, amongst other things. The UYF amalgamated with the National Youth Commission (NYC) to form the National Youth Development Agency (NYDA); “this merger was to address difficulties and obstacles faced by the South African youth, which included lack of economic involvement, as well as participation in entrepreneurial activities” (Gwija, Eresia-Eke and Iwu 2014: 63).

Given South Africa’s high youth unemployment, lack of financial assistance to establish a small business, and lack of entrepreneurial training in local communities, it is vitally important to determine factors that can enable youth in local communities to engage in entrepreneurial activities.

The literature review seeks to cover the following:

- Historical overview of entrepreneurship
- Rural Development (RD) and Youth in rural areas
- National Youth Policy (NYP)
- Youth entrepreneurship
- The role of Municipalities in entrepreneurship development
- Entrepreneurial training and development

2.2 HISTORICAL OVERVIEW OF ENTREPRENEURSHIP

Entrepreneurship, as a discipline, “was bring together by the economists of the eighteenth century and continued to entice the curiosity of economists in the nineteenth century. In the twentieth century, the term entrepreneurship turn out to be tantamount or at least closely related with free enterprise and capitalism. It was usually known that entrepreneurs serve as mediators of change, which provide creative and ground-breaking ideas for business development and also aid businesses grow and become profitable” (Kuratko 2009: 5).

Entrepreneurship has been recognised, “as being critically significant to the wellbeing of any economy, and its plausible to contribute to the formation of employment and the reducing of poverty has been well documented” (Herrington *et al.* 2010: 11).

Entrepreneurship is considered as one of the greatest economic development approaches to expand a nation state economic development and sustain the nation’s effectiveness, in dealing with the growing trend of globalisation (Beeka and Rimmington 2011: 147).

Given the significance of entrepreneurship in economic development currently, the rising question, what is entrepreneurship’s role in economic philosophy and how did it started?

2.2.1 Entrepreneurship Concept

The word entrepreneurship “is derived from the French verb *entreprendre* and the German *unternehmen*, both of which mean to undertake or to embark on” (Anderson 2002: 2; Kuratko 2009: 4). Traditionally the entrepreneur is one who take responsibility to organise, manage, and undertake the risks of a business. However, nowadays “an entrepreneur is an innovator or initiator who recognises and grasps opportunities, transforms those opportunities into practical or marketable ideas, adds value (through time, effort, money, or skills), undertakes the risks of the competitive marketplace to implement these ideas, and realises the rewards from these efforts” (Kuratko 2009: 4).

For the purpose of this study, Kuratko (2009: 5) defines entrepreneurship “as a vigorous process of vision, change, and creation. It needs an application of energy and passion towards the creation and carrying out of new ideas and creative solutions. Important requirements include the willingness to take deliberate risks, in terms of time, equity, or career, the ability to formulate an effective venture team, the creative skill to marshal needed resources, the

fundamental skill of building a solid business plan, and finally, the vision to recognise opportunity where others see chaos, contradiction, and confusion”.

Richard Cantillon, a pre-classical economist, recognises in his economic system three types of agents “landowners (capitalists), entrepreneurs (arbitrators) and hirelings (wage workers), with the entrepreneur as the central economic sector. Cantillon concentrated on the role of the entrepreneur and regarded the entrepreneur as a risk taker, who exercises business activities in the face of implausibility. Therefore, an entrepreneur has a crucial role in the economic development because he is responsible for all the exchange and circulation in the economy” (Van Praag 1999: 313).

2.2.2 Theoretical underpinning

The classification of entrepreneurial theories can be categorised into three main knowledgeable traditions that includes; “the Neo-classical tradition - stresses the role of the entrepreneur in leading markets to equilibrium; the Austrian tradition - underlines the preparedness for profit opportunities and the significance of competition; and lastly, the German or Schumpeterian tradition - sees the entrepreneur as the innovator in economic life” (Barnard 2012: 15). This research study is therefore centred on the German or Schumpeterian tradition theory, for the fact that it anticipates young entrepreneurs as innovators that will unshackle the challenges of unemployment, creating an enabling environment for entrepreneurial activities.

It is essential to comprehend the “triggers or motivators of entrepreneurship” which can be considered as either push or pull situational factors or personal characteristics of young people that want to establish successful businesses. Trigger factors may have significances for the way in which a business is fared and how the business operates.

“Push factors are negative, external forces that lead individuals to pursue entrepreneurial activities, such as difficulty in finding employment, recession

and frustrations with former employment that may include job dissatisfaction, inadequate salary, obstinate work schedule, redundancy and blocked promotion” (Fatoki and Patswawairi 2012: 134-135).

“Pull factors are known as the aspiration to become one’s own boss, increase wealth, changing lifestyle or need to use one’s own experience and knowledge” (Benzing, Chu and Kara 2009: 62). Pull factors are more influential than push factors as an enabling factor of entrepreneurial activities development.

Entrepreneurs can be separated into two clusters; “comprised of actual entrepreneurs, people that have basically implemented a business; and latent entrepreneurs or entrepreneurial intention, people that intend to establish businesses” (Pihie and Akmaliah 2009: 341). Therefore, this study largely focuses on latent entrepreneurs, as its focus is on young people who intend to start their own entrepreneurial activities, even though there may be factors inhibiting them in pursuing entrepreneurial activities freely.

2.2.3 Benefits of Entrepreneurship

Entrepreneurship plays a key role in improving and refreshing marketplaces, because it creates new businesses and aids current ones to continue develop and also be sustainable. The influence of entrepreneurial activities on economic development is mainly through those businesses that succeed to become new businesses and continue to develop afterward. New start-up businesses create job opportunities that contribute to a reduction in unemployment, and in the process, the local community is invigorated (Kalitanyi and Visser 2010: 378). In addition, “entrepreneurship has the likely to contribute to long-term economic empowerment, particularly for disadvantaged people, who can advance their financial situation when establishing and developing small businesses” (Beeka and Rimmington 2011: 147).

All over the world, “entrepreneurship greatly assists to the social and economic growth of a country and continue aids to address difficulties, which includes unemployment and poverty alleviation. Policy makers have therefore, recognised the influence of entrepreneurship on economic development” (Barnard 2012: 23-24). “The economic and social impact of entrepreneurship has, by far, the major influence on job creation, innovation and economic renewal” (Mahadea, Ramroop and Zewotir 2011: 68).

Through entrepreneurship activities, “people develop innovative skills and experiences that can be applied to many other defies in life. Entrepreneurship increases competitiveness and innovativeness among nations and help people to develop the personal abilities needed to deal with risks and uncertainty” (Korhonen, Komulainen and Raty 2012: 3).

Entrepreneurship is of assistance not only in generating wealth for people but also for the country. Through entrepreneurship, local communities can reduce poverty, decrease unemployment rates, and develop national propensity. Training young people in rural areas with entrepreneurial abilities can be a step forward concerning independence. The establishment of entrepreneurship activities, particularly in the form of Small and Medium Enterprises (SMEs), can provide practical solutions to the challenge of high unemployment facing the nation. This can be possible because Small, Medium and Micro Enterprises typically have little start-up costs, low risk and can aid exploit available knowledge and creativity (Chimucheka 2012: 5).

2.2.4 Entrepreneurship Constraints

This section is focusing on discussing entrepreneurship constraints which are experienced internationally and nationally, however the South African entrepreneurship constraints includes unconducive business environment, poor infrastructure, lack of financial support and assistance, high rate of crime level and corruption, strict government regulation and administration, and also lack of information and recognition of entrepreneurial activities in rural areas

(Herrington *et al.* 2010: 45). The discussion on entrepreneurship constraints experienced internationally does not indicate that they also effect South Africa.

Lots of fledgling entrepreneurs turn out to be risk averse because of their social environment, hence a favourable environment to entrepreneurship encourages the establishment of young entrepreneurs, but sometimes the location itself does not provide safety and stability of the entrepreneur (Rahmawati, Hasyati and Yusran 2012: 464).

Chimucheka (2012: 10393) indicates that the “unbalanced and unpredictable political and economic environment in Zimbabwe was quoted by close to 25 percent of the respondents in a study, as an additional influence discouraging youths to start and develop their own entrepreneurial activities. Young people in entrepreneurship but working in the rural areas, point out that poor business environment was a big challenge for it affected the sales and the performance of their businesses. Inadequate demand for the goods and services offered on the marketplace by most young people, together with high production costs were also stated as an obstacle for youth entrepreneurship”.

Ladzani *et al.* (2011: 1472) point out that neither provincial nor local government bother with the reconstruction of roads and dams, which would attract big manufacturing companies to invest in the rural areas. Apart from the roads not being well kept, there is a shortage of water reserves in that, in turn, discourages investors, since water is important in the manufacturing industry. Should investors not invest in the rural areas, there is no doubt that the unemployment rate will keep on increasing and local operating businesses would be affected.

In the study of Ladzani *et al.* (2011: 1472) respondents were asked whether entrepreneurship is encouraged in the Kroonstad area, by virtue of the support and assistance provided. The respondents pointed out that, although national Government is trying to promote entrepreneurship, provincial and local

Government are not doing much to promote entrepreneurship and the respondents apportion blame to provincial and local government, for not supporting small business development initiatives.

Chimucheka (2012: 10391) indicates that “even though there are support structures that encourage youth entrepreneurship in Zimbabwe, there is still a need to evaluate the level to which their contribution can lead to sustainable entrepreneurship, which generates jobs for the active population”. This signifies that the issue of entrepreneurial support and assistance is experienced internationally and is a call for entrepreneurship organisations to collaborate, in providing practical solutions of such constraints in local communities.

Young people aren't short on desire or tenacity, they're short on financial support. The lack of financial support is one of the most talked about obstacles to young people looking for to establish their own entrepreneurial activities. Access to finance is significant for all individuals to attain their business objectives, mainly for start-ups and businesses that seek out to invest and grow. This is observed as one of the foremost obstacles for young people to establish their own entrepreneurial activities (Rahmawati *et al.* 2012: 464).

Chimucheka (2012: 10392-10393) states that “the lack of funding was stated by all respondents as the leading obstacle to youth entrepreneurship in rural areas of Zimbabwe. This is largely because most youths in rural areas lack appropriate abilities to be employed, in order to save for funding. Even though there are financial institutions offering loans in Zimbabwe, the finance is not easily accessible to young people in rural areas for they, in most instances, lack the collateral security needed to acquire a bank loan. Inaccessibility of financial support by youths in rural areas of Zimbabwe is also due to a lack of relevant networks, lack of the required financial deposit and lack of information concerning to the sources of funding available”.

The limitation of sufficient, financial support is the most imperative obstacle, more so than administrative hurdles or risky investments, and entrepreneurs face complications to access funds because of a lack of resources, lack of substantial credit history, and acceptable security to obtain loans. These findings were from a study conducted in Bangladesh by Uddin, Chowdhury, and Ullah (2015), which revealed these perceptions among 78 percent of youth, aged between 15 and 24 years old, compared to 73 percent of all other age groups.

The view of a young entrepreneur is specified here:

“I was considering the option for taking a bank loan, but I have given up on the idea, as bank interests are extremely high, grace period is very short or it does not exist at all, conditions for granting a loan are very unfavourable, procedures are very complicated. So, taking a bank loan is unfavourable, and I did not want to be restricted at the beginning with loan and high bank interest” (Uddin *et al.* 2015).

Impediments that young people encounter in obtaining financial assistance for their entrepreneurial activities include; “lack of personal funds, lack of adequate collateral or guarantees to secure loans, lack of business skills and experience that young people are unlikely to have, meeting strict credit scoring criteria required by many commercial lenders of credit, and documentation procedures and information required by lenders” (Uddin *et al.* 2015).

According to Fatoki (2011: 165) stated that, “the lack of safety and security in South Africa is causing fear in the establishment of entrepreneurial activities; Government have to work in partnership with organisations, such as Business against Crime South Africa and Business Unity South Africa, to decrease or free the society from crime activities”.

Results from a study conducted by Ladzani *et al.* (2011: 1472) show 25 percent of respondents who mentioned crime as escalating and a factor that affects

the success of business in the Kroonstad area. In addition, one respondent disclosed that the escalating crime is caused by unemployment, as people do crime to get food for themselves.

The crime factor is a serious problem for small business development in communities. In a recent walk-about by the President, on Tuesday 9 February 2016 in Marabastad in Pretoria, among street vendors and traders, many vendors pointed to how crime was affecting their businesses as they were frequently robbed by petty criminals, including those that are addicted to nyoape (SABC, SAFM Wednesday 10 February 2016).

Chimucheka (2012: 10392) reveals that corruption by local authorities in Zimbabwe is 60 percent, based on results from the participants, and this was said to affect access to resources provided by the government to stimulate youth entrepreneurship activities. An environment that is socially free from corruption assists in supporting and promoting entrepreneurial activities, sustains established businesses to operate effectively, and provides opportunities for prospective entrepreneurs to enhance their skills in various fields of entrepreneurship within local community settings.

Lots of entrepreneurs want to comply with government regulations, but the regulations are sometimes challenging for prospective entrepreneurs, with a variety of requirements and tedious processes. At present, state regulations may create potential limitations on the creation of entrepreneurship because such regulations give rise to the impact of regulatory burdens on youth that want to pursue entrepreneurship activities. Government regulations and bureaucracy are often perceived as a reason for large informal sectors, as the costs of formalising are more than the gain in productivity from obtaining access to the formal sector (Rahmawati *et al.* 2012: 465).

Administrative constraints are identified by 67 percent of respondents, aged between 15-24 years, who participated in a study conducted in Bangladesh by

Uddin *et al.* (2015). “The respondents assert these constraints to be a major hindrance for start-up businesses entrepreneurs face various administrative inhibitions that include businesses registration, tax administration, obtaining business licenses, coping with copyright and patent regulations, competition law, access to work space and long-term leases, construction and building permits, customs clearances, utility hook-ups, delaying approval, political influences, and the high cost of obtaining approval” (Uddin *et al.* 2015).

Curtailing and making administrative and regulatory obstacles easier and providing the necessary support required to adapt to them, will encourage youth in local communities to establish and run their entrepreneurial activities freely. The strategies and policy measures, such as minimising regulations, facilitating and restructuring business registration processes and reducing costs, along with consideration of entrepreneurs when changing business regulations, as well as assistance with regulatory issues, may possibly assist in lowering and unshackling entrepreneurship constraints faced by nascent entrepreneurs in rural areas.

Insufficient and unreliable entrepreneurship information being provided by government is said to be another obstacle to youth entrepreneurship, according to the findings of a study conducted in Zimbabwe by Chimucheka (2012: 10393). “Close to 50 percent of the respondents specified that the government fails to provide entrepreneurship information to young people in local communities. Respondents emphasised that the government, instead, encourages young people to partake in other government programmes, such as indigenisation and black empowerment, as opposed to encouraging youth entrepreneurship” (Chimucheka 2012: 10393).

Additional challenges that were indicated and enlightened by the participants as barriers to effective youth entrepreneurship in the rural areas of Zimbabwe, due to lack of recognition and entrepreneurship information includes, “unreliable communication services, lack of networking opportunities, lack of

and inaccessibility to skilled labour, high costs to obtain licenses to operate formal labour, and high registration costs, were also stated as further impediments to youth entrepreneurship” (Chimucheka 2012: 10393).

Individual’s networks provide expressive support, social inspiration and second-hand experience, which are essential to whether or not a person participates in entrepreneurship and does so effectively. Therefore, to start the business, capital, ideas, the necessary networks and a partner to fulfil that requirement are needed. However, it is often said that it is difficult to find a good business partner (Rahmawati *et al.* 2012: 465).

Okpara and Kabongo (2009: 7, 8, 16) indicate that “African countries lack appropriate marketplaces for their products, along with sufficient working places, and have no business training facilities designed to meet their specific needs”. Fatoki (2011: 165) observes that “the reason why South African youth are reluctant to take up entrepreneurship, is due to weak market opportunities. The author’s results, on the obstacles to entrepreneurial intention by university and high school students, indicate that both sets of respondents perceive market opportunities as impediments to entrepreneurial intention”.

The above section was focusing on discussing entrepreneurship constraints which included unconducive business environment, poor infrastructure, lack of financial support and assistance, high rate of crime level and corruption, strict government regulation and administration, and also lack of information and recognition of entrepreneurial activities.

2.2.5 Entrepreneurial Attributes and Behaviours

There is little agreement on what an entrepreneur is and what an entrepreneur does, in addition to what the psychological characteristics of an entrepreneur are. For this reason, several characteristics have been recommended as being good forecasters of entrepreneurial behaviours (Timmons and Spinelli 2009: 52-53; Barnard 2012: 19-22).

These psychological characteristics involve the need for achievement “it is the desire to attain something that is outstanding and thus something to be proud of by setting defies, but with achievable goals. Therefore, abilities related with a high need for achievement, namely preferences for challenges, acceptance of personal responsibility for outcomes, and innovativeness, are defining characteristics of successful creators of new businesses” (Barnard 2012: 19).

