



Prospects of entrepreneurship in South Africa's rural areas: A case study of Eastern Cape Province's Nkonkobe Municipal Area

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Abstract

This study aimed to identify factors that promote entrepreneurship in all areas including tourism in rural South Africa with a focus on Nkonkobe municipal area in Eastern Cape Province. Rural entrepreneurship is viewed a catalyst for rural development through employment creation and income generation in areas such as for example tourism and craft manufacture. It also promotes the standards of living of people in rural areas. Quantitative research methodology, and a survey research design, was used for data collection. Perceptions of 53 rural entrepreneurs were gathered using a questionnaire. The article is important because it gives insights into opportunities for rural entrepreneurship development in developing economies. Most publications available are sadly biased towards developed economies. Results show that the majority (83%) of the respondents depended very much on entrepreneurship for a living. The results also suggested that social capital in the form of special relationships, access to critical information, unique local knowledge and previous experience was ranked the most important factor (mean factor rank=1.95) when starting businesses. Having unique local knowledge on the needs of people in Nkonkobe Municipality gave rural entrepreneurs competitive advantage in pursuit of their opportunities. The personal experience individuals got from previous employment made opportunity identification somewhat easier. The socio-economic implications of the study is, that through rural entrepreneurship, people in rural areas have some prospects to reduce poverty and enhance rural development and welfare improvement. The study recommends provision of training and capacity building programmes to foster entrepreneurial development and growth in Nkonkobe Municipality. It further recommends funding programmes such microfinance schemes for promoting entrepreneurship in rural Nkonkobe Municipal area.

Keywords Entrepreneurs, Entrepreneurship, Rural, Social Capital, South Africa



Introduction

“Entrepreneurship is recognised globally as a critical economic development strategy for job and wealth creation” (Nyadu-Addo and Mensah, 2017). Literature confirms the positive role of entrepreneurship in promoting economic growth and development (for example Drucker, 1993; Liu 2011; Neupert and Baughn, 2013; Thomas & Inkpen, 2013; Sarooghi *et al.* 2015). In the same vein, entrepreneurship can play a vital role in rural development and poverty alleviation. Newbery *et al.* (2018) note that rural entrepreneurship plays a vital role in harnessing innovation and community development. In the 1990s, the US used rural entrepreneurship as a strategy to stem increasing incidences of poverty (Koyana and Mason, 2017). In China, the government established “township and village enterprises (TVEs) located in rural areas”—as a poverty alleviation strategy (Li, Zhang and Matlay, 2003:496). Liu (2011:101) states that “rural non-farm sectors in total rural employment increased from 2.98 percent in 1980 to 38.43 percent in 2004.” Rural China witnessed urban-rural migrations (outward or return migration) as urban entrepreneurs realized business opportunities in rural areas. This movement in turn led to the growth of the rural non-farm sector. Liu (2011:102) further noted that “Growing migration and return migration have contributed to the development of rural non-farm sector by providing financial capital to rural areas.”

Rural entrepreneurship can also be used as a development strategy in developing countries (Boohene and Agyapong, 2017) and South Africa in particular. According to Korsgaard, Ferguson and Gaddefors (2015:574), “Entrepreneurship is a vital mechanism in creating economic activity and growth in rural settings.” Opportunities to promote rural entrepreneurship are many; thus, concerted effort from many actors is required to ensure that rural entrepreneurship thrives and possibly impacts on the welfare of individuals in various communities. Rural entrepreneurship refers to the formation of new ventures that in rural regions (Lee and Phan, 2008). “Rural entrepreneurship can be defined as all forms of entrepreneurship that take place in areas characterized by large open spaces and small population settlements relative to the national context” (Kalantaridis and Bika, 2006b in Korsgaard, Müller and Tanvig, 2015:6). It involves innovative activities such as diversification into non-farm (or non-agricultural) uses of resources. Rural entrepreneurs are engaged in activities such as catering, tourism, carpentry, blacksmithing and spinning (Petrin, 1994). Entrepreneurial activities are notably on the increase in rural areas (Korsgaard, Müller and Tanvig, 2015; Korsgaard, Ferguson and Gaddefors, 2015). They are referred to as ‘non-farm’ or ‘off-farm’ activities—if they are not agricultural linked. Non-farm activities play an important role in rural development and rural employment creation (Newbery *et al.*, 2018), thus slowing down rural-urban migrations (Dedehouanou *et al.*, 2018). However, agribusiness is also active in rural areas which are mostly agro-based. Such activities, which are considered an important source of income (Dedehouanou *et al.*, 2018), need to be organized to promote sustainable entrepreneurship in rural settings. Rural entrepreneurship is perceived as an important driver of rural local economic development (Müller and Korsgaard, 2018).