Entrepreneurs are also known to have the inclination to take risks. It is this propensity, which sees an entrepreneur face four critical risk areas, namely: financial, career, family and social risk, along with, of course, the emotional risk. “It is, however, apparent that the entrepreneur chooses to take reasonable risks in circumstances where they have some degree of control or skills in recognising a revenue. To foster a strong entrepreneurial orientation, society needs to support vagueness and uncertainty and commit resources for risky venture formation” (Timmons and Spinelli 2009: 52).

Successful entrepreneurs believe in themselves and to be a prosperous entrepreneur, self-assurance is essential to develop working relationships with a variety of people. Entrepreneurs are therefore, “people with a positive self-image, are aware of their strong and weak points, confident and able to do without continuous approval and recognition” (Timmons and Spinelli 2009: 53; Barnard 2012: 21).

Perceived internal locus of control is defined “as the personal belief that one has influence over outcomes through ability, effort or skills, whereas external locus of control is the belief that external forces control outcomes. Therefore, persons who have internal locus of control have greater amounts of perceptual alertness, realise opportunities and examine their environment to find information needed to formulate the optimal approach to developing those opportunities, such as the establishment of entrepreneurship activities. In addition, successful entrepreneurs do not believe that fate, luck or other powerful external forces will govern the success or failure of their endeavours,

they therefore believe that they personally can affect the outcome” (Barnard 2012: 21).

Autonomy “is a quality of independent, single-minded people with a free spirit, who are self-directed in their pursuit of a new idea and have the ability to carry their idea through to completion. Self-sufficiency is associated with high internal locus of control, therefore, a desire for independence and autonomy tend to indicate a preference for independence and to be economically self-reliant and autonomous” (Barnard 2012: 21-22).

Entrepreneurs are “self-starters, who appear driven internally by a strong aspiration to compete against their own self-imposed standards and to pursue and achieve challenging goals. Prospective entrepreneurs must have a certain degree of perseverance, to complete what they have started, even in the face of numerous hindrances” (Timmons and Spinelli 2009: 52-53).

According to Thompson (2006: 21) stated that, “pro-activeness is concerned with the implementation and creation of activities such as entrepreneurship, with pro-active behaviour thus aiming at identification and exploitation of opportunities and in taking pre-emptory action against glitches and threats. It is important to entrepreneurial orientation because pro-activeness recommends a forward-looking perspective on a new venture, especially with the implementation stage of entrepreneurship” (Thompson 2006: 21).

Tolerance for ambiguity “specifies the capacity to deal with hesitation that surrounds the establishment of entrepreneurial activities. A person who has a high tolerance for ambiguity finds vague situations challenging and strives to overcome unstable and unpredictable situations, in order to perform well. Therefore, an entrepreneur requires a high degree of confidence, have knowledge of personal merits, a disposition to act on own view and anticipation, and to deal with uncertainty” (Timmons and Spinelli 2009: 53; Beeka and Rimmington 2011: 147).

2.2.6 International perspective on entrepreneurship and the current state of entrepreneurship in SA

Developing and developed countries have recognised the role and significance of entrepreneurship in creating employment and improving economic development. The challenge lies with the many established businesses internationally that operate in an unfriendly policy and regulatory environment. African countries have difficulties in accessing credit for their established businesses, lack appropriate marketplace for their goods, use outmoded technology, lack sufficient working places, and have no business training facilities designed to meet their specific requirements (Okpara and Kabongo 2009: 7, 8).

The experience has indicated that the key to operative entrepreneurship development is a joining of factors applicable to entrepreneurship development, such as access to financial assistance, corruption and crime elimination, infrastructure development, and availability of business role models, along with adequate entrepreneurship training and education, an enabling environment for business development, and necessary support from public and private sectors (Okpara and Kabongo 2009: 7, 8). The South African situation is no different and there is a wanton lack of entrepreneurial activity.

In South Africa, as is true for utmost developing nations “there is a lack of entrepreneurs and hence a lack of entrepreneurial activity, resulting in low rates of innovation, unused profit opportunities and risk-averse attitudes” (Carree and Thurik 2005: 5).

The South African country, “does not have sufficient people who have the inspiration and abilities to establish entrepreneurial activities and this has led to a situation where the state economy performs poorly because only a limited number of people grow as prosperous entrepreneurs” (Benderman *et al.* 2011: 4).

“The Global Entrepreneurship Monitor (GEM) reports that, entrepreneurship was not well-supported in the South African community and that business failure was perceived negatively and carried a social stigma” (Burger, Mahadea and O’neill 2004: 189). In addition “lots of Black South Africans would prefer the security of a full-time job rather than the uncertainty of generating an income from running their own business” (Isaacs, Visser, Friedrich, and Brijlal 2007: 619). Prospective entrepreneurs in South Africa are faced with various factors inhibiting the pursuit of entrepreneurial activities. Factors point to lack of business role models at community level and a poor enabling business environment, which at times, requires an exercise of much documentation filling, in order to start a business.

The number of youth in South Africa who trust they have the abilities to establish entrepreneurial activities has been shown by the 2005 GEM report as significantly lower than that of other emerging nations (Von Broembsen, Wood and Herrington 2005: 34). It must be said that, “young people in South Africa need to be provided with opportunities that enable them to contribute towards the economic development. They need to be able to think of self-employment as a pathway to self-empowerment, rather than looking for wage employment” (Herrington *et al.* 2010: 15).

The encouragement of an entrepreneurial spirit amongst young people is therefore important to reduce poverty and to address the socio-economic difficulties that South Africa is encountering (Mahadea *et al.* 2011: 67).

Obstacles hindering the development of entrepreneurial activities in South Africa are presented in Table 2.1.

Table 2.1: Obstacles towards Entrepreneurial activities in SA

1. Education and Training	It is considered as the major obstacles of entrepreneurship development.
2. Cultural and Social Norms	There are inadequate entrepreneurship mentors for young prospective entrepreneurs.
3. Financial and Business Support	There are lack of communication channels among entrepreneurs and financial institutions.
4. Regulatory Environment and Government Policies	There is a lack of skills to obey with the legal and tax requirements by small businesses.
5. Government Support for Small Enterprise	There is a lack of government support to provide assistance for small and medium sized enterprises.

Source: (Herrington *et al.* 2010: 45).

Attention is next focused on rural development in South Africa, with specific reference to the role municipalities play in entrepreneurship development.

2.3 RURAL DEVELOPMENT

Physiognomies of rural areas comprise “a lack of basic needs, inability to improve quality of life due to social exclusion and poor governance, limited land ownership or access to capital and employment, in addition to a stagnating economy, under-development of agriculture, lack of quality services and poor health conditions” (Kakumba and Nsingo 2008: 110). In this study, a rural area is defined “as comprised of regions that are sparsely populated, where the inhabitants possess limited education and community services. These are areas where people farm or rely on natural resources, land is inexpensive, and transport price is expensive” (Meyer 2014: 614-615).

The solutions to rural under-development remains elusive despite an abundance of effort to improve public services (Bradshaw 2014: 58). Rural areas require an enabling environment for entrepreneurship activities, which will create job opportunities and also help the poor to better their standard of living. It is interesting to note that, from an international perspective, rural development critiques tend to explore reasons why programmes for stimulating rural development failed or why successful development programmes have not been replicated in other areas. Added to this, the question remains why we have not learned from successes made by societal development programmes thus far (Bradshaw 2014: 58).

Due to rapid urbanisation, rural South Africa has continued to deteriorate constantly over the last few years. The reason for this state of affairs, is that many young people from rural areas migrate to metropolitan areas or cities, in search of better opportunities. “Rural areas are thus not in a position to compete with bigger cities, with comparative and competitive advantages, even though recognised worldwide as instruments of growth, due to tilted resource allocation. Therefore, turn-around strategies are needed to make sure that rural areas offer economic and social opportunities for local communities’ development” (Department of Rural Development and Land Reform 2014).

“About 70 percent of the poor population in South Africa animate in rural areas, with roughly 3.64 million of this population having to largely survive on less than R20 per day” (Meyer 2014: 613). Rural areas in South Africa have two main problems that include the lack of social and community services, and a lack of effective policies and approaches to support rural development, in particular entrepreneurial activities (Meyer 2014: 614).

The rural development strategies includes, “the availability of transport, infrastructure, communication and education; technology and innovation; incentives and pricing policies; institutional support; increase food production

and promote a wider spread of benefits of agriculture; land reform processes to benefit the poor portion of rural areas; promote non-farming incomes through industry and agro-processing; provide education and health facilities; and ensure environmental sustainability” (Meyer 2014: 618).

The classification of rural areas “points to several marks of ‘ruralness’, which might cover very isolated and remote areas, identified as deep rural areas, to rural areas on the periphery of big metropolitan areas, labelled as fringe/peripheral rural areas, therefore in the formulation of classifications, it should be kept in mind that rural areas have urban nodes and centres, and even metropolitan regions have rural areas” (Meyer 2014: 618). Table 2.2 explains the classification of rural areas in South Africa.

Table 2.2: Proposed rural regional classification in South Africa

TYPE OF REGION	CHARACTERISTICS OF THE REGIONS
1. Deep rural region	“Situated in a compromised geographical area, for example very mountainous areas, and isolated in terms of distance; situated at four hours or more driving distance to a major urban area; no clear primary node, but a number of small villages; approximately more than 90 percent land use and economic activities involved in agricultural; examples include the central and southern parts of Kwa-Zulu/Natal province and the remote rural areas of the Eastern Cape Province and North-West Province” (Meyer 2014: 618-619).
2. Rural region	“Isolated in terms of distance and access, but less so than a deep rural region; located two to four driving distance from a major metropolitan area; rural nodes in the form of medium to small rural towns as service centres, with a clearly defined hierarchy of nodes, as primary node and connectivity corridors; more than 75 percent land use and economic activities involved in agricultural/ or primary sector; an

	example is part of the southern Free State Province” (Meyer 2014: 618-619).
3. Fringe/peripheral rural region	“Strategically located on the fringe or peripheral of an urban region; located within a two hour or less driving distance from major metropolitan areas; allows for economic opportunities in sectors other than agricultural; less than 50 percent land use and economic activities involved in agricultural and/or primary sector; strong hierarchy of nodes and corridors – nodes range from large rural towns to small rural towns; an example is the northern Free State region (Fezile Dabi District Municipality)” (Meyer 2014: 618-619).
4. Urban metropolitan region	to “Comprises mainly urban areas in the form of large metropolitan cities, with rural dispersed along the periphery of the region; less than 30 percent land use and economic activities involved in agricultural and/or primary sector; examples include the Gauteng City region, the Durban functional region and the Cape Town/ Cape Flats region” (Meyer 2014: 618-619).

Source: (Meyer 2014: 618-619).

This research study is mainly focused on a fringe or peripheral rural region, because the selected Municipality is strategically situated on the fringe or peripheral of an urban region, with less than an hour driving distance to metropolitan areas.

2.3.1 National Youth Policy

The National Youth Policy 2009-2014 is intended at adding the following: “To build integrated, holistic and sustainable youth development, conscious of the historical imbalances and current realities and imbalances, to build a non-sexist, non-racist democratic South Africa in which young people and organisations not only enjoy and contribute to their full potential in the social,

economic and political spheres of life but also recognise and develop their responsibilities to build a better life for all” (National Youth Policy 2009: 7).

The Policy also intends to ensure that internationally the abilities of young people can be enhanced through; “addressing their needs, promoting positive outcomes and providing integrated, coordinated package of services, opportunities, choices, relationships and support necessary for holistic development of all young people, particularly those outside the social, political and economic mainstream” (National Youth Policy 2009: 7).

The objectives of the National Youth Policy are to; “integrate youth development into the mainstream of government policies, programmes and the national budget; ensure that mainstream policies function effectively and curb the marginalisation of young people; strengthen the capacity of the youth development institutions and ensure integration and coordination in the delivery of youth services; strengthen the capacities of young people to enable them to take charge of their own well-being, through building their assets and ultimately, realising their potential to the fullest; support prioritised youth groups and ensure that they have every opportunity to play their part in the development of our country; inculcate the spirit of patriotism by encouraging visible and active participation in different youth initiatives or projects and nation building activities; design and implement interventions that seek to provide a wide variety of opportunities for needy young people” (National Youth Policy 2009: 8-9).

The desired outcome of the National Youth Policy is to; “produce empowered young people able to realise their full potential and understand their roles and responsibilities, in making a meaningful contribution to the development of a non-racial, prosperous South Africa. In addition, to establish sustainable business activities that can create job opportunities and attract potential investors and well-established businesses” (National Youth Policy 2009: 9).

The National Youth Policy recognises that South Africa's perception of youth development is accelerated by historic circumstances that have shaped the nation and its democratic purposes. Youth development "is about people, programmes, institutions and systems that provide all youth, troubled or not, with supports and opportunities they need to empower themselves" (Morgan 2014: 16-17).

2.3.2 Youth in rural areas

Young people in rural areas encounter a number of challenges, with respect to accessibility and availability of services and facilities. This, according to the National Youth Policy (2009: 17), results in fewer opportunities, lack of relevant information and employment unavailability, than in metropolitan areas. There is also big uneasiness concerning rural-urban migrants, who are predominantly young. A good example would be Gauteng Province, with the maximum proportion of youth population (22.7 percent), compared to other provinces in the country. This is a clear indication of the tendency of youth to migrate from rural areas to affluent urban regions, in seeking greater opportunities (National Youth Policy 2009: 17).

The reasons for this development include under-development of rural provinces, insufficient opportunities and the slow pace of land reform. Consequently, young people become enticed by opportunities that urban areas can offer. In many instances, young people who are unskilled, tend to becoming destitute, in contrast those who are educated and skilled, who tend to fair better. This latter group leave their respective areas or communities under-resourced, in search of better offers, while this form of conduct tends to reproduces the cycle of rural impoverishment (National Youth Policy 2009: 17).

Interventions should therefore, precisely address the condition of young people in rural areas, in respect of creating an enabling environment for business activities and other job opportunities. It has become incumbent on government to invest in rural areas, and generate strategies of enticing and

retaining young people to add value to their communities (National Youth Policy 2009: 17).

2.3.3 Key factors for successful rural development

For rural development to take place successfully, the participation by all stakeholders is required, which includes government, both national and local, the community, and non-government organisations (NGOs). The following, potential key factors to successful rural development are examined:

2.3.3.1 Role of Government

The role of government is to ensure; “a stable political environment, good governance, implementable policies, assistance with the creation of jobs through an economic environment, support for both the formal and informal sectors of the economy, and a safety net for the poor. Therefore, best practice principles for rural development include the decentralisation of local decision-making, skills development, the dissemination of information, and the formulation of measurable benchmarks, such as targets and outcomes, as well as audits, through monitor and control actions” (Meyer 2014: 620).

2.3.3.2 Local leadership and partnership formation

Local leadership is seriously imperative for rural development attainment, making it necessary for local leaders and local government officials to work together as partners, in order to maximise local resources and actions. “They must create momentum, make sure the local economy is driven and that local government actions prompt and effective decisions, to the value of the local community, because they are expected to take the lead in coordination and facilitation. The partnership of local stakeholders (government, local community and the private sector) is a potential, dynamic driving force behind rural development initiatives” (Meyer 2014: 621).

2.3.3.3 Local resources utilisation

“Local resources take account of natural resources like minerals and water, and man-made resources take account of local infrastructure, and local human resources. Local human resources necessitate enhancement by means of skills development and the provision of skills training in locally required skills, which include business and technical skills training. As part of the formation of a local enabling environment, a quality environment is significant for any area because it invites potential investors and businesses that will create opportunities for people in the area” (Meyer 2014: 622).

2.3.3.4 Agriculture

In a rural area, “agriculture is typically the leading economic sector, while it is also a labour concentrated economic sector, with the potential to generate jobs, and also plays a crucial role in food security. Agricultural development involves agrarian transformation, land reform and environmental management. Therefore, developing farmers and commercial farmers need to be assisted and supported in access to land, provided with mentorship programmes from commercial farmers, access to marketplaces, skills development and finance” (Meyer 2014: 621).

Impacting on this research, are some of the laws and policies that talk to the youth of the country, which are examined in the next section.

2.4 YOUTH ENTREPRENEURSHIP

There is no commonly agreed definition of the term youth entrepreneurship in the literature yet, for that reason, the definition of youth entrepreneurship differs because of the opinion of different people (Steenekamp 2013: 54). For the purpose of this research study, youth entrepreneurship is about ensuring that, from a relatively early age, young people are instilled with ideas and values to develop their own businesses, with the financial support of grooming them, to establish sustainable and successful business activities. In addition, it refers to “young men and women aged from 18 to 35 years who can enter

into a business contract independently without the requirement of parental, guardian or representative assistance and consent” (Department of Small Business Development 2014: 54).

Youth entrepreneurship, “has an imperative role to play in South Africa’s efforts to encourage an entrepreneurship environment contributing to sustainable growth and development, as well as economic and social prosperity. Given the large number of unemployed young people in South Africa, a very plausible way is entrepreneurship development. This has the potential to see a large number of young people integrated into the South African economy, by developing skills that can be rehabilitated into a meaningful living” (Brijlal 2011: 31).

There are three justifications for supporting and promoting the development of youth entrepreneurship in South Africa, these justifications include, “firstly, entrepreneurship plays a central role in innovation, economic growth and job creation; secondly, it has the capacity to improve the welfare of the nation by empowering young people to earn their own livelihood, and; thirdly, it can contribute towards social and economic empowerment, by increasing the self-esteem and confidence of young people, effectively giving them greater control over their lives” (Ndedi 2009: 463-464).

The development of entrepreneurial spirit and culture may possibly, “unleash the economic potential of all people in South Africa, in particular young people, who need to be provided with opportunities that allow them to actively contribute towards the economy. The development of an entrepreneurial spirit among the youth is therefore important to pushing back the boundaries of poverty and creating employment opportunities in South Africa, as well as to addressing challenges of delinquency and crime activities, arising from cause of unemployment” (Herrington *et al.* 2010: 14 – 15).

“Young people need to be able to think of self-employment as an approach to self-empowerment, rather than looking for wage employment and this approach could be more appealing to young people, should they be sufficiently exposed to the essentials of entrepreneurship at high school level” (Mahadea *et al.* 2011: 67).

Youth entrepreneurship is not only a device to generate job opportunities or to address social exclusion, but Potter and Proto (2007: 105) hold that “an enabling entrepreneurship environment can also act as a channel that prepares youth with life-skills that will empower them to contribute actively in their communities, in turn, contributing towards a stronger civil society”.

“Entrepreneurship as a career option is a lifetime goal and not a decision taken in isolation, even though certain aspects can affect the decision to become an entrepreneur” (Beeka and Rimmington 2011: 149).

People became entrepreneurs for two reasons; “because they have found an appropriate niche in the market or out of mere necessity. However, most necessity entrepreneurs do not have the essential business experience, skills or resources to start an informal sector venture and end with an income below the poverty level” (Barnard 2012: 19).

Entrepreneurship is regarded as an imperative and valuable opportunity of making income for young people, to develop and generating employment opportunities. Youth entrepreneurship is an alternative way of integrating youth in the mainstream labour force and reducing poverty and it can give a free rein to the economic prospective of young people.

2.4.1 Youth entrepreneurship enabling factors

Young people in their respective communities generally have very good ideas for entrepreneurship activities and development that may be affected by certain hindrances or obstacles, which require enabling factors to ensure that

these young people may succeed, in establishing successful businesses that can, in turn, generate job opportunities, especially in the case of rural areas.

Okpara and Kabongo (2009: 7, 8) find, from a study in Nigeria that, “the key to effective entrepreneurship development is a joining of factors appropriate to business development”. These take account of access to financial assistance, elimination of corruption and crime, well-developed infrastructure systems, and the availability of business role models, as well as adequate entrepreneurship training and education, an enabling environment for business development, and the necessary support from public and private sectors.

The government’s role for promoting youth entrepreneurship in rural areas of Zimbabwe is put forward by Chimucheka (2012: 10393) from recommendations by respondents that, “the government should offer loans to the youths for sustainable economic projects that will help generate employment for others, as well as develop the rural communities; entrepreneurial training should be provided to the youths through entrepreneurial support structures established by the government”.

Entrepreneurial training can assist to develop the entrepreneurship abilities of the youth and perhaps the aspiration to establish their own entrepreneurial activities. Chimucheka (2012: 10393) further recommends that, the Government have to allow for networking opportunities among Zimbabwean youths, as this may perhaps assist in enhancing information sharing, especially on available opportunities. It is also suggested that the Government should monitor and evaluate actions of the organisations established to stimulate entrepreneurship.

2.4.1.1 Personal support

Personal support systems consist of an individual’s personal knowledge and skills, friends, family, business and other acquaintances, who will offer support during hard times for a prospective entrepreneur. Moreover, the experience,

technical skills, and sometimes qualifications relevant to the business activity that they seek to start, are very important, in ensuring that such individuals can deliver professional standards of work to keep customers satisfied. It is therefore, crucial to note that those who successfully start their businesses have the backing, and perhaps moral support, of friends and relatives (Benderman *et al.* 2011: 105-106).

Business role models play a significant role of eliminating one of the stumbling blocks in the process of new business establishment because they assist to identify business success or sustainability and encourage the next stage of shaping and establishing the business idea and also recognising the right opportunity. Therefore, potential nascent entrepreneurs need to be able to identify role models, where they come from and how they were prosperous (Van Vuuren and Groenewald 2007: 272).

A study done in Bangladesh by Uddin *et al.* (2015) indicates that, “the main influencers who encourage young entrepreneurs to establish a business, are parents and family, entrepreneurs, and teachers or lecturers. Different media, such as TV, Radio, Internet, and so on, along with career advisors and friends, also play an imperative role to stimulate young people to participate in entrepreneurship activities”.

In addition, 85 percent of respondents in the Bangladeshi study (Uddin *et al.* 2015) revealed that, “their parents had influenced the enhancement of mind-sets about entrepreneurship and approximately 35 percent stated that their parents owned a business”. Uddin *et al.* (2015) further refer to a survey of Kalafaltelis and McMillen (2004) in New Zealand, which indicates that, “entrepreneurship values among young people also provide strong facts that parents are a key influencer”.

Further to this, Uddin *et al.* (2015) indicate that, “cultural and social attitudes impact the effort of entrepreneurial activities of a population, a nation, region

or ethnic group and there is a strong relationship between culture and entrepreneurship. Culture, in effect, influences values and differences in values have an influence on entrepreneurial behaviour, and the decision to become an entrepreneur”.

2.4.1.2 Professional source of support from private institutions

Professional support is vital during the early phases of a small business’ start-up. Professionals, such as lawyers and accountants’ advice can help an entrepreneur dramatically improve profit and long-term stability. Moreover, by means of informal discussions with these professionals, an entrepreneur can obtain a lot of valuable information free, by asking the right questions.

Lawyers are required to assist with all the legal aspects surrounding a business, such as contracts, labour legislation, and regulations. “The advice, assistance, and support of an accountant is of particular value to the entrepreneur during the start-up phase of the business, more specifically when the accountant can support the entrepreneur by setting up an accounting system that will suit the needs of the business” (Benderman *et al.* 2011: 112).

Further areas in which an accountant can be of assistance to entrepreneurs are in helping with: the setting up of partnerships; helping with the registration of a business; designing financial records and financial reports for the business, along with developing, implementing, and monitoring of credit systems, making suggestions with respect to prices, and the control of costs, as well as the handling of taxes (Benderman *et al.* 2011: 112).

2.4.1.3 Support from government and public related institutions

Ladzani *et al.* (2011: 1473) conducted a study in the Kroonstad area, which indicated factors that could enable young prospective entrepreneurs in pursuing business activities freely. These factors include the following:

There should be a forum constituted by both the Local Government and businesses in the community, with the functional role of the forum to look at all the issues that need to be addressed for entrepreneurship development in local communities. These issues include attracting investment, installation and maintenance of infrastructure and curbing crime. This forum must have all the power to take decisions that would enable it to collate all expertise and resources that could be used for the economic benefit of the area. The forum could also look into issues of business attraction to the area, business retention and expansion, trade promotion, and lending and financing of new businesses (Ladzani *et al.* 2011: 1473).

Organisations such as Khula Enterprise Finance (KEF) Ltd (commonly referred to as Khula) and The Small Enterprise Development Agency (SEDA) should vigorously promote their services to people in local communities, rural areas in particular. They should have road shows, radio talk shows and agents who would cover every ward of the community by disseminating significant information for entrepreneurship development (Ladzani *et al.* 2011: 1473).

Entrepreneurs should furthermore, be encouraged to affiliate with local and national business organisations. This is important because such organisations offer business management skills, networks and personal support to their affiliates. This is crucial for the development and sustainability of a business.

The South African government and associated agencies perform an important role in supporting entrepreneurial activities, for the youth in particular. In the South African context, “the National Youth Development Agency (NYDA) was formed through a merger of the Umsobomvu Youth Fund and the National Youth Commission, with the primary aim of taking youth development to scale and integrating it across all government and private initiatives. The objective is that of encouraging youth (14-35 years) development through economic participation, skills development and training, social cohesion and support” (Herrington *et al.* 2010: 134).

The NYDA offers financial support from, “R1, 000 to R5 million to start, grow, buy into or buy out existing businesses, which confers substantial economic benefits to young people. This financial assistance can be for franchises, contracts and tenders, assets and working capital, and target micro enterprise and co-operatives, as well as SMEs” (Herrington *et al.* 2010: 134).

In addition to the above, the following programmes, institutions and departments provide support for entrepreneurial development:

The Youth Economic Participation programme (YEP) of the Department of Public Enterprises (DPE) aims to; “coordinate the efforts of state-owned companies, such as Eskom, Transnet, South African Airways, Broadband Infraco, Alexkor, South African Forestry Company and Denel, towards maximising their inputs to youth economic empowerment, through focusing on job creation, skills development, entrepreneurship development and Corporate Social Investment (CSI), along with related initiatives” (Barnard 2012: 71).

The National Rural Youth Service Corps (NARYSEC), “is a youth skills development and employment programme, which aims to train youth through specifically developed programmes, which are related to community needs in rural areas; to develop youth with multidisciplinary skills through civic education; capacitate youth in retaining knowledge and technical skills learned during training; and to increase the number of rural communities getting support in their self-development, through the Comprehensive Rural Development Programme (CRDP)” (Rural Development and Land Reform 2012: 179).

Support is also provided by the Industrial Development Corporation of South Africa Limited (IDCSAL), “a self-financing and state-owned, national development financial institution, which offers funding to entrepreneurs involved in competitive industries. Their key objectives are to develop SMEs, to accelerate Black Economic Empowerment (BEE), and to assist in

development projects that are viable, sustainable and environmentally and socially responsible” (Herrington *et al.* 2010: 135-136).

The SEDA is another agency in the Department of Trade and Industry (DTI) assigned to; “implement government’s small business strategy, design and implement a standard and common national delivery network for small enterprise development, and integrate government-funded small enterprise support agencies across all tiers of government. SEDA’s mission is to develop, support, and promote small enterprises throughout the country, ensuring their growth and sustainability in co-ordination and partnership with various role players, including global partners, who make international best practices available to local entrepreneurs” (Benderman *et al.* 2011: 108-109).

The National Empowerment Fund (NEF) equally provides finance to black entrepreneurs through; “supporting new and existing business ventures with start-up, franchising and expansion capital and with the acquisition of equity interest in existing business for transformation purposes. Therefore, funding is distributed across targeted economic sectors, such as clothing and textiles, automotive industry transport, metals and minerals beneficiation and support services, as well as chemical biotechnology, crafts, and aerospace. Furthermore, the fund is also used for non-financial support services, in the form of pre-investment support, such as business planning and funding advice, as well as post-investment support in the form of advice and education” (Herrington *et al.* 2010: 134).

KEF Ltd (Khula) is an agency of the Department of Trade and Industry (DTI) established to; “facilitate access to finance for SMMEs and was financed by a commitment of approximately R1 billion. Khula is a wholesale finance institution that functions across the public and private sectors, through a network of channels, to supply financial support to small businesses. Enterprises do not receive assistance directly from Khula, but rather through institutions that include leading commercial banks, retail financial institutions,

specialist funds and joint ventures, of which Khula is a participant. Furthermore, Khula offers non-financial services in the form of a mentorship programme, but also assists SMMEs through a variety of other programmes” (Herrington *et al.* 2010: 133).

2.5 ROLE OF MUNICIPALITIES IN ENTREPRENEURSHIP DEVELOPMENT

The stimulation of youth entrepreneurship at community level, can be effectively established with the full participation of Municipalities, by putting programmes in place, relevant to entrepreneurship development. This ought to contribute towards delaying major migration of people to urban cities, in search of better opportunities.

One of the key considerations by Municipalities will be to improve the efficiency and competitiveness of enterprises, as well as business services within communities (Wekwete 2014: 28). A wide range of tools have been deployed for assessment of enterprise development and these include, business retention and expansion, business survey, and business investment facilitation. Therefore, these tools complement the more standard and formal business tools for enterprise development and management used for formal enterprises (Wekwete 2014: 28).

Municipalities’ strategic focus areas for enterprise development should include:

- Encouraging local business,
- Improving the local business environment,
- Small Medium and Micro Enterprise (SMME) development, and
- Investment facilitation for local business

The rural development programmes for municipalities should include:

- Small Medium and Micro Enterprises (SMME’s),

- Commercial development, for example, shopping malls,
- Attracting investors to invest in locally established businesses,
- Sustaining local businesses, and
- Creating attractive built environments for local businesses (Wekwete 2014: 26).

The above section did not provide case studies about the role of other municipalities for stimulating youth entrepreneurship since there is insufficient information on the topic. However this study will assist in contributing to the body of knowledge for future researcher on youth entrepreneurship.

2.6 ENTREPRENEURIAL TRAINING AND DEVELOPMENT

Governments internationally recognise the significance of entrepreneurial training and development in rural and semi-rural areas, in order to encourage an enterprising society. The purpose of entrepreneurship training and development is to develop entrepreneurial culture and spirit among young people in rural and semi-rural areas. Such training will bring about transformation in thinking and behaviour, and subsequently influence the decision to establish a new business which will generate employment opportunities, and to take entrepreneurship as a good career choice (Barnard 2012: 29).

Entrepreneurial training is a, “purposeful intervention by an instructor in the life of the trainee (prospective entrepreneur), to impact entrepreneurial capabilities and skills, in order to enable the trainee to survive in the entrepreneurship environment” (Isaacs *et al.* 2007: 614).

“A country’s effectiveness starts not on the factory floor or in the production workshop, it starts in the teaching space. Moreover, entrepreneurial training is important in helping young people to obtain entrepreneurial skills, qualities and behaviours, as well as to develop enterprise awareness, to comprehend and

to recognise entrepreneurship as a career choice, because entrepreneurship is one of the best career options for developing young people in local communities to engage in entrepreneurial activities” (Rahmawati *et al.* 2012: 463).

Previous studies indicate that “entrepreneurs who attended entrepreneurship training have a higher propensity to establish their own entrepreneurial activities, compared with those who never attended any training” (Sowmya, Majumdar and Gallant 2010: 627; Barnard 2012: 29).

Entrepreneurial training and development has been considered as one of the important element that can influence career decisions of young people in rural and semi-rural areas, who need to establish successful entrepreneurial activities. In order to achieve functional entrepreneurial training and development in rural areas, young prospective entrepreneurs need to be supportive through committing themselves in the programme and this will assist in enhancing their business knowledge and information, and also to develop creativity application skills.

The importance of entrepreneurial training is also mentioned in a study conducted in Zimbabwe by Chimucheka (2012: 10394), who states that, “it is of strategic significance that Zimbabwean youths be prepared with entrepreneurial knowledge and skills, through entrepreneurial training. This is very important because, as young people finish high school, some will not be able to carry on to tertiary institutions. On the other hand, not all those graduating from tertiary institutions are engrossed by the available employment opportunities. Vocational Training Centres (VTCs) around Zimbabwe may have been set up with this in mind, but there is still need to investigate the extent to which they prepare youths with appropriate entrepreneurial skills”.

Ladzani *et al.* (2011: 1469) indicated that 10 percent of the respondents to their study, conducted in the Kroonstad area, have attended entrepreneurial training. The authors further describe the content that entrepreneurial training should include, which comprises creativity and innovation, risk-propensity, need for achievement, leadership, and ability to inspire others. Herrington *et al.* (2010: 45) states that, “lack of entrepreneurial training is regarded as one of the primary inhibitors of entrepreneurship development”.

A successful entrepreneurial culture in rural and semi-rural areas can be established through an entrepreneurship training and development approach, by involving the government, business instructors, parents and trainees (prospective entrepreneurs) themselves (Brijlal 2011: 819).

Entrepreneurial training and development in rural and semi-rural areas should have a substantial, positive influence on mainly three areas critical to entrepreneurship. The first concerns young people’s self-confidence regarding their capacity to start entrepreneurial activities, second is the understanding of financial and business issues and last, young people’s desire to start their own business (Orford *et al.* 2003: 4; Barnard 2012: 35-36).

Steenekamp *et al.* (2011: 61) conducted a study in Sedibeng secondary schools, based on exposure to entrepreneurship at school level. “Of the 920 learners that participated, 70.22 percent perceived their exposure as the selling of goods, with 50.65 percent participating in an entrepreneurs’ day. It must be considered that these activities are acquainted with practical learning, which is experiencing and feeling the concept and this stimulates scholars to consider entrepreneurship as a career choice, while the development of entrepreneurial spirit and culture is nurtured”.

Steenekamp *et al.* (2011: 61) find, in a study in Sedibeng secondary schools, that drafting a business plan is a challenge; this is in reference to 3.37 percent

of respondents, who specified that they can draft a business plan or generate business ideas.

School education is stated by Uddin *et al.* (2015) “to be an important factor that helps young people to build up entrepreneurial knowledge, abilities, behaviours, and awareness, to cope with transformations, and to consider entrepreneurship as a career option. Education provides learning of those qualities, skills, and attributes to young people that will benefit them to be creative, adaptive, and proactive, to identify and assess business opportunities, and to manage resources. Entrepreneurship education is found to have a substantial influence on risk-taking, starting new business, and the probability of self-employment. Moreover, entrepreneurship graduates perform better than graduates without entrepreneurship education”.