According to Fal *et al.* (2010), entrepreneurs must leverage whatever form of capital (such as financial, social and physical capital) they have to succeed. They tend to engage in bricolage (Pato and Teixeira, 2018), a process of combining locally available resources. Entrepreneurs with local knowledge are better poised to recognize opportunities in their areas (Lee and Phan, 2008). Entrepreneurship education is crucial for skills develop, attitudinal changes as well as developing opportunity identification and awareness to realize career options through entrepreneurship (Li, Zhang and Matlay, 2003; Hafferndorn and Salzano, 2003; Schoof, 2006; Carey and Matlay, 2010;



United Nations Conference on Trade and Development—UNCTAD, 2010; Nyadu-Addo and Mensah, 2017). Good and effective training programmes and motivational speeches by role models in communities can be instrumental in inspiring and strengthening entrepreneurs (Day-Hookoomsing and Essco, 2003).

Development practitioners such as the private sector and non-governmental organisations (NGOs) assist rural inhabitants to develop their entrepreneurial capabilities (Saide, 2006). In South Africa, a national culture that supports and enhances entrepreneurial activities is needed to promote rural entrepreneurship (Lee and Suzanne, 2000). The government of South Africa recognised the importance of rural entrepreneurship in achieving national, economic as well as social objectives and is committed to fostering it (Murphy *et al.*, 2006; Rautenbach, 2009). Government development strategies should not focus on macro-solutions only, but also on the micro-actions of entrepreneurs to combat poverty (Mair and Marti, 2009). For example, the provision of microfinance is one of the strategies that has received worldwide recognition for strengthening entrepreneurship (Mago and Hofisi, 2016; Musasa and Mago, 2014).

In addition, support for ventures to scale up rapidly, enables enterprises to grow quickly in a period and to deter entry by competitors (Lee and Phan, 2008). The allocation of property rights also promotes innovation and entrepreneurship (Minniti and Levesque, 2008, Colombatto, 2006). De Soto (2000) notes that formal property rights are important for rural entrepreneurs since they help to convert ‘dead capital’ to ‘live capital’ for entrepreneurship. They require clearly defined provisions on the rule of law and property rights for good enterprise governance. These are the “core institutions” for encouraging business ethics in entrepreneurship (Boettke and Coyne, 2003, Colombatto, 2006). Recognised property rights provide a conducive legal environment for individuals to invest their resources in ventures without fearing expropriation (De Soto, 2000 in Boettke, Aligicia and Hooks, 2004) by other private individuals and/or entities.

Christy (2000) argues that subsidies must not distort business incentives. Government as an institution can change the purpose of social grants and offer it as capital to start-up enterprises, thus eliminating the dependency syndrome which inhibits the development of rural entrepreneurship. Sherief (2008) opined that policies and programmes can be designed specifically for promoting entrepreneurship. Moreover, rural entrepreneurship can be promoted through better access to medium and long-term finance (Morris and Bruun, 2005). Given the context, rural dwellers may not have collateral to access finance; therefore, measures are needed to accommodate them. Schoof (2006) adds that research into start-up and business finance improves access to finance. The regulatory environment for start-up finance should be improved and rural dwellers should be provided with information on access to different forms of entrepreneurial finance. Scorsone (2003) adds that community-based support and developing an enabling entrepreneurial environment are critical for new business ventures success in rural areas. All stakeholders should be able to work in a symbiotic relationship to enhance entrepreneurial development and growth in rural areas. UNCTAD (2010) encourages the development of entrepreneurial ecosystems, which enable stakeholders to work as a team. It states that:

“The different stakeholders are involved in a series of symbiotic actions which include awareness and outreach, the development of human capital and critical talent, public–private partnerships, multiple sources of innovation, intellectual property and funding. In a dynamic and growth-generating entrepreneurial ecosystem, there is a high degree of interaction and coordination among these key elements” (UNCTAD, 2010: 3).