The main, educative limitations are; “lack of introduction and adoption of entrepreneurial education, insufficient curricula and study programmes, and a lack of business and education relationship. In addition, entrepreneurship education simply does not exist or has not been applied on different levels of education” (Uddin *et al.* 2015)

2.7 SUMMARY AND CONCLUSION

For the purpose of this study, Kuratko (2009: 5) defines entrepreneurship, “as a vigorous process of vision, change, and creation. It needs an application of energy and passion towards the creation and carrying out of new ideas and creative solutions. Important requirements include the willingness to take deliberate risks, in terms of time, equity, or career, the ability to formulate an effective venture team, the creative skill to marshal needed resources, the fundamental skill of building a solid business plan, and finally, the vision to recognise opportunity where others see chaos, contradiction, and confusion”.

Entrepreneurship is perceived as an important source of improved economic growth, generating job opportunities, and advancing human welfare.

Therefore, there is a substantial connection between entrepreneurship and development, since both of these approaches seek to fulfil identical intentions for an economic environment.

It is extensively recognised that, “entrepreneurship is an imperative force in influencing the changes that take place in the economic setting. Without entrepreneurship attitude, societies can deteriorate, which may hamper the long-term development and success of a country” (Luiz and Mariotti 2011: 47).

Young people in rural areas face a number of challenges, with respect to accessibility and availability of services and facilities. This, according to the National Youth Policy (2009: 17), results in less opportunities, less information and employment, than in metropolitan areas.

“Entrepreneurship as a career option is a lifetime goal and not a decision taken in isolation, even though certain aspects can affect the decision to become an entrepreneur” (Beeka and Rimmington 2011: 149).

Entrepreneurial training and development in rural and semi-rural areas should have a substantial, positive impact on mainly three areas critical to entrepreneurship. The first concerns young people’s self-confidence regarding their capacity to start entrepreneurial activities, second is the understanding of financial and business issues and last, young people’s desire to start their own business (Orford *et al.* 2003: 4; Barnard 2012: 35-36).

The emphasis though, is mainly focused on how to start a business than on the success of itself. The following chapter will therefore, focus on the research methodology, discussing the research design, data collection, and how the data is analysed or dealt with.

Chapter 3

Research Methodology

3.1 INTRODUCTION

This research is an exploratory study aimed at establishing factors affecting young, prospective entrepreneurs. In particular, the intention is to establish what factors favour entrepreneurship development and what tends to inhibit this. While the previous chapter provided an introduction and background to the study, this chapter will discuss the research design, data collection, and how the data is analysed or dealt with.

3.2 RESEARCH DESIGN

A mixed methods research will be used as a point of departure in this study, in view of the fact that this research seeks to establish the factors affecting young, prospective entrepreneurs, in the selected municipal area.

Mixed methods research, “collects both qualitative and quantitative data in one study and integrates these data at some stages of the research process” (Soorkrajh 2014). Therefore, the research approach, on a qualitative level, is conducted through a case study approach, since one particular Municipal area is being studied. A key official in the selected Municipality will be interviewed. This is to determine the role of the Municipality in promoting youth entrepreneurship in the area.

The research method discussed herein attempts to answer the following key questions:

- How do the programmes the municipality is providing meet the needs of young prospective entrepreneurs?
- What support programmes does the municipality have for entrepreneurship development in the area?

- How can the municipality describe the attitude amongst young people in the area, in terms of demonstrating entrepreneurial spirit?
- What difficulties does the Municipality see as affecting their ability to create such a conducive environment for the promotion of entrepreneurial activity?

The quantitative aspect of the research approach is through a survey that will use questionnaires as measuring instrument, to obtain information on how young people of the selected Municipal area deal with factors affecting them in establishing entrepreneurial activities.

The key questions to be raised are:

- What opportunities exist within the area that encourage the pursuit of entrepreneurial efforts?
- What obstacles affect entrepreneurial activities in the area?
- What factors are considered by the municipality to enable entrepreneurial spirit in the area?

3.2.1 Motivation for mixed method research

On the use of mixed method research, Soorkrajh (2014) states that, “mixed methods increase flexibility in researched relationships, while also increasing cognizance about what and who research is for, growing formalisation of research governance and ethics procedures, and accessibility and ease of new technologies to analyse mixed methods research”.

3.3 TARGET POPULATION

According to Sekeran and Bougie (2009: 262) a target population can be defined as the group of people the researcher is to investigate. The target population of this study has approximately 3,500 youth who could be prospective entrepreneur. Therefore, with the researcher being unable to reach all prospective young entrepreneurs in the area, only 190 young prospective entrepreneurs and the selected Municipality will be considered.

The mentioned figure is subject to change, as this will be based on the number of respondents the researcher obtained.

The aim for targeting this population, is due to the fact that they are the main source of information for the researcher. Moreover, it allows the researcher to examine their capacity in forming the Integrated Youth Entrepreneurship Development Programme (IYEDP) in the area that is aiming to hamper inhibiting factors affecting young people in pursuing business opportunities.

3.4 STUDY SITE

This research will be conducted in the Umdoni local Municipal area, located in KwaZulu-Natal, with the main reason due to the geographical proximity to the researcher's residence and that the target population will be easily available for gathering primary data.

The research intends to establish ways in which young people from this area may create their own employment opportunities, through the establishment of business activities. It also intends to identify the inherent weaknesses that prevent young people from pursuing entrepreneurial activities, as well as those enabling factors that can mitigate against these identified weaknesses.

3.5 SAMPLING METHOD

A non-probability sampling method will be used in this research study, as the researcher cannot cover all prospective young entrepreneurs in the area (Sekeran and Bougie 2010: 276). Therefore, a non-probability sampling method will be used by employing a snowball sampling technique.

The researcher will use a snowball sampling technique, in view of the fact that the target group of participants relevant to the research topic will be used to generate contact with others (Bryman and Bell 2011: 192).

The researcher will do the following for snowball sampling technique:

- Make contact with study participants;
- Ask these participants to recommend further participants;
- Ask these new participants to recommend further new participants (and so on); and
- Stop when either no new participants are given or the sample is as large as is manageable.

3.5.1 Sample size and Data collection method

The researcher will interview and hand in survey questionnaires to:

Table 3.1: Sample size and data collection

Size	Sample	Data Collection Method
190	Young prospective entrepreneurs between the age of 14 to 35 years old	Personally administered questionnaire
1	Umdoni local Municipality (Local and Economic Development / Community Development official)	Face-to-face interview
TOTAL SAMPLE SIZE = 191		

3.6 MEASURING INSTRUMENT

A nominal scale measuring instrument will be used to obtain personal data information in this study, for example, gender will be coded as follow: **(male = 1, female = 2)**. Thus, a nominal scale measuring instrument “classifies individuals or objects into mutually exclusive and collectively exhaustive groups, and offers basic, categorical information on the variable of interest” (Sekeran and Bougie 2009: 442).

The Likert scale measuring instrument will also be used to examine the extent to which the subjects agree or disagree with statements, on a five-point scale

(strong disagree = 1, disagree = 2, neither agree nor disagree = 3, agree = 4, and strongly agree = 5).

3.7 RELIABILITY AND VALIDITY

3.7.1 Reliability

Reliability is defined, “as the extent to which a questionnaire or any measurement process produces similar results on repetitive trials” (Miller 2009: 1). This study has, therefore, determined its reliability through involving 14 participants interested in the research topic. The issues raised by the participants such as difficult terms used, were addressed in the questionnaire.

3.7.2 Validity

Validity is defined, “as the extent to which the instrument measures what it purports to measure” (Miller 2009: 3). The content validity was considered in this study by means of pilot testing. Content validity make sure that the measure take account of adequate and representative set of items that tap the concepts, Sekeran and Bougie (2009: 158-159) furthermore, state that “it is a function of how well the dimensions and elements of the concept have been demarcated”.

This study measured it validity by involving 4 lectures to answer the survey questionnaire. The lectures observations of spelling and grammar were taken into consideration and addressed accordingly.

3.8 DATA ANALYSIS

The Statistical Package for Social Sciences (SPSS) was used to interpret the responses of the group of 126 participants, with data presented in three sections, which include tables, graphs, and explanations (Sekaran and Bougie 2009: 365).

The analysis of qualitative data is not easy and there are relatively few established and commonly accepted rules and guidelines for analysing

qualitative data (Sekeran and Bougie 2009: 370). However, this study managed to draw its interpretation and conclusions from key open ended questions and interview notes through grouping the responses into sub headings or themes.

3.9 CONCLUSION

The concentration of this chapter was to discuss the research methods and procedure used to gather and analyse the data required to discover solutions towards addressing the research objectives. The chapter pays attention to the researched design and methodology used, to answer the research questions and obtain the research aims and objectives. The research approach used consisted of mixed methods, to increase the validity and reliability of the study. The sample size and rating of responses was sufficient to generalise the results to the whole population. In the next chapter the findings and analysis will be set out.

Chapter 4

Data Analysis and Report of the Results

4.1 INTRODUCTION

Whereas the previous chapter discussed the research methodology, this chapter reports the outcomes, as collected through the questionnaires, with the purpose of scrutinising, interpreting and discussing the data gathered. The general aim of the investigation undertaken in this study, was to examine factors affecting young, prospective entrepreneurs in the Umdoni Local Municipal Area.

Tests used in the analysis include the following:

- Descriptive statistics, including means and standard deviations, where applicable. Frequencies are represented in tables.
- A single sample t-test was used to test whether the average value is significantly different from a value of 3 (the central score). This is applied to Likert scale questions.
- Correlation tests are reported.

4.2 NON-RESPONSE ERRORS

The presentation of the sample was not as per the target sample, due to the number of non-responses.

4.3 MISSING RESPONSES

Some questionnaires were returned with missing response errors. Perhaps some questions were not applicable to the research study participants. This research study, therefore, contains a total number of 120 questionnaires completed.

4.4 BIOGRAPHICAL INFORMATION

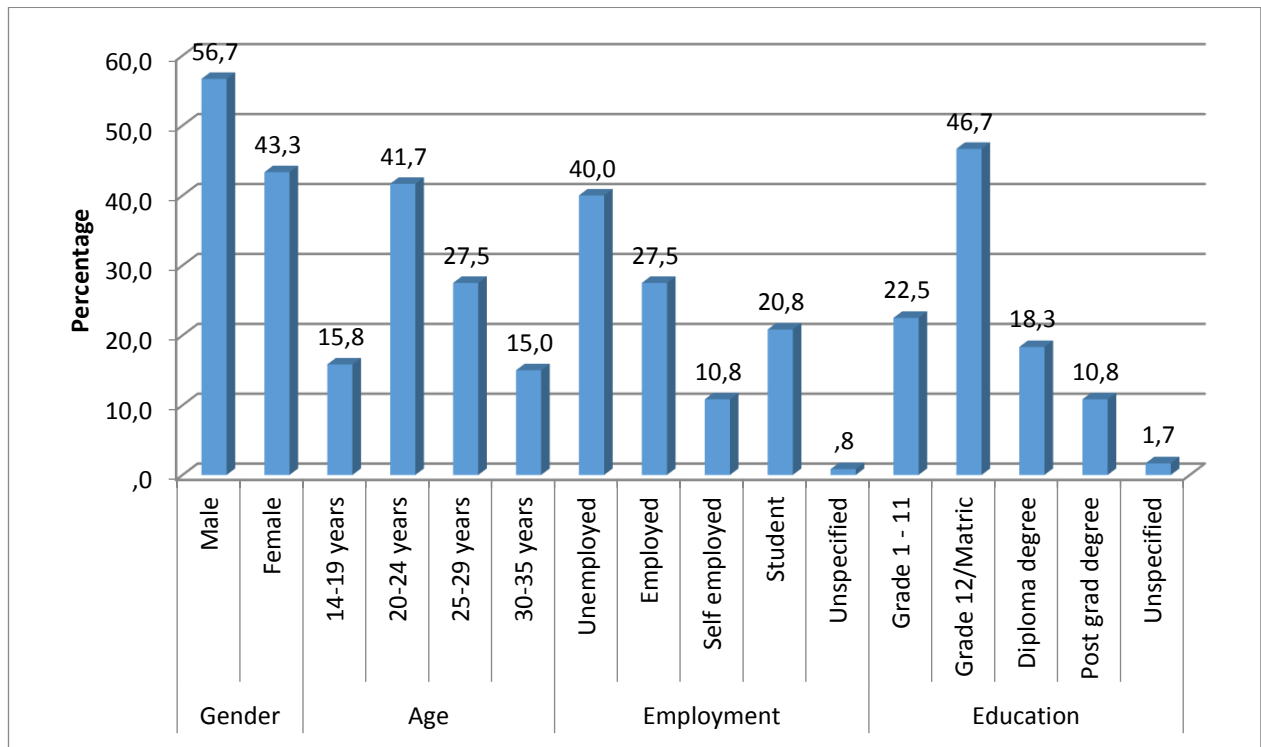


Figure 4.1: Gender, age, employment, and education

The key biographical details of the respondents (Fig. 4.1) are discussed below:

Although the intention of this study is to treat prospective youth entrepreneurship as a collective and not so much by their age and gender, in this study some information is provided to see if there were any particular differences between the age categories and gender.

In respect of gender, participants of this study are composed of 56.7 percent males and 43.3 percent females.

As far as the age factor is concerned, the group between 20 – 24 years makes up 41.7 percent of the respondents, while the age group between 25 – 29 years accounts for 27.5 percent, with the 14 – 19 years age group at 15.8 percent, and slightly less at 15.0 percent, for the age group between 30 – 35 years.

With regards to the question of employment, 40.0 percent of the youth indicated that they are unemployed, 27.5 percent is employed, 20.8 percent is still studying, 10.8 percent is self-employed, and 0.8 percent did not specify their status. Given the small percentage of self-employed, it does point to the possibility that entrepreneurship could be the answer to South Africa's unemployment levels, provided that adequate support and assistance is given to those unemployed. This view is reinforced by Mahadea *et al.* (2011: 67) who state that, "young people need to be able to think of self-employment as a direction to self-empowerment, rather than looking for wage employment".

In respect of education levels, the results show that 46.7 percent of the respondents indicated having grade 12 certificates, 22.5 percent have achieved grade 1 – 11, 18.3 percent obtained a diploma/degree, while 10.8 percent indicated having a postgraduate degree, and 1.7 percent did not specify their level of education.

4.5 CROSS TABULATION

4.5.1 Constraints of youth entrepreneurship

Table 4.1: Cross tabulation of gender by support and assistance from the local municipality

GENDER – Q 13					
	Male	Percent	Female	Percent	Total
SD	36	75	26	67.31	62
D	15		9		24
N	10	14.71	9	17.31	19
A	5	10.29	6	15.38	11
SA	2		2		4
Total	68	100	52	100	120
Missing					1

Table 4.1 indicates that 75 percent of the male respondents disagreed that support and assistance from the local municipality has made it easy to open businesses in the area, whereas 14.71 percent was undecided and 10.29 percent agreed.

The scores of the female respondents are not too dissimilar to that of the males, with 67.31 percent that disagreed that support and assistance from the local municipality has made it easy to open businesses in the area, whereas 17.31 percent were unsure and 15.38 percent agreed.

In respect of gender and the support and assistance from the local municipality, these are not statistically significantly related (chi-square = 1, 14; DF = 4; $p = 0,887$).

Further, in the interview held with the Municipal official entrusted with the development of small businesses in the Umdoni local municipal area, it was pointed out that the Municipality only provides material support to prospective entrepreneurs. In particular, the municipality requests business proposals by placing an advertisement in the newspapers, on public noticeboards, and through conveying the message in community meetings. The Municipality also provides business training and business information, through closely working with government agencies, such as the SEDA and Cooperative Government and Traditional Affairs (COGTA).

Table 4.2: Cross tabulation of age by environmental factors, such as crime

AGE – Q 21									
	14 – 19	%	20 – 24	%	25 – 29	%	30 – 35	%	Total
	Y		Y		Y		Y		
SD	1		8		1		1		11
D	0	5.26	8	32.65	4	15.15	2	16.67	14
N	2	10.53	3	6.12	6	18.18	1	5.56	12
A	8		11		11		3		33
SA	8	84.21	19	61.22	11	66.67	11	77.78	49
Total	19	100	49	100	33	100	18	100	119
Missing									2

Table 4.2 reflects that 84.21 percent of youth between the ages of 14 – 19 years agreed that environmental factors, such as crime, prevent them from opening businesses in the area, with 10.53 percent undecided and 5.26 percent of the respondents that disagreed.

In the 20 – 24 years age category, 61.22 percent of the respondents agreed that environmental factors, such as crime, prevent them from opening businesses in the area, while 32.66 percent disagreed and 6.12 percent was unsure.

Similar results are observed for the 25 – 29 year group, in that 66.67 percent agreed that environmental factors, such as crime, prevent them from opening businesses in the area, whereas 18.18 percent was unsure and 15.15 percent disagreed.

In the category 30 – 35 years, 77.78 percent of the respondents agreed that environmental factors, such as crime, prevent them from opening businesses

in the area, whereas 16.67 percent disagreed and 5.56 percent was undecided.

While age and environmental factors, such as crime, are not statistically significantly related (chi-square = 16, 40; DF = 12; p = 0,174), the observations by Rahmawati *et al.* (2012: 464) do point to a lot of young entrepreneurs becoming risk averse because of their social environment. In a stable and more conducive environment, one would conclude that entrepreneurship would thrive. The opposite is more likely to occur when security and stability are under constant threat in any area.

4.5.2 Entrepreneurial training and development

Table 4.3: Cross tabulation of gender by attendance of entrepreneurship training

GENDER – Q 17					
	Male	%	Female	%	Total
SD	29	75	21	76.92	50
D	19		19		38
N	7	10.94	1	1.92	8
A	6	14.06	5	21.15	11
SA	3		6		9
Total	64	100	52	100	116
Missing					5

In respect of the accessible provision of entrepreneurial training, the results show that gender and the attendance of entrepreneurial training by young people are not statistically significantly related (chi-square = 5, 69; DF = 4; p = 0,223).

Table 4.3 indicates that 75 percent of males disagreed that they have attended entrepreneurial training, whereas 14.06 percent agreed and 10.94 percent was unsure.

Similar results are noted for the female respondents, with 76.92 percent disagreeing that they have attended entrepreneurial training, whereas 21.15 percent agreed and 1.92 percent was undecided.

According to Herrington *et al.* (2010: 45), a lack of entrepreneurial training is considered as one of the major obstacles of entrepreneurship development. The interview with the municipal official certainly confirms that the Municipality provides business training and business information, through closely working with government agencies, such as the SEDA and COGTA.

Table 4.4: Cross tabulation of age by access to entrepreneurship training programmes from governmental agencies

AGE - Q 16									
	14 – 19	%	20 - 24	%	25 - 29	%	30 - 35	%	Total
	Y		Y		Y		Y		
SD	3		7		4		2		16
D	5	42.11	9	32	4	24.24	2	22.22	20
N	5	26.32	16	32	15	45.45	4	22.22	40
A	5		16		8		8		37
SA	1	31.58	2	36	2	30.30	2	55.56	7
Total	19	100	50	100	33	100	18	100	120
Missing									1

A critical factor to entrepreneurial development and growth is access to training programmes. To this extent, the Table 4.4 shows 42.11 percent of the respondents between the ages of 14 – 19 years disagreed that prospective entrepreneurs can access training programmes from government agencies,

while 31.58 percent of the same age group agreed that training can be accessed by prospective entrepreneurs from government agencies, and 26.32 percent was unsure.

In the age category 20 – 24 years, the response was 36 percent that agreed with the statement, whereas 32 percent disagreed, equally 32 percent remained unsure about such services.

In the age category 25 – 29 years, 45.45 percent remained ambivalent regarding the accessibility of government training programmes for prospective entrepreneurs. Approximately 30 percent of this age group agreed that such services were accessible.

In the age group 30 – 35 years, the percentage rises to 55.56 percent that agreed with the statement, whereas 22.22 percent was undecided and a 22.22 percent disagreed.

Interestingly, the only agency tasked by government to promote the youth skills development and employment programme is the National Rural Youth Service Corps (NARSYSEC). Its aim include; “the training of youth through specifically developed programmes, which are related to community needs in rural areas; to develop youth with multidisciplinary skills through civic education; capacitate youth in retaining knowledge and technical skills learned during training; and to increase the number of rural communities getting support in their self-development, through the Comprehensive Rural Development Programme (CRDP)” (Rural Development and Land Reform 2012: 179). It is clear from this, that much more intensive work is required by this agency.

Finally, to note that, in respect of age and the access to entrepreneurial training, these are not statistically significantly related (chi-square = 7, 35; DF = 12; $p = 0,834$).

4.5.3 Enabling factors for youth entrepreneurship

Table 4.5: Cross tabulation of age by the Local Municipality policies and regulations

AGE - Q 22									
	14 - 19	%	20 - 24	%	25 - 29	%	30 - 35	%	Total
	Y		Y		Y		Y		
SD	0		8		2		1		11
D	1	5.26	3	22.45	2	12.12	1	11.11	7
N	14	73.68	23	46.94	9	27.27	8	44.44	54
A	3		10		16		4		33
SA	1	21.05	5	30.61	4	60.61	4	44.44	14
Total	19	100	49	100	33	100	18	100	119
Missing									2

When examining how different age categories have responded, as to whether municipality policies and regulations have created an enabling environment for entrepreneurship to thrive, the young respondents (ages 14-19 and 20- 24) where unsure, making up 73.68 percent and 46.94 percent respectively. Only 21.05 percent and 30.61 percent respectively, acknowledged that the municipalities had created an enabling environment. Okpara and Kabongo (2009: 7,8) observe that the challenge facing many established businesses in African countries, is that they operate in an unfriendly policy and regulatory environment.

In contrast, the situation seems very different for respondents from the ages 25-29 years, where as much as 60.61 percent believe that the local municipality policies and regulations have created an enabling environment in pursuing entrepreneurial activities in the area, while 27.27 percent was unsure and 12.12 percent disagreed.

The response rate drops to 44.44 percent for respondents between the ages of 30 – 35 years agreeing that the local municipality policies and regulations have created an enabling environment in pursuing entrepreneurial activities in the area. Equally, another 44.44 percent was not sure about this practice of the local municipality. It should be noted that, using Age and the Local Municipality policies and regulations, it was found that they are not statistically significantly related (chi-square = 20, 54; DF = 12; p = 0,058).

4.6 DESCRIPTIVE STATISTICS

Table 4.6: Frequencies

	S.D	D	N	A	S.A
	1	2	3	4	5
	%				
2.1 Starting a business in my area is easy for me.	20.8	18.3	18.3	30.8	10.8
2.2 My community has an entrepreneurial spirit and culture.	10.8	15.8	26.7	31.7	14.2
2.3 My family values entrepreneurial activities equally to other careers.	4.2	9.2	17.5	38.3	30.0
2.4 I possess the knowledge needed to begin a small business.	3.3	19.2	5.0	42.5	30.0
2.5 I have the skills needed to begin a small business.	3.3	9.2	20.0	39.2	28.3
2.6 I can develop a small business plan.	4.2	9.2	20.0	39.2	26.7
2.7 School education helped me prepare for a career in entrepreneurship.	0.8	15.0	10.8	55.8	17.5
2.8 Learners were encouraged by teachers to engage in entrepreneurial activities.	0.8	6.7	16.7	53.3	22.5
2.9 University/college helped me prepare for a career in entrepreneurship.	3.3	6.7	31.7	11.7	18.3
2.10 My acquaintances value entrepreneurial activities equally to other careers.	5.0	10.0	39.2	25.8	16.7

2.11 Support and assistance from national government has made it easy to open small businesses in my area.	21.7	34.2	29.2	11.7	1.7
2.12 Support and assistance from provincial government has made it easy to open small businesses in my area.	28.3	36.7	20.8	10.8	3.3
2.13 Support and assistance from the local municipality has made it easy to open small businesses in my area.	51.7	20.0	15.8	9.2	3.3
2.14 I know where to go to get help to start a business.	18.3	20.0	11.7	38.3	9.2
2.15 Business information and assistance are easily available for young entrepreneurs from various government and private agencies.	13.3	25.0	36.7	19.2	5.8
2.16 Prospective entrepreneurs can access training programmes from governmental agencies.	13.3	16.7	33.3	30.8	5.8
2.17 I have attended entrepreneurship training.	41.7	31.7	6.7	9.2	7.5
2.18 The municipality has programmes to assist prospective young entrepreneurs start up a business.	26.7	20.0	32.5	15.0	4.2
2.19 The municipality has a department to promote and give assistance to small business in our area.	20.0	17.5	40.8	15.0	5.8
2.20 Financial assistance is available to young people to start a business in Umdoni local Municipal area.	46.7	15.8	24.2	7.5	3.3
2.21 Environmental factors like crime prevent young people from opening businesses.	9.2	11.7	10.0	27.5	40.8
2.22 The Municipality policies and regulations have created an enabling environment for young people in pursuing entrepreneurial activities in my area.	9.2	5.8	45.0	27.5	11.7

4.6.1 Constraints of youth entrepreneurship

When respondents asked what the major obstacles preventing a spirit of entrepreneurship from growing in their area, the responses included the following:

- 68 percent of respondents stated that, it is a lack of support and assistance from the national government and the local municipality, in addition to a deficiency or non-existence of business training, opportunities, information, resources and poor infrastructure.
- 52 percent suggested that it some of the constraints include high usage of drugs, high crime rate, theft and burglary, as well as the abuse of alcohol by youth in the area.
- 32 percent indicated that it is a lack of business role models, lack of school education, lack of business knowledge and skills, lack of entrepreneurial spirit and culture, as well as a lack of personal support from family, friends and the community.
- 8 percent stated that an entry level for formal business is not flexible, with legal administration requirements that are not easy to understand.

Table 4.7: Support and assistance from the local municipality has made it easy to open small businesses in my area

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	62	51.7	51.7	51.7
	Disagree	24	20.0	20.0	71.7
	Neutral	19	15.8	15.8	87.5
	Agree	11	9.2	9.2	96.7
	Strongly agree	4	3.3	3.3	100.0
	Total	120	100.0	100.0	

Herrington *et al.* (2010: 45) stated that, “the constraints of entrepreneurship in South Africa take account of education and training, cultural and social norms, financial and business support, regulatory environment and government policies, and government support for small enterprise”.

Table 4.7 shows 71.7 percent of the respondents disagreeing that the support and assistance from the local municipality has made it easy for them to open small businesses in the area, whereas 15.8 percent was unsure and only 12.8 percent of the respondents agreed.

When interviewing the Municipal official, the following was gleaned:

“The Umdoni local Municipality only provides non-financial support to entrepreneurs and also provide business training and business information through closely working with Government agencies such as Small Enterprise Development Agency and Cooperative Governance and Traditional Affairs. The Municipality request business proposals by placing an advertisement in newspapers, public noticeboards, and through conveying message in community meetings”.

4.6.2 Entrepreneurial Training and Development

Table 4.8: In table 7 we examine the responses on having attended entrepreneurship training

		Frequency	%	Valid %	Cumulative Percent
Valid	Strongly disagree	50	41.7	43.1	43.1
	Disagree	38	31.7	32.8	75.9
	Neutral	8	6.7	6.9	82.8
	Agree	11	9.2	9.5	92.2
	Strongly agree	9	7.5	7.8	100.0
	Total	116	96.7	100.0	
Missing	System	4	3.3		
Total		120	100.0		

Table 4.8 shows that 73.4 percent of the respondents disagreed that they have attended entrepreneurship training, whereas 16.7 percent agreed and only 6.7 percent was unsure.

Table 4.9: Prospective entrepreneurs can access training programmes from governmental agencies

		Frequency	%	Valid %	Cumulative Percent
Valid	Strongly disagree	16	13.3	13.3	13.3
	Disagree	20	16.7	16.7	30.0
	Neutral	40	33.3	33.3	63.3
	Agree	37	30.8	30.8	94.2
	Strongly agree	7	5.8	5.8	100.0
	Total	120	100.0	100.0	

Table 4.9 shows that 36.6 percent of the respondents agreed that prospective entrepreneurs can access training programmes from governmental agencies, whereas 33.3 percent was undecided and only 30 percent disagreed. The worrying factor, apart from 30 percent indicating that they strongly disagreed or disagreed that training programmes can be accessed from government agencies by prospective entrepreneurs, is the large group of neutral respondents to this question. One can surmise that a strong possibility exists they have little or no knowledge about government entrepreneurial training programmes or that in a semi-rural setting, the information becomes more difficult to access.

4.6.3 Enabling factors for youth entrepreneurship

When respondents were asked to respond to which major factors they consider enabling young people in Umdoni Local Municipal area to pursue entrepreneurial activities, the responses were the following:

- 79 percent of the respondents stated that entrepreneurial training and support from national government and the local municipality are enabling factors.
- 35 percent stated it is financial support.

- 14 percent indicated an availability of business role models that will provide mentorship and also encourage youth to participate in business activities as an enabling factor.
- 12 percent responded that an enabling factor is a good infrastructure for business activities.
- 10 percent stated that it is school education.

4.6.4 Measures of central tendencies

Table 4.10: One sample statistic

	N	Mean	Std. Deviation	Std. Error Mean
1. CONSTRAINTS OF YOUTH ENTREPRENEURSHIP				
2.1 Starting a business in my area is easy for me.	119	2.92	1.335	.122
2.2 The municipality has a department to promote and give assistance to small business in our area.	119	2.69	1.133	.104
2.3 Support and assistance from the local municipality has made it easy to open small businesses in my area.	120	1.93	1.161	.106
2.4 Financial assistance is available to young people to start a business in Umdoni local Municipal area.	117	2.03	1.163	.108
2.5 Environmental factors like crime prevent young people from opening businesses.	119	3.80	1.338	.123
2.6 My family values entrepreneurial activities equally to other careers.	119	3.82	1.097	.101
2.7 My acquaintances value entrepreneurial activities equally to other careers.	116	3.41	1.055	.098
2.8 Business information and assistance are easily available for young entrepreneurs from various government and private agencies.	120	2.79	1.084	.099
2. ENTREPRENEURIAL TRAINING AND DEVELOPMENT				
2.9 I possess the knowledge needed to begin a small business.	120	3.77	1.172	.107
2.10 I have the skills needed to begin a small business.	120	3.80	1.058	.097
2.11 I can develop a small business plan.	119	3.76	1.081	.099
2.12 School education helped me prepare for a career in entrepreneurship.	120	3.74	.948	.087
2.13 I have attended entrepreneurship training.	116	2.06	1.260	.117
2.14 Learners were encouraged by teachers to engage in entrepreneurial activities.	120	3.90	.854	.078

2.15 Prospective entrepreneurs can access training programmes from governmental agencies.	120	2.99	1.119	.102
2.16 University/college helped me prepare for career in entrepreneurship.	86	3.49	1.114	.120
3. ENABLING FACTORS FOR YOUTH ENTREPRENEURSHIP				
2.17 Support and assistance from national government has made it easy to open small businesses in my area.	118	2.36	1.010	.093
2.18 Support and assistance from provincial government has made it easy to open small businesses in my area.	120	2.24	1.085	.099
2.19 I know where to go to get help to start a business.	117	3.00	1.320	.122
2.20 The Municipality policies and regulations have created an enabling environment for young people in pursuing entrepreneurial activities in my area.	119	3.27	1.055	.097

Table 4.10 illustrates the finding that, all those with a mean value > 3 (in red, in the table above) are significant agreement and all those with a mean value < 3 (in black, in the table above) are significant disagreement.

Table 4.11: One-Sample Test

	Test Value = 3						
						95% Confidence Interval of the Difference	
	T	Df	Sig. (2-tailed)	Mean Difference	Lower	Upper	
1. CONSTRAINTS OF YOUTH ENTREPRENEURSHIP							
2.1 Starting a business in my area is easy for me.	-.618	118	.538	-.076	-.32	.17	
2.2 My community has an entrepreneurial spirit and culture.	2.057	118	.042	.227	.01	.45	
2.3 Business information and assistance are easily available for young entrepreneurs from various government and private agencies.	-2.106	119	.037	-.208	-.40	-.01	
2.4 Support and assistance from the local municipality has made it easy to open small businesses in my area.	-10.145	119	.000	-1.075	-1.28	-.87	
2.5 The municipality has programmes to assist prospective young entrepreneurs start up a business.	-4.731	117	.000	-.508	-.72	-.30	
2.6 The municipality has a department to promote and give assistance to small business in our area.	-2.993	118	.003	-.311	-.52	-.11	

2.7 Financial assistance is available to young people to start a business in Umdoni local Municipal area.	-9.061	116	.000	-.974	-1.19	-.76
2.8 Environmental factors like crime prevent young people from opening businesses.	6.510	118	.000	.798	.56	1.04
2. ENTREPRENEURIAL TRAINING AND DEVELOPMENT						
2.9 I possess the knowledge needed to begin a small business.	7.166	119	.000	.767	.55	.98
2.10 I have the skills needed to begin a small business.	8.283	119	.000	.800	.61	.99
2.11 I can develop a small business plan.	7.631	118	.000	.756	.56	.95
2.12 School education helped me prepare for a career in entrepreneurship.	8.568	119	.000	.742	.57	.91
2.13 Learners were encouraged by teachers to engage in entrepreneurial activities.	11.544	119	.000	.900	.75	1.05
2.14 University/college helped me prepare for career in entrepreneurship.	4.065	85	.000	.488	.25	.73
2.15 Prospective entrepreneurs can access training programmes from governmental agencies.	-.082	119	.935	-.008	-.21	.19
2.16 I have attended entrepreneurship training.	-8.032	115	.000	-.940	-1.17	-.71
3. ENABLING FACTORS FOR YOUTH ENTREPRENEURSHIP						
2.17 Support and assistance from national government has made it	-6.837	117	.000	-.636	-.82	-.45

easy to open small businesses in my area.						
2.18 Support and assistance from provincial government has made it easy to open small businesses in my area.	-7.659	119	.000	-.758	-.95	-.56
2.19 I know where to go to get help to start a business.	.000	116	1.000	.000	-.24	.24
2.20 The Municipality policies and regulations have created an enabling environment for young people in pursuing entrepreneurial activities in my area.	2.780	118	.006	.269	.08	.46

Table 4.11 indicates that, all those with a p value < .05 (in red, in Table 4.11) are significant agreement and all those with a p value > .05 (in black, in Table 4.11) are significant disagreement.