The roles are summarized in Figure 1 below:

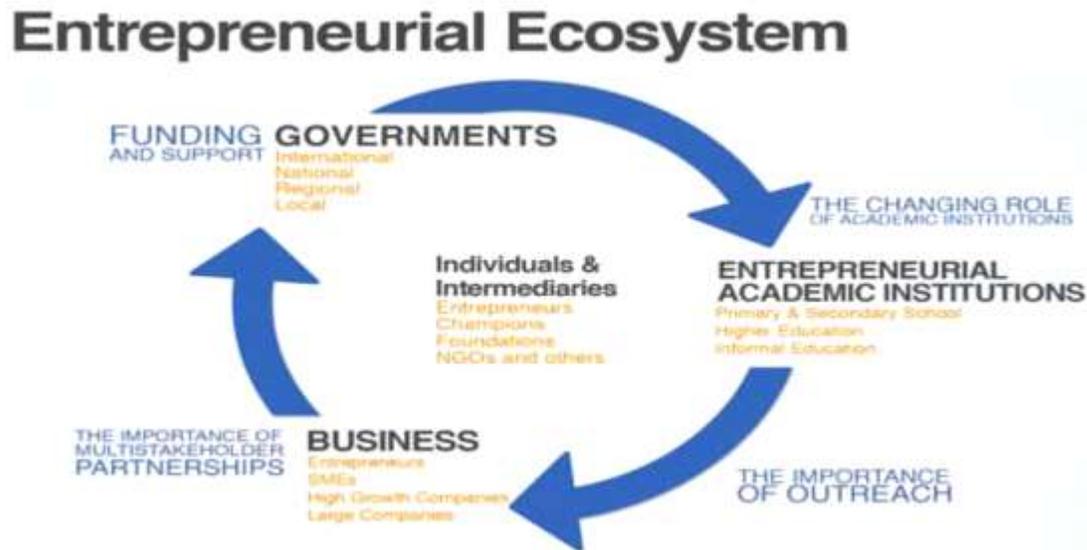


Figure 1: Entrepreneurial ecosystem

Source: World Economic Forum (2009) in United Nations Conference on Trade and Development (UNCTAD) (2010:4).

In developing countries, most stakeholders are at early stages of entrepreneurial development. Resource allocation priorities are different and entrepreneurial ecosystems are either non-existent or fragmented. In the ecosystem, each stakeholder should recognise the importance of entrepreneurship as a strategy for creating sustainable entrepreneurial networks. As illustrated in figure 1 above, strong linkages can be developed between universities (academia), private sector (business) and public sector (government) and non-governmental organisations (NGOs).

Self-efficacy stimulates new venture creation process especially in rural areas (Boyd and Vozikis, 1994). Contextual factors that stimulate entrepreneurship include availability of capital, market accessibility, availability of reliable suppliers, transport and communication facilities. In addition, availability of critical resources such as land, labor and other facilities is crucial. Support and encouragement from family also contributes to the success of entrepreneurship in rural areas (Hookoomsing and Essco, 2003). Rural entrepreneurship faces a number of challenges which inhibit success. Fuller-Love *et al.* (2006:291) state that;

“Rural firm growth is limited by a number of factors, including limited scope of local demand and poor access to extra-regional markets, low density and consequent lack of opportunity for networking, inadequate access to and unfamiliarity with modern information technology, and difficulties in accessing capital.”

Governments and other stakeholders (such as non-governmental organizations, educational institutions, and financiers/investors) have the responsibility to foster growth of rural entrepreneurship. Bangladesh, China, Kenya and Mozambique for example foster the culture of

entrepreneurship by celebrating role models, promotion of effective venture capital and private equity community, providing entrepreneurial education and skills support (Fal *et al.*, 2010). This facilitates the promotion of entrepreneurship in homes, schools and universities. Despite the important role of rural entrepreneurship, its prospects within the South African context need to be further explored. This paper therefore seeks to explore rural entrepreneurship prospects in Nkonkobe Municipal area, as the basis for making supportive policies. The rest of the paper shall be organized as follows: section 2 presents the research methodology (materials and methods) used in the paper, section 3 presents discussion of results, and section 4 will provide the conclusion.