4.7 CORRELATION

This study used correlation testing. For the purposes of interpretation, “the r value indicates the strength of the correlation. An r of -1 is a perfect negative correlation, an r of 1 is a perfect positive correlation, and an r of 0 means there is no correlation. The p value shows when the correlation is statistically significant. Given a large sufficient sample size (n), even a very weak correlation can be statistically significant, and given a small enough sample size, even a very strong correlation may not be statistically significant” (Myers 2010: 80).

Table 4.12: Correlation Test

	Education	Education	Employment	Gender	AGE
Q 17	r = 0.036 p = 0.000				
Q 16		r = 0, 27 p = 0.004			
Q 22			r = 0, 27 p = 0.010		
Q 21				r = 0, 20 p =0.032	
Q 22					r = 0, 16 p =0.083

The table 4.12 indicate that education and attendance of entrepreneurial training by young people are statistically significantly correlated at the one percent level (r = 0, 36; p = 0,000).

In respect of education and access to entrepreneurship training programmes by young people from governmental agencies, it point out that they are statistically significantly correlated at the one percent level (r = 0, 27; p = 0,004). Almost half (46.7 percent) of the respondents indicated having a grade 12 certificate, based on survey results, which could mean that these youths were exposed to entrepreneurial training at school.

With regards employment and Local Municipality policies and regulations, it indicate that they are statistically significantly correlated at the five percent level ($r = 0, 24$; $p = 0,010$). Based on survey results, 10.8 percent of young people are self-employed; this could mean that policies and regulations from the Local Municipality are creating an enabling business environment in the area.

In the category of gender and environmental factors, such as crime, the above table point out that they are statistically significantly correlated at the five percent level ($r = 0, 20$; $p = 0,032$).

In consideration of age and Local Municipality policies and regulations, it indicate that they are not statistically significantly correlated ($r = 0, 16$; $p = 0,083$).

Table 4.13: Correlation Test

	Age	Employment	Gender	Age
Q 16	$r = 0, 13$ $p = 0.149$			
Q 21		$r = 0, 07$ $p = 0.470$		
Q 17			$r = 0, 07$ $p = 0.474$	
Q 20				$r = 0, 03$ $p = 0.753$

The table 4.13 indicate that age and access to entrepreneurship training programmes by young people from governmental agencies are not statistically significantly correlated ($r = 0, 13$; $p = 0,149$).

Employment and environmental factors, such as crime, the table above point out that they are not statistically significantly correlated ($r = 0, 07$; $p = 0,470$).

In respect of gender and attendance of entrepreneurial training by young people, it demonstrate that they are not statistically significantly correlated ($r = 0, 07$; $p = 0,474$).

Finally, the category of age and the availability of financial assistance to young people to start a business in Umdoni Local Municipal area, the above table indicate that they are not statistically significantly correlated ($r = 0,03$; $p = 0,753$).

4.8 CONCLUSION

In the analysis report results, a number of statistical techniques were used to determine the descriptive and inferential results. The several results were graphically shown in tabular and statistical presentations. The results have identified significant relationships and differences between the variables highlighted herein.

The next chapter deals with a discussion of the results, which will include a qualitative discussion, as it was conducted through an interview.

Chapter 5

Discussion of Results

5.1 INTRODUCTION

This study focus is on identifying the inherent weaknesses that prevent young people from pursuing entrepreneurial activities, as well as those enabling factors that can mitigate against these challenges and weaknesses. In order to fulfil the objectives of the study, a survey was conducted using a questionnaire and face to face interviews amongst the young people of Umdoni Local Municipality in Kwa-Zulu Natal.

Young people in rural areas encounter a number of challenges, with respect to accessibility and availability of services and facilities. This, according to the National Youth Policy (2009: 17), results in fewer opportunities, lack of relevant information and employment unavailability, than in metropolitan areas. There is also big uneasiness concerning rural-urban migrants, who are predominantly young. A good example would be Gauteng Province, with the maximum proportion of youth population (22.7 percent), compared to other provinces in the country. This is a clear indication of the tendency of youth to migrate from rural areas to affluent urban regions, in seeking greater opportunities (National Youth Policy 2009: 17).

In order to discuss the results reported in chapter 4, it is worthwhile to reflect on the key questions of the study, these being:

- What are the constraints preventing the development of youth entrepreneurship?
- What is the level of young prospective entrepreneur's exposure to entrepreneurial training and development?
- What are the enabling factors available for young prospective entrepreneurs in pursuing businesses freely?
- What is the role of the Umdoni local Municipality in promoting youth entrepreneurship?

5.2 WHAT ARE THE CONSTRAINTS PREVENTING THE DEVELOPMENT OF YOUTH ENTREPRENEURSHIP?

5.2.1 Support and assistance as a barrier

The study participants were asked to indicate whether support and assistance from the Local Municipality has made it easy to open businesses in the area (Table 4.7). The results of this survey point out that the levels of knowledge and information found in the semi-rural areas, regarding possible assistance by Local Government and other agencies to prospective entrepreneurs, are rather weak. A significant percentage (71.7) of respondents indicated that they do not know of sources of support and assistance being provided by the Local Municipality that could be of assistance to them in pursuing entrepreneurial activities. A further 15.8 percent of the respondents were unsure about this assistance. According to Musengi-Ajulu (2010: 6) stated that, the sources of assistance for individuals play a vital role in the entrepreneurship development process.

These results do suggest that, while the youth may largely be interested in becoming entrepreneurs, there is a lack of sources of support and assistance that can stimulate entrepreneurship development in the area surveyed. One conclusion that could be reached, is that the respondents might lack the ability or the know-how to network with relevant officials from the Umdoni Local Municipality, whom could perhaps provide the appropriate relevant information on sources of support and assistance for entrepreneurial activities. A study conducted in Gauteng province by Musengi-Ajulu (2010: 6) indicated that, only 16.6 percent of 96 respondents had complete knowledge of sources of support and assistance provided by Local Government- and Government-related organisations or agencies.

In the study of Ladzani *et al.* (2011: 1472), respondents were asked whether entrepreneurship is encouraged in the Kroonstad area, by virtue of the support and assistance provided. The respondents pointed out that, although national Government is trying to promote entrepreneurship, the provincial and local Government are not doing much to promote entrepreneurship and the respondents apportion blame to the provincial and local Government for not supporting small business development initiatives.

The results, in respect of gender and support and assistance from the Local Municipality (Table 4.1), show that this is not statistically significantly related (chi-square = 1, 14; df = 4; p = 0,887) because males and females disagree that support and assistance from the Local Municipality has made it easy to open business activities in the area.

The interview held with the Municipal official of the Umdoni Local Municipality, points to the following:

“The Umdoni local Municipality only provides non-financial support to entrepreneurs and also provide business training and business information through closely working with Government agencies such as Small Enterprise Development Agency and Cooperative Governance and Traditional Affairs. The Municipality request business proposals by placing an advertisement in newspapers, public noticeboards, and through conveying message in community meetings”.

Herein lies some of the possible challenges for the development of entrepreneurial development in a semi-rural area. The findings of this research highlights that, despite the Local Municipality having an office, this is not adequately communicated to the local residents of the Municipality.

Interestingly, a study by Chimucheka (2012: 10391) indicates that, “even though there are support structures that encourage youth entrepreneurship in Zimbabwe, there is still a need to evaluate the level to which their contribution can lead to sustainable entrepreneurship, which generates jobs for the active population”.

5.2.2 Implication of crime and corruption on entrepreneurship development

According to Fatoki (2011: 165), stated that, “the lack of safety and security in South Africa is causing fear in the establishment of entrepreneurial activities; Government have to work in partnership with organisations, such as Business against Crime South Africa and Business Unity South Africa, to decrease or free the society from crime activities”. The respondents were asked if factors, such as crime, prevent them from opening businesses (Table 4.6, 2.21). Only 20.9 percent indicated that it does not

prevent them, and 63.8 percent agreed and strongly agreed that it does prevent them from opening businesses. It can be assumed that the high rate of unemployment in local communities tends to influence young and adult people to engage in criminal activities, such as theft and burglary, which in turn has an impact on the development of entrepreneurial activities, as well as inhibiting the community entrepreneurial spirit and culture.

A study conducted by Ladzani *et al.* (2011: 1472) shows 25 percent of the respondents mentioning crime as escalating, thus affecting the success of business in the Kroonstad area. In addition, one respondent disclosed that the escalating crime is caused by unemployment, as people do crime to obtain food for themselves.

The crime factor is a serious problem for small business development in communities. In a recent walk-about by the President of the country, on Tuesday 9 February 2016, in Marabastad, Pretoria, where street vendors and traders operate their informal businesses, they pointed out to how crime was affecting their businesses, as they were frequently robbed by petty criminals, including those that are addicted to nyoape (SABC, SAFM Wednesday 10 February 2016).

One solution to strengthening entrepreneurial activities is for the legal system to be more effective, so that illegal cases against established businesses can be dealt with promptly. There is also a need for a well-publicised campaign against criminality. Effective and improved policing is necessary, with quick response times.

The findings from the respondents indicated that age and environmental factors, such as crime, (Table 4.2) are not statistically significantly related (chi-square = 16, 40; df = 12; p = 0,174), with youth between the ages of 14 – 35 years indicating agreement that environmental factors, such as crime, prevent them from opening businesses in the area. Rahmawati *et al.* (2012: 464) state that, “lots of young entrepreneurs become risk averse because of their social environment” therefore, a more conducive environment for entrepreneurial activity will foster the creation of young entrepreneurs, and nevertheless, the environment itself sometimes does not provide security and stability for the entrepreneurs.

Chimucheka (2012: 10392) reveals that, “corruption by local authorities in Zimbabwe is 60 percent based on results from respondents, with this said to be affecting access to resources provided by the state to stimulate youth entrepreneurship activities”. An environment that is socially free from corruption assists in supporting and promoting entrepreneurial activities, sustaining established businesses to operate effectively, and providing opportunities for prospective entrepreneurs to enhance their skills in various field of entrepreneurship, within their local community settings.

5.2.3 Financial assistance as a barrier

In respect of financial assistance in the selected Municipal area (Table 4.6, 2.20), 10.8 percent of respondents indicated that financial assistance is available, while 62.5 percent strongly disagreed/disagreed that financial assistance is available to start business activities in the area. This view is supported by a study conducted by Okpara and Kabongo (2009: 15), where results confirm that financial assistance is a constraint to supporting entrepreneurial activities. Availability and accessibility to finance is crucial for the success of entrepreneurial activities; one of the reasons for lack of financial assistance could be the difficulty of borrowing money from financial institutions because of the requirement of collateral needed by banks to secure loans. Hence, it may be concluded that it is a lot more difficult for young people in semi-rural areas to raise capital for businesses, where poverty levels remain higher than in urban areas.

Chimucheka (2012: 10392-10393) states that, “lack of funding was stated by all respondents as the leading obstacle to youth entrepreneurship in rural areas of Zimbabwe. This is largely because most youths in rural areas lack appropriate abilities to be employed, in order to save for funding. Even though there are financial institutions offering loans in Zimbabwe, the finance is not easily accessible to young people in rural areas for they, in most instances, lack the collateral security needed to acquire a bank loan. Inaccessibility of financial support by youths in rural areas of Zimbabwe is also due to a lack of relevant networks, lack of the required financial deposit and lack of information concerning to the sources of funding available”.

The challenge of sufficient financial support is the greatest significant obstacle, more so than administrative barriers or risky investments and youth entrepreneurs encounter difficulties to access financial assistance because of a lack of required resources, lack of significant credit history, and applicable security to obtain finances. This perception was revealed, in a study conducted in Bangladesh by Uddin *et al.* (2015), among 78 percent of young people, aged between 15 and 24 years old, against 73 percent of all other age groups. In the words of a young entrepreneur in this study, “I was considering the option for taking a bank loan, but I have given up on the idea, as bank interest rate is extremely high, grace period is very short or it does not exist at all, conditions for granting a loan are very unfavourable, procedures are very complicated. So, taking a bank loan is unfavourable, and I did not want to be restricted at the beginning with loan and high bank interest”.

It is astounding that young people, globally, also encounter difficulties in obtaining financial assistance for their entrepreneurship activities which include; “lack of personal funds, lack of adequate collateral or guarantees to secure loans, lack of business skills and experience that young people are unlikely to have, meeting strict credit scoring criteria required by many commercial lenders of credit, and documentation procedures and information required by lenders” (Uddin *et al.* 2015).

5.2.4 Constraint in respect of entrepreneurship information

When the availability and accessibility of information for prospective entrepreneurs (Table 4.6, 2.15) is considered, 25 percent of the respondents indicated that they had complete knowledge of various government and private agencies, however, 38.3 percent strongly disagreed/disagreed, with 36.7 percent being unsure about their level of knowledge, concerning various government and private agencies supporting such endeavours.

A study conducted in Zimbabwe by Chimucheka (2012: 10393), indicates that, “insufficient and unreliable entrepreneurship information being provided by government is said to be another obstacle to youth entrepreneurship. Close to 50 percent of the respondents specified that the government fails to provide entrepreneurship information to young people in local communities. Respondents emphasised that the government, instead, encourages young people to partake in

other government programmes, such as indigenisation and black empowerment, as opposed to encouraging youth entrepreneurship”.

Government can perhaps consider the recognition of youth entrepreneurship in local communities, if youth in rural, township, and urban areas are encouraged to ‘get out of their comfort zones’ and make it a priority to visit those Government departments that deal with entrepreneurship programmes. This will certainly assist these youths in obtaining the necessary entrepreneurship information and opportunities available for entrepreneurial activities.

Other defies that were stated and expounded by the participants, as barriers to effective youth entrepreneurship in the rural areas of Zimbabwe, due to the lack of recognition and entrepreneurship information includes; “scarcity of communication services, unavailability of networking opportunities, lack of and inaccessibility to skilled labour, as well as high costs to obtain licenses to operate formal labour, along with high registration costs” (Chimucheka 2012: 10393). All of these are equally pertinent to the South African situation and are very much evident in rural and semi-rural areas of the country.

5.2.5 Market opportunities and poor infrastructure

A significant observation from this study relates to access to markets and infrastructure. It is well known that rural areas tend to be poorly resourced, from an infrastructural perspective. In South Africa the road, electricity and water infrastructure is generally poor and in certain instances, non-existent. Against this background, the view of the respondents is unanimous, with approximately 68 percent (4.6.1) of respondents in the survey indicating that the lack of market opportunities and poor infrastructure are major obstacles that they consider preventing a spirit of entrepreneurship growing among the young, prospective entrepreneurs. Okpara and Kabongo (2009: 7, 8, 16) indicate that, “African countries, in particular, lack both appropriate markets for their products, as well as sufficient working places, and have no business training facilities that are designed to meet their specific requirements”.

Fatoki (2011: 165) observes that the reason why South African youth are reluctant to become involved in entrepreneurship, is due to weak market opportunities. The author's study results, on the obstacles to entrepreneurial intention by university and high school students, indicate that both sets of respondents perceive market opportunities as an obstacle to entrepreneurial intention. In local communities, the majority of businesses operate informally due to barriers that obstruct them in becoming formal business. This includes legal entry requirements and administration procedures, which create a stumbling block for local businesses to obtain market-related opportunities, such as introducing their products to recognised retail stores and manufacturing supply chains.

Chimucheka (2012: 10393) finds that, "unbalanced and unpredictable political and economic environment in Zimbabwe was quoted by close to 25 percent of the respondents in a study, as an additional influence discouraging youths to start and develop their own businesses. Young people in entrepreneurial activities but working in the rural areas, point out that poor business environment was a big challenge for it affected the sales and the performance of their businesses. Inadequate demand for the goods and services offered on the marketplace by most young people, together with high production costs were also stated as an obstacle for youth entrepreneurship".

Ladzani *et al.* (2011: 1472) maintain that neither provincial nor local government bother about the reconstruction of roads and dams, which could attract big manufacturing companies to come and invest in the rural areas. Roads are not well-kept and there is a shortage of water reserves in such areas that, in turn, discourages investors, since water is important in the manufacturing industry. Should investors not invest in the rural areas, there is no doubt that the unemployment rate will keep on escalating and the operations of local businesses would be affected.

5.2.6 Regulatory and administrative aspect as a barrier

Eight percent of the respondents (4.6.1), when asked about major obstacles they consider preventing a spirit of entrepreneurship growing in the area, stated that an entry level for formal business is not flexible and has legal administration requirements that are not easy to understand. A study conducted by Uddin *et al.* (2015) in

Bangladesh indicates that, “67 percent of respondents, aged between 15-24 years, stated that administrative complications are main barriers for start-up businesses”.

Despite attempts in South Africa to simplify business start-up procedures, numerous challenges remain. Today, entrepreneurs face various administrative impediments that include; business registration, tax administration, obtaining business licenses, coping with copyright and patent regulations, as well as competition law, access to work space and long-term leases, and construction and building permits, along with customs clearances, utility hook-ups, delaying approval, and political influences, as well as the high cost of obtaining approval.

Minimising and making administrative and regulatory obstacles easier and providing the necessary support needed should begin to encourage youth in local communities to start-up and run their own businesses. The tactics and policy measures, such as minimising regulations, facilitating and restructuring business registration processes and reducing costs, as well as consideration of entrepreneurs when changing business regulations, in addition to assistance on regulatory issues, may possibly contribute to lowering and unshackling entrepreneurship constraints faced by promising entrepreneurs in rural areas.

5.3 WHAT IS THE LEVEL OF YOUNG PROSPECTIVE ENTREPRENEURS' EXPOSURE TO ENTREPRENEURIAL TRAINING AND DEVELOPMENT?

5.3.1 Entrepreneurial training attendance and access

Training and education remains an important factor in assisting to stimulate entrepreneurship development in local communities. When respondents were asked whether they have attended entrepreneurial training courses, only 16.7 percent (Table 4.6, 2.17) indicated that they have attended, while 73.4 percent strongly disagreed/disagreed, with 6.7 percent being unsure. In their findings, Ladzani *et al.* (2011: 1469) indicate that 10 percent of 20 respondents indicated they had attended entrepreneurial training; the study was conducted in the Kroonstad area. The authors further go on to describe the content that entrepreneurial training should include, which is comprised of creativity and innovation, risk-propensity, a need for achievement, leadership, and the ability to inspire others. Herrington *et al.* (2010: 45) state that, “a

lack of entrepreneurial training is considered as one of the major constraints of entrepreneurship development”.

Since few respondents (16.7 percent) had attended entrepreneurial training in the study area, this points to a real opportunity to be addressed. However, it does require training providers that are also qualified and well-trained in different facets of entrepreneurship and business start-ups, as the training would need to include self-assessment, new business idea generation, screening of business opportunities, and drafting of business plans, along with how-to start and grow a business enterprise.

A disturbingly high percentage (40) of young people are unemployed in the Umdoni Local Municipal area (Figure 4.1). The need for entrepreneurship training providers and businesses to fortify and encourage training programmes targeting young people is essential, as this will contribute in assisting unemployed youth to attain entrepreneurial training which, in turn, can mitigate the rate of unemployment levels. In addition, more sustainable business activities in the area will be established, since skills, such as creativity and innovation, will be imparted to young people.

Gender and attendance of entrepreneurial training by young people (Table 4.13) are not statistically significantly correlated ($r = 0,07$; $p = 0,474$), and neither are age and access to entrepreneurship training programmes by young people from governmental agencies (Table 4.13) ($r = 0,13$; $p = 0,149$). Given various Government agencies in this field, such as the SEDA and Development Corporation (DC), practical training for young, prospective entrepreneurs should be organised. NGOs should also participate, especially those financed through local and international grants to assist with the training needs of young people. Additionally, training sessions on entrepreneurship development need to be arranged for young, prospective entrepreneurs in rural areas, with entrepreneurial training and development accessible to all young people, in order that they may be informed with entrepreneurial practices.

To develop entrepreneurial finance skills and abilities, Local Government can consider working with organisations, such as the South African Banking Association (SABA), to develop specialist support and resources for youth entrepreneurship development in rural areas. The respondents were asked whether they can access training

programmes from Governmental agencies (Table 4.9) and while 36.6 percent strongly agreed/agreed, 33.3 percent was unsure and only 30 percent of the respondents strongly disagreed or disagreed.

The worrying factor, apart from 30 percent indicating their disagreement by strongly disagreeing and disagreeing that training programmes can be accessed from Government agencies by prospective entrepreneurs, is the large group of unsure respondents to this question. A strong possibility exists that they have little or no knowledge about Government entrepreneurial training programmes or that, in a semi-rural setting, the information becomes more difficult to access. Entrepreneurial training enhances knowledge and skills that include creativity, innovation, risk-taking, the ability to be acquainted with entrepreneurship role models, and networking opportunities.

The importance of entrepreneurial training is also mentioned in a study conducted in Zimbabwe by Chimucheka (2012: 10394) which finds that, “it is of strategic importance that Zimbabwean youths be prepared with entrepreneurial knowledge and skills, through entrepreneurial training. This is very important because, as young people finish high school, some will not be able to carry on to tertiary institutions. On the other hand, not all those graduating from tertiary institutions are engrossed by the available employment opportunities. Vocational Training Centres (VTCs) around Zimbabwe may have been set up with this in mind, but there is still need to investigate the extent to which they prepare youths with appropriate entrepreneurial skills”. Similar conclusions can be reached in respect of the South African situation.

5.3.2 The role of school education in entrepreneurship development

Respondents were asked about exposure to entrepreneurship at school and whether teachers encouraged them to engage in entrepreneurial activities (Table 4.6, 2.8). The foundation for entrepreneurial zest comes from a schooling or home environment, where there is greater exposure to the choices for careers, including becoming a business person. A large percentage (75.8 percent) of the respondents strongly agreed/agreed that they were exposed to entrepreneurship at school, while 7.5 percent indicated that they were not, with 16.7 percent being unsure.

Steenekamp *et al.* (2011: 61) conducted a study in Sedibeng secondary schools, based on exposure to entrepreneurship at school level, with 920 learners that participated. The majority of the participants (70.22 percent) perceived their exposure as the selling of goods, while approximately half (50.65 percent) participated in an entrepreneurs' day. It must be considered that these activities form part of experiential learning, which involves experiencing and feeling the concept; this stimulates scholars to consider entrepreneurship as a career choice, while nurturing the development of entrepreneurial spirit and culture.

Uddin *et al.* (2015) state that, "school education is an important factor that helps young people to build up entrepreneurial knowledge, abilities, behaviours, and awareness, to cope with transformations, and to consider entrepreneurship as a career option. Education provides learning of those qualities, skills, and attributes to young people that will benefit them to be creative, adaptive, and proactive, to identify and assess business opportunities, and to manage resources. Entrepreneurship education is found to have a substantial influence on risk-taking, starting new business, and the probability of self-employment. Moreover, entrepreneurship graduates perform better than graduates without entrepreneurship education". This information correlates (4.6.3) with this study's results, where 10 percent of the respondents indicated that school education will assist in enabling them to pursue entrepreneurial activities in the area of Umdoni Local Municipality.

5.3.3 Drafting of business plan

The drafting of a business plan is a critical beginning step for prospective entrepreneurs. The respondents' exposure to drafting of a business plan (Table 4.6, 2.6) is indicated by 13.4 percent that strongly disagreed/disagreed that they can develop a small business plan, while 20 percent was unsure. The majority of respondents (65.9 percent) who indicated that they can develop a business plan, pointed out that school education helped them to acquire the necessary skills needed to formulate a business plan. However, these findings are in contrast to a study conducted by Steenekamp *et al.* (2011: 61) in Sedibeng secondary schools, as their findings show that drafting a business plan is a challenge; this is in reference to 3.37 percent of the respondents in the Sedibeng study, who specified that they can draft a business plan or generate business ideas.

The above figures suggest that desk-based learning of entrepreneurship in Umdoni Local Municipal area is not the challenge it is in Sedibeng area. In addition, Education and attendance of entrepreneurial training by young people (Table 4.12) are statistically significantly correlated at the one percent level ($r = 0,36$; $p = 0,000$), with education and access to entrepreneurship training programmes by young people from governmental agencies (Table 4.12) are also statistically significantly correlated at the one percent level ($r = 0,27$; $p = 0,004$). It must be noted that 46.7 percent of the youth participating in this study indicated having grade 12 certificates, based on survey results (Figure 4.1); this may be an indication that youth in the area were exposed to some entrepreneurial education during high school.

5.4 WHAT ARE THE ENABLING FACTORS AVAILABLE FOR YOUNG, PROSPECTIVE ENTREPRENEURS IN PURSUING BUSINESSES FREELY?

When asked about the main factors they consider enabling them to pursue entrepreneurial activities in the area, of the respondents in this study (4.6.3), 79 percent stated entrepreneurial training and support, while 35 percent indicated financial support, and 14 percent specified mentorship for entrepreneurship. Okpara and Kabongo (2009: 7, 8) conducted a study in Nigeria, which indicates that the key to effective entrepreneurship development is a joining of factors appropriate to business development. These take account of access to financial assistance, elimination of corruption and crime, well-developed infrastructure systems, and the availability of business role models, and the availability of business role models, along with adequate entrepreneurship training and education, as well as an enabling environment for business development, and the necessary support from public and private sectors.

A study conducted by Chimucheka (2012: 10393) points, “to government’s role for promoting youth entrepreneurship in rural areas of Zimbabwe, with survey respondents mentioning that the government should offer loans to the youths for sustainable economic projects that will help generate employment for others, as well as develop the rural communities; entrepreneurial training should be provided to the youths through entrepreneurial support structures, established by the government. Entrepreneurial training can assist to develop the entrepreneurship abilities of young people and perhaps the desire to establish their own entrepreneurial activities”.

The respondents in Chimucheka's study (2012: 10393) further mentioned that, "the Government have to allow for networking opportunities among Zimbabwean youths, as this may perhaps assist in enhancing information sharing, especially on available opportunities. It is also suggested that the Government should monitor and evaluate actions of the organisations established to stimulate entrepreneurship".

In the Kroonstad area, Ladzani *et al.* (2011: 1473) conducted a study that indicated factors, which could enable young, prospective entrepreneurs to freely pursue business activities. These factors include the following:

5.4.1 Local Government and business

There should be a forum constituted by both the Local Government and businesses in the community, with the functional role of the forum to investigate all the issues that need to be addressed for entrepreneurship development in local communities, this would include issues, such as attracting investment, establishing and maintaining infrastructure and curbing crime. This forum must have all the power to take decisions that would enable it to collate all expertise and resources that could be used for the economic benefit of the area. The forum could also look into issues of business attraction to the area, business retention and expansion, trade promotion, as well as lending and financing of new businesses.

5.4.2 Access to finance and advice

Organisations, such as Khula and the SEDA, should vigorously promote their services to people in local communities, rural areas in particular. They should have road shows, radio talk shows and agents who would cover every ward of the community, by disseminating significant information for entrepreneurship development.

5.4.3 Local and national organisations

Entrepreneurs should be encouraged to affiliate with local and national business organisations. This is important because such organisations offer business management skills, networks and personal support to their affiliates, which is crucial for the development and sustainability of a business.

5.4.4 Entrepreneurial role models

Business role models play a significant role of eliminating one of the stumbling blocks in the process of new business establishment because they assist to identify business success or sustainability and encourage the next stage of shaping and establishing the business idea and also recognising the right opportunity. Therefore, “potential nascent entrepreneurs need to be able to identify role models, where they come from and how they were successful” (Van Vuuren and Groenewald 2007: 272). Respondents of this study (14 percent) (4.6.3) also indicated that availability of business role models would enable them to pursue entrepreneurial activities.

5.4.5 Conducive business environment

An environment conducive to entrepreneurship assists in fostering the creation of business people because many entrepreneurs become risk averse, due to their unconducive social environment. For an environment to be conducive, safety and security are involved, as this is imperative for the firmness and sustainability of business activities taking place (Rahmawati *et al.* 2012: 464). This relates to this study’s findings (Table 4.6, 2.21), where 68.3 percent of respondents pointed out that environmental factors, such as crime, inhibit a conducive business environment.

5.4.6 Entrepreneurial spirit and culture as an enabling factor

Uddin *et al.* (2015) indicate, “Cultural and social attitudes impact the effort of entrepreneurial activities of a population, a nation, region or ethnic group and there is a strong relationship between culture and entrepreneurship. Culture, in effect, influences values and differences in values have an influence on entrepreneurial behaviour, and the decision to become an entrepreneur”. It is very interesting to note that 45.9 percent of the young people of Umdoni Local Municipal area who participated in the study, strongly agreed and agreed (Table 4.6, 2.2) that the area has entrepreneurial spirit and culture, whereas 26.6 percent strongly disagreed and disagreed, while 26.7 percent was unsure. Assumptions regarding respondents who were unsure (26.7 percent) may be attributed to their perception towards entrepreneurship development in the area being influenced by the image, reputation, and credibility of entrepreneurs.

5.4.7 Family and acquaintances' support of entrepreneurial activities

A study done in Bangladesh by Uddin *et al.* (2015) indicates that, “the main influencers who encourage young entrepreneurs to establish a business, are parents and family, entrepreneurs, and teachers or lecturers. Different media, such as TV, Radio, Internet, and so on, along with career advisors and friends, also play an imperative role to stimulate young people to participate in entrepreneurship activities”.

In addition, 85 percent of respondents in the Bangladeshi study (Uddin *et al.* 2015) revealed that, “their parents had influenced the enhancement of mind-sets about entrepreneurship and about 35 percent stated that their parents owned a business”. Uddin *et al.* (2015) further refer to a survey of Kalafaltelis and McMillen (2004) in New Zealand, which indicates that “entrepreneurship values among young people also provide strong facts that parents are a key influencer”.

The findings of a Bangladeshi study (Uddin *et al.* 2015) are supported by this study's findings (Table 4.6, 2.3), where 68.3 percent of the respondents strongly agreed and agreed that their families value and support entrepreneurial activities, this also includes 42.5 percent of the respondents (Table 4.6, 2.10) that strongly agreed and agreed that their acquaintances value and support entrepreneurial activities. Parents, relatives and friends play an important role in shaping young people's attitude about entrepreneurial activities and also in sharing views for entrepreneurship development and sustainability.

5.5 WHAT IS THE ROLE OF LOCAL MUNICIPALITY IN PROMOTING YOUTH ENTREPRENEURSHIP?

This study highlights that the Municipality has two types of entrepreneurship, namely Cooperatives and SMME's. There is an annual budget allocated to support disadvantaged businesses in the area although the Municipality only provides this budget through non-financial supports (not in a form of finance) and it ensures that the businesses supported are sustainable, by assessing their progress. The Municipality states that it is committed to supporting everyone in the area, as it wants to create an environment favourable to entrepreneurship development. Business training and business information are provided by the Municipality, by working closely with government agencies, such as the SEDA and COGTA.

While this is how the local municipality portrays itself, the results from this study indicate otherwise. Approximately 68 percent of respondents in the survey indicated lack of support and assistance from the local Municipality and National Government as major obstacles, which they consider as preventing a spirit of entrepreneurship growing in the area for young, prospective entrepreneurs. This also includes a lack of business training, as well as the lack of opportunities, information, resources and poor infrastructure. In addition, 79 percent (4.6.3) point out that the enabling factor, to pursue entrepreneurial activities successfully in the area, would be the availability of training and support programmes from the Local Municipality and Provincial/National Government. This study points to a disjuncture of perceptions of the authorities versus the ordinary citizen, who may be aspiring to becoming an entrepreneur.

These results indicate that there should be engagement between the Local Municipality and young people in the area, as this will assist in ensuring that proper dissemination of significant information, concerning entrepreneurship, is achieved.

5.5.1 The role of the Municipality in meeting needs of young people.

The Municipal official interviewed indicated that prospective entrepreneurs' needs are met by the municipality, by advertising opportunities in newspapers, on public noticeboards, and through conveying messages in community meetings. Given that the Municipality has a limited budget allocated for entrepreneurial support and assistance, it promotes entrepreneurial activities through the process of vetting proposals being submitted.

5.5.2 Municipality challenges for entrepreneurial activities

It became evident in this study, that a number of challenges exist that the municipality faces, in delivering its support for the development of entrepreneurship in the area. The municipality has insufficient funds to support Cooperatives and SMME's in the area, while there is also a poor relationship with government agencies and well-established businesses in the area. The conclusion is that such a situation is likely to be evident in many similar, local, rural authorities.

Of course, not everything can be done only by the local authority or even the national government, which makes it imperative for established businesses in the area to play a major role in supporting newly established businesses. An entrepreneurship mentoring programme could assist in reducing some of the challenges found.

5.5.3 Municipality approach to improve youth entrepreneurship

Entrepreneurs need to be provided with training and technical support, with regard to dealing with business financial management, so they can be sustainable and function effectively. Other departments, such as Sports and Tourism need to play a role in providing support of entrepreneurship with a portion of their budget, which should not be specific for one department, as entrepreneurship is crucial for economic development and in generating job opportunities.

In the evaluation of business proposals, it is important to separate businesses with experience from those that are newly established, since this assists with decision-making when granting supports and assistance. Wekwete (2014: 26) states that Municipalities' strategic focus areas for enterprise development should be to encourage local business, improve the local business environment, SMME development, and investment facilitation in local business.

5.6 CONCLUSION

The findings arising from the report of the analysis have been discussed against the broader framework of the study. The next chapter deals with recommendations and conclusions.

Chapter 6

Conclusions and Recommendations

6.1 KEY AREAS OF THE FINDINGS

This study identified and discussed the barriers to youth entrepreneurship in the Umdoni Local Municipal area. The findings disclose that the challenges encountered by prospective entrepreneurs in the Umdoni Local Municipal area can be associated to those faced by entrepreneurs globally. This therefore, means these defies are not only limited to South Africa.