Materials and methods

The paper adopted a quantitative research methodology which is informed by a positivist paradigm. Using a survey research design, the study had access to a large number of respondents for data collection. A quantitative approach allows a detailed and significant analysis of data and attainment substantial results (Cresswell, 2003). Data were generated from Nkonkobe (a municipal area in South Africa's Eastern Cape Province). The map below shows Nkonkobe Municipal area:

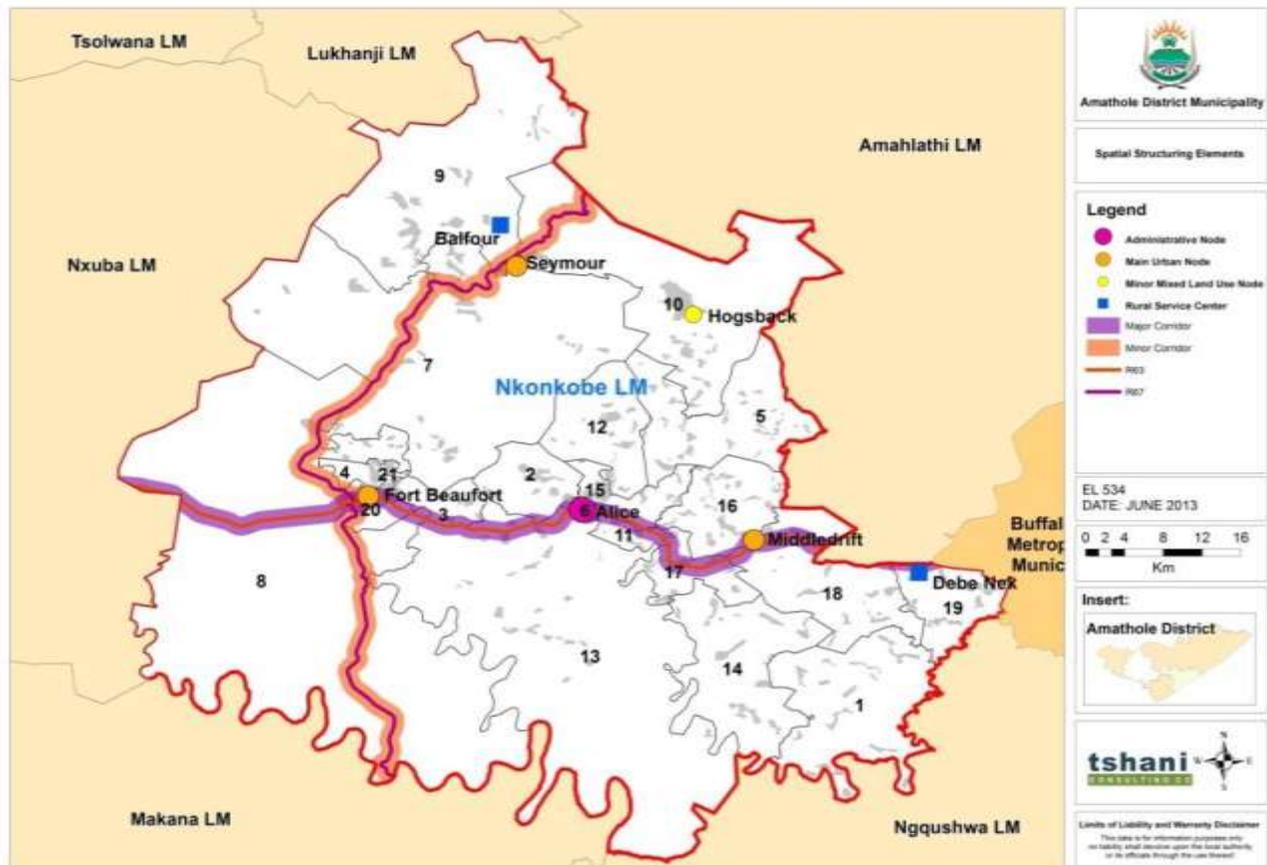


Figure 2: Map of Nkonkobe Municipal Area
Source: Nkonkobe Local Municipality (2015:37)



Nkonkobe is known as a rural municipality which covers an area of approximately 3 725 km² (Nkonkobe Local Municipality, 2015). “Nkonkobe is comprised of 21 wards with a population of approximately 127 115 of which the majority (72%) resides in rural villages and farms” (Nkonkobe Local Municipality, 2015:2). Its economy is largely agricultural driven. Economic activities include citrus, cop production and forestry. The citrus sector is the largest employer in the municipal area. It is also rich in heritage and culture which are ideal for tourism business creation.

The study observed the provisions of research ethics. Individual rights of anonymous respondents (the entrepreneurs) were ensured. These comprised their rights to consent, protection from harm, full and correct information and total confidentiality. A desired sample size of fifty three (53) respondents was selected from a study population of 530 entrepreneurs. A sample frame was compiled from municipality records provided by the Nkonkobe Economic Development Agency (NEDA). Using simple random sampling technique, each individual entrepreneur of the entire population of entrepreneurs had an equal opportunity to be chosen (Babbie, 2010; Cresswell, 2003). Data were collected using a semi-structured questionnaire. Hofstee (2006) notes that a questionnaire offers respondents confidentiality. Primary data and secondary data from other sources such as Statistics South Africa and Nkonkobe Municipality reports were triangulated. The Statistical Package for Social Scientists (SPSS), was used for data analysis. Using SPSS, descriptive statistics, t-tests and correlations were generated. Ranking of factors that promote rural entrepreneurship was done using Freidman’s mean rank test. The following section discusses the results.

Results and discussion

Presentation of results and brief discussion

Out of the 53 respondents, 47.2 percent were male and the rest were female. This confirms findings by Mankelow and Merrilees (2001), who pointed out that the rural environment is suitable to female entrepreneurship. Women usually reside in rural areas as custodians of family rural homes while men seek employment in large cities. They are therefore more capable of identifying opportunities for entrepreneurship in the rural areas which they manipulate to earn some income.

There was a significant association between entrepreneurs’ parents’ business status and the age of the entrepreneurs ($\chi^2=6.256$, $p=0.012$). People whose parents are entrepreneurs are likely to start their own enterprises. Old age entrepreneurs are usually influenced by other factors. Entrepreneurs whose parents had businesses are likely to start their own businesses when they are young while those who start their business when they are old are unlikely to be influenced by their family background.

There was also a significant association between employment status and the number of children entrepreneurs had ($\chi^2=14.205$, $p=0.027$). Those who were unemployed before they started their business are more likely to have more children than those who were employed. It follows that such entrepreneurs will have more time to have children without limitations caused by their employment condition. This means that entrepreneurial activities are very important to these entrepreneurs as they provide a source of livelihood for their families.



The findings are supported by arguments from a preponderance of literature. Haftendorn and Salzano (2003) have argued that entrepreneurship offers an alternative livelihood by generating employment for the youth and other opportunities to earn an income. Sherief (2008) adds that, in Swaziland, rural enterprises are vital in job creation and economic growth (see also Newbery *et al.*, 2018). Entrepreneurship allows women in Greece to contribute towards livelihood promotion in rural areas (Antopoulou, 2010). Global Entrepreneurship Monitor (GEM) (2010) suggests that entrepreneurs create sources of income for their families, making it possible for them to buy new commodities which provide value and enhancements to the lives of their communities. Entrepreneurial activities enable rural entrepreneurs to meet the welfare needs of their children such as providing them with food, accessing health facilities and being able to send them to school.

Results from the survey show that most of the entrepreneurs interviewed (83 %) were Christian. Weber (1922) in Boshoff (2010:56) argues that religion plays an important role in motivating people to take up ethical entrepreneurial activities. Christians become more entrepreneurial than those who practice African traditional religions in Nkonkobe Municipal Area ($\chi^2=7.272$, $p=0.026$). Christian entrepreneurs realise that their purpose is to establish and lead businesses that achieve positive results in their communities (Boshoff, 2010). Most of the respondents in this study credited God for their success and ability in identifying viable business opportunities which give them the ability to meet their community's welfare needs. Ojong (2005) argues that religion and entrepreneurship are "bedfellows" (that is, they are closely connected to one another).

These findings refute Fal *et al.*'s (2010) argument that South Africans have been profoundly affected by conservative Christian principles that do not encourage entrepreneurship. Today, many Christian churches encourage their members to be entrepreneurial. At the same time, they teach them to maintain good business ethics which are in line with the teachings of the Bible. Instead, within the context of Nkonkobe Municipal Area, it seems as though most entrepreneurs believe that Christianity helps them identify business opportunities. Boshoff (2010) stated that churches make efforts to support social and economic solutions to poverty. They are also concerned with social ills such as laziness and crime which are against community progress. Community members are encouraged to be entrepreneurial activities to avoid overdependence.

The majority of the respondents in this study (41.5 %) had high school education. The educational levels of the other respondents are shown in Figure 3 below. These results confirm Ozgen and Minsky's (2007) findings that educational quality and access to educational opportunities are lower in rural than in urban areas. They further noted that education enhances the quality of skills (human capital) that is an essential for energizing entrepreneurial activities in the rural society. According to Romero and Matinez-Roman (2011) education affects self-employment motivations as well as the management style of small businesses. Pacheco *et al.* (2010) add that entrepreneurial opportunities become obvious to those in possession of the relevant knowledge. In Lee *et al.*'s (2004) view, highly educated people tend to discover new business opportunities more often than those with lower educational attainment. The Organization for Economic Co-operation and Development (OECD) (2001:8) in Marimuthu *et al.* (2009) defines human capital as comprising of knowledge, competencies, skills and attributes embodied in individuals. These facilitate the creation of personal, economic and social well-being.

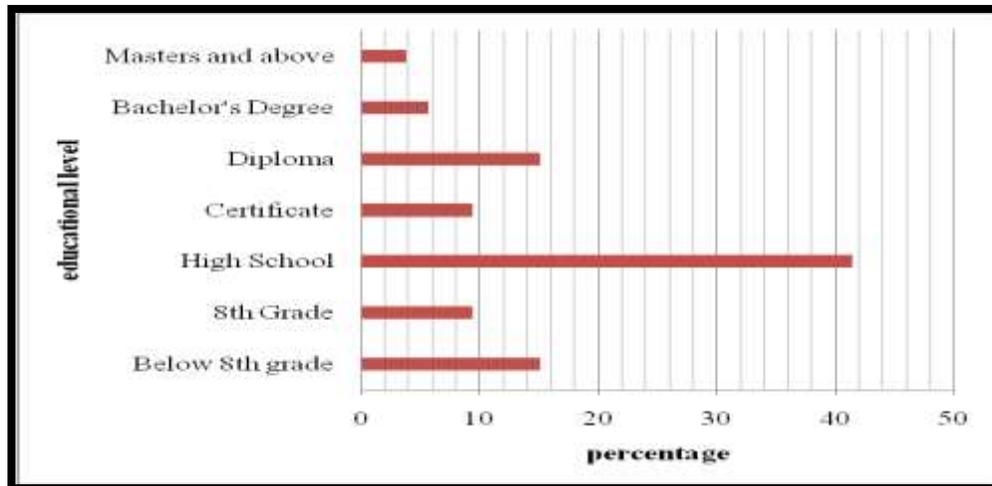


Fig.3. Respondents' levels of education

Source: Field Survey 2011

Human capital theory propounds that education or training result in increased learning and raise productivity among workers by imparting useful knowledge and skills, hence improving the chances of a small firm's survival (Becker, 1964 in Xiao (2002), Fresse and Rauch (2001); Marimuthu *et al.*, 2009). It is also argued that human capital factors encourage growth in entrepreneurial activities (Lee *et al.*, 2004). Providing entrepreneurship education to rural communities can help foster opportunity recognition. The World Economic Forum (2011) points out that entrepreneurs should not be educated only in production, but in basic financial management skills, managing human resources and risks. Romero and Matinez-Roman (2011) add that participation in courses and seminars on entrepreneurship might increase innovation and entrepreneurial orientation. This study concurs with the opportunity model that education in the entrepreneurial process increases the ability of rural dwellers to discover opportunities for new ventures. It suggests therefore that educational programmes should be made available in the areas highlighted above.

Entrepreneurial Vocational Internship Programme (VIP) and rural entrepreneurship

Most of the respondents (69.8 %) viewed an entrepreneurial internship programme as useful in helping people gain experience in starting their own businesses but the rest did not consider training programs helpful. These results confirm Evans and Leighton (1990) in Lee *et al.* (2004) who suggest that entrepreneurship is related to educational attainment and work experience. There was a significant association between the views on the importance of a vocational programme and the highest level of education attained by rural entrepreneurs ($\chi^2=3.970$, $p=0.046$). The rural entrepreneurs whose highest qualification is high school education or lower consider a vocational internship to be useful to their entrepreneurial activities than those with a certificate or higher. The reason could be that the entrepreneurs with a high school education or lower may have creativity and passion to develop their ideas but lack important skills such as financial management and marketing management. Rural entrepreneurs with less education need more training programmes than the highly educated to enhance their capabilities to identify and exploit entrepreneurial opportunities.



Training programmes help rural entrepreneurs to acquire basic, new skills and knowledge as propounded by 15.1 percent of the respondents, they promotes effectiveness (15.1%) and equip them with the capacity