From the discussion of the study results, conclusions may be drawn on the following key areas:

- Access to financial support is the main impediment at the setting-up of a new business, because the majority of young people in the area come from disadvantaged backgrounds.
- The business registration process was perceived by many as a barrier, with excessive and complicated regulations, which discourage young people from engaging in entrepreneurial activities.
- Youth support structures, such as NYDA and the DTI that should stimulate and develop youth entrepreneurship in the Umdoni Local Municipality area are not available.
- The lack of business role models is an obstacle for young people in the area, as they are not sure who to consult when seeking advice and ideas to start a business.
- Young people feel they don't have an enabling environment for entrepreneurial activities, believing it is not safe to run business activities because the crime level is too high.
- A lack of entrepreneurial training is an obstacle for young people of the Umdoni local Municipal area as they don't have the necessary information of especially those organisations providing business training.
- Umdoni Local Municipality provides support for entrepreneurial activities in the area, through non-financial assistance, which has generally been inadequate.
- The Municipality lacks suitable relationships with Governmental support structures that could perhaps provide the necessary assistance to young people in the area.

- Access to physical infrastructure is an impediment for young people in the area because infrastructure support for start-up businesses is not available.

6.2 RECOMMENDATIONS

The following recommendations are made, after careful analysis and discussion of the information obtained from this research:

- An access to private institutions, such as banks and other financial institutions, should be made flexible. It is also recommended that youth entrepreneurship finance initiatives be introduced by financial institutions and access should not be tortuous.
- Government policies should be examined, in terms of their effect on entrepreneurship establishment, as well as their regulatory burden on new start-ups. Entry level for formal business needs to be flexible and have less legal requirements.
- Support organisations, such as NYDA and the DTI, aimed at fostering youth entrepreneurship in the nation, should be accessible to young, prospective entrepreneurs in rural areas.
- The school education should serve as a main contributor in preparing young people with entrepreneurial and management skills, in addition to also influencing their attitude towards pursuing entrepreneurship as a careers choice.
- Private businesses should open doors for young people, who require exposure and knowledge in their form of business. This could perhaps be through in-service training, internships, and learnership programmes.
- Interacting with more experienced entrepreneurs and other youth entrepreneurship support organisations for business information should be a priority for young, prospective entrepreneurs.
- Strategies to stimulate and develop young people to engage in entrepreneurial activities, need to be appropriately implemented. This can be achieved through the establishment of an encouraging business environment, where business support services are easily accessible to young people.
- Government youth entrepreneurship support structures should partner with Local Municipalities and local businesses, in organising workshops and conferences aimed at nurturing young, prospective entrepreneurs.

- Community leaders, working with the South African Police Service (SAPS) in the area, need to find ways of fighting crime rate levels because it affects entrepreneurial development activities adversely.
- The Umdoni Local Municipality needs to form relationships with government agencies, so that the youth may obtain the necessary support and assistance, for business development activities in the area.
- Young, prospective entrepreneurs in the area need to frequently visit the Local Municipality to obtain necessary information on the programmes in place, to encourage the spirit and culture of entrepreneurial activities.
- Infrastructure support for start-up businesses should be created, so that young people can freely engage in entrepreneurial activities, while youth with the potential to develop their businesses need to be supported and provided with necessary resources.
- The South African Government should strive to promote entrepreneurship activities among the youth in a more sustainable way that will not encourage the youth to be dependent on the government.
- Local authorities should work with government agencies and ministries that support youth entrepreneurship in a way that will benefit the youth, in addition to working with young people to produce real solutions to the challenges faced by them.

6.3 RECOMMENDATIONS FOR FURTHER RESEARCH

It is recommended that further research be conducted to understand issues regarding this subject in greater detail.

The following topics concerning youth entrepreneurship deserve to be further investigated:

- The role of community engagement for youth entrepreneurship development.
- Mentoring as an intervention for entrepreneurship development in rural areas.
- Role of entrepreneurship education in stimulating entrepreneurial development activities.

Future research needs to involve NGOs, businesses and other relevant Government departments. This research was only limited to the Umdoni Local Municipal area,

therefore, further researcher could also include young, prospective entrepreneurs from other Municipalities in the province of Kwa-Zulu Natal, nationally and abroad.

This research study did not provide case studies about the role of other municipalities for stimulating youth entrepreneurship since there is insufficient information on the topic. Therefore, it is recommended for future researcher on youth entrepreneurship to use this study when discussing case study section.

6.4 CONCLUSION

In this final chapter, the major findings of the study have been set out. This chapter also presented recommendations for future research. The sample design, with 121 respondents, including the Umdoni local Municipality, was satisfactory. The personal delivery of the questionnaire and face-to-face interview ensured more detailed responses and commitment. The receptiveness of the respondents, as well as the accessibility of the Municipality official, eased the process of collecting data.

The study attempts to contribute to the existing knowledge regarding factors affecting young, prospective entrepreneurs, which various authors have touched on, as opposed to depending on unreliable evidence. It is hoped that the research findings will inspire Municipalities, Government agencies, relevant Government departments, businesses and NGOs, in providing the necessary support and assistance required by young prospective entrepreneurs in rural areas, so that they may pursue entrepreneurial activities freely.

It is apparent that the promotion of youth entrepreneurship in rural areas is a field that requires public-private partnership and collaboration. Therefore, bringing various partners closer together on a national, regional and local level may be of assistance in unshackling red tape for youth entrepreneurship development in rural areas.

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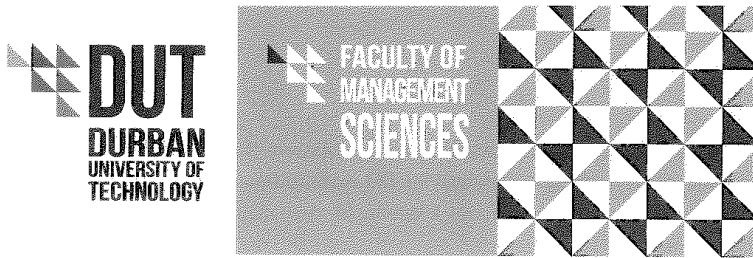
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Appendix A: Proposal approval letter



24 June 2014

Reference: Proposal Approval: KG Mbele, Student number 20805642

Dear Mr Mbele

MASTERS DEGREE OF TECHNOLOGY: BUSINESS ADMINISTRATION

This serves to confirm the approval of your research proposal by the Faculty Research Committee, at its meeting on 13 June 2014, as follows:

1. Research proposal and provisional dissertation title:

FACTORS IMPACTING ON THE SUCCESS RATE OF YOUNG ENTREPRENEURS IN THE UMDONI LOCAL MUNICIPAL AREA

Supervisor: Dr G Chetty

Co-supervisor: N/A

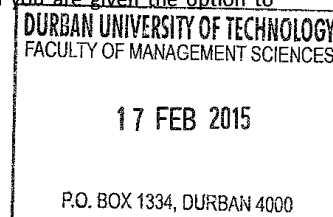
Please note that any proposed changes in the dissertation title require the approval of your supervisor/s, the Faculty Research Committee, as well as ratification thereof by the Higher Degrees Committee.

2. Research budget to the amount of **R10 000.00**

Please note that this funding is not a scholarship or bursary and is therefore not paid directly to you, but is controlled by your supervisor. Any proposed changes to use of this funding allocation require the approval of your supervisor and the Faculty Research Committee.

The Institutional Research Committee has stipulated that:

- (a) This University retains the ownership of any Intellectual Property (patent, design, etc.) registered in respect of the results of your Masters/Doctors Degree in Technology studies as a result of the award and the provisions of the above Act;
- (b) Should you find any of the terms above not acceptable then you are given the option to decline the Research budget award to your project in writing.



May we remind you that in terms of Rule G25(2)(b), if you fail to obtain the Masters/Doctors degree within the maximum time period allowed after first registering for the qualification, Senate may refuse to renew your registration or may impose any conditions it deems fit. You may apply to the Faculty Research Committee for an extension.

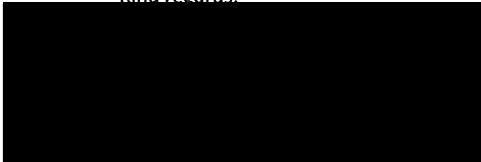
Please note that you are required to convert your registration from the informal to the formal course and re-register each year.

Should you experience any problems relating to your research, your supervisor must be informed of the matter as soon as possible. If the difficulties persist, you should then approach your Head of Department and thereafter the Executive Dean of the Faculty.

Please refer to the 2014 General Rule Book concerning the rules relating to postgraduate studies, which include *inter alia* acceptable minimum and maximum timeframes, submission of thesis/dissertations, etc. You are also advised to read the Postgraduate Students' Guide which is available on the DUT website.

Please do not hesitate to contact this office for any assistance. We wish you success in your studies.

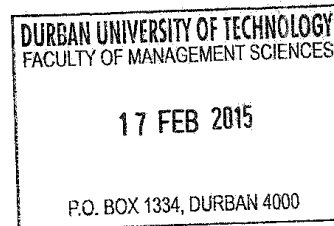
Kind regards,



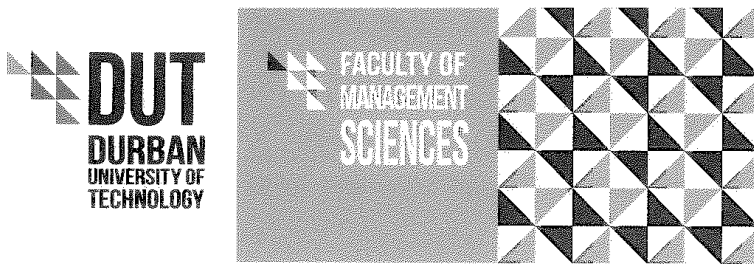
Dr K Baikaran

FRC Chairperson: Faculty of Management Sciences

Cc Supervisor: Dr G Chetty



Appendix B: Permission letter to undertake research



17 February 2016

Dear Mr B Mbatha

Re: Permission to undertake research

Thank you for your assistance.

I am currently registered for the master's degree at Durban University of Technology. (Please find the attachment for confirmation)

I humbly request permission to conduct the research in your Municipal area. In particular, I would like to interview Municipal officials involved in SMME development.

Subject you're your approval, please forward the contact details of the relevant officials.

I look forward to a favourable response.

Yours faithfully,

A solid black rectangular box redacting the signature of Kwethemba Mbele.

Kwethemba Mbele

071 913 7549

Appendix C: Approval permission letter to conduct research



UMDONI MUNICIPALITY

THE J.E.W.E.L OF THE SOUTH COAST

Postal Address:
PO Box 19
Scottburgh
4180

Physical Address:
Cnr Bram Fischer & Williamson Street
Scottburgh
4180

Tel: 039 – 976 1202
Fax: 039– 976 2044

OFFICE OF THE HUMAN RESOURCE MANAGER

Tel: 039 978 4365
Delivered: By Fax & Email: bongiwem@umdoni.gov.za

Date: 03 March 2015
Enquiries: B Mbatha

Mr KG Mbele

Dear Sir

REQUEST FOR PERMISSION TO CONDUCT RESEARCH AT THE UMDONI MUNICIPALITY

Your above request refers.

Please be advised that your request to conduct research by questions at the Umdoni Municipality: KwaZulu Natal for the purpose of your research towards your MTech, is approved.

Please be advised that you will treat the information derived from your research at the Umdoni Municipality for the execution of your research as completely anonymous and confidential. Furthermore the information will not be used for the purposes of victimizing the Umdoni Municipality in any way. In addition, you must at all times be obliged to safeguard the confidential information in pursuant of your research. It must also be emphasized that no information must be used, reproduced, disclosed or disseminated to any organ of state, firm, corporation, person, including third parties, except with the express prior consent of the Umdoni Municipality.

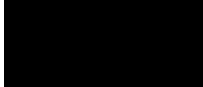
- 1 -

Furthermore no data may be modified or merged with any other data, use it for any commercial purpose or do any other thing that may in any manner whatsoever, affect the integrity, security or confidentiality of such data. You are Further not to permit any third party to read, copy or use the data other than may be specifically required in the terms of your request.

There can be no publication of articles in any journal or book or the like based on your research without the final approval of the Umdoni Municipality. The research and its findings are to be made available to the Umdoni Municipality.

We trust that above is in order.

Yours faithfully



Miss B Mbatha
HRM



03/03/15

Received by:-
Sign :
Date :

Appendix D: Survey questionnaire

I am a Master's Degree student, with the research focus being **“Factors Affecting Young Prospective Entrepreneurs in the Umdoni Local Municipal Area”**. I will be most grateful if you assist in completing the following questionnaire.

Your information will be treated as strictly confidential and will only be used for academic purposes. There are no right or wrong answers. Please tick each box that you find most acceptable and provide written response to the open ended questions.

For further information, you are welcome to contact my supervisor, Dr G. Chetty: 031 373 2578 / 083 641 6444 or email: gopsc@dut.ac.za or myself Mr K. G Mbele: 071 91 37549 or email: themba.mbhele@yahoo.com

Section A: BIOGRAPHICAL INFORMATION

Please mark the appropriate box with (x).

1.1 Gender

Male

Female

1.2 Age

14 – 19 years

20 – 24 years

25 – 29 years

30 – 35 years

1.3 Employment Status

Unemployed

Employed

Self-employed

Fulltime Student:

Grade 10 – 12

Post school education

1.4 Educational level

Grade 1-11

Grade 12 (Matric)

Diploma or Degree

Postgraduate Degree

SECTION B: SURVEY QUESTIONS

INSTRUCTIONS;

There are number of statements below. Please mark (X) to the answer most applicable to you.

Indicate category by (X). Use the following key: **1** = Strongly Disagree; **2** = Disagree;

3 = Neutral; **4** = Agree; **5** = Strongly Agree

	S.D	D	N	A	S.A
	1	2	3	4	5
2.23 Starting a business in my area is easy for me.					
2.24 My community has an entrepreneurial spirit and culture.					
2.25 My family values entrepreneurial activities equally to other careers.					
2.26 I possess the knowledge needed to begin a small business.					
2.27 I have the skills needed to begin a small business.					
2.28 I can develop a small business plan.					
2.29 School education helped me prepare for a career in entrepreneurship.					
2.30 Learners were encouraged by teachers to engage in entrepreneurial activities.					
2.31 University/college helped me prepare for career in entrepreneurship.					
2.32 My acquaintances value entrepreneurial activities equally to other careers.					
2.33 Support and assistance from national government has made it easy to open small businesses in my area.					
2.34 Support and assistance from provincial government has made it easy to open small businesses in my area.					
2.35 Support and assistance from the local municipality has made it easy to open small businesses in my area.					
2.36 I know where to go to get help to start a business.					
2.37 Business information and assistance are easily available for young entrepreneurs from various government and private agencies.					
2.38 Prospective entrepreneurs can access training programmes from governmental agencies.					
2.39 I have attended entrepreneurship training.					

	S.D	D	N	A	S.A
	1	2	3	4	5
2.40 The municipality has programmes to assist prospective young entrepreneurs start up a business.					
2.41 The municipality has a department to promote and give assistance to small business in our area.					
2.42 Financial assistance is available to young people to start a business in Umdoni local Municipal area.					
2.43 Environmental factors like crime prevent young people from opening businesses.					
2.44 The Municipality policies and regulations have created an enabling environment for young people in pursuing entrepreneurial activities in my area.					

2.45 What opportunities exist within your community to encourage entrepreneurial efforts?

.....
.....
.....

2.24 List three major obstacles that you consider preventing, a spirit of entrepreneurship growing in your area for young people?

.....
.....
.....

2.25 List three factors that you consider will enable young people in Umdoni Local Municipal area to pursue entrepreneurial activities.

.....
.....
.....



Thank You!

Email: themba.mbhele@yahoo.com

Cell: 071 913 7549

Appendix E: Interview questions

I am a Master's Degree student, with the research focus being **“Factors Affecting Young Prospective Entrepreneurs in the Umdoni Local Municipal Area”**. I will be most grateful if you could assist in answering the questions below.

The information will be treated as strictly confidential and will only be used for academic purposes.

For further information, you are welcome to contact my supervisor, Dr G. Chetty: 031 373 2578 / 083 641 6444 or email: gopsc@dut.ac.za or myself Mr K. G Mbele: 071 91 37549 or email: themba.mbhele@yahoo.com

Mr Siyabonga Hlongwane

Social and Community development / Local and Economic Development

Umdoni Local Municipality

- 1. What role does the Municipality play in promoting youth entrepreneurship in the area?**
- 2. Are there any programmes that the Municipality has in place to support entrepreneurship development?**
- 3. How are the programmes monitored and evaluated?**
- 4. Describe how does the programmes provided by the Municipality meet the needs of young prospective entrepreneurs?**
- 5. How would you describe the attitude of young people in the area in respect of becoming entrepreneurs?**
- 6. What difficulties does the Municipality experience in being able to create a conducive environment for the promotion of entrepreneurial activity?**
- 7. What needs to be done to improve youth entrepreneurship in the Umdoni Local Municipal area?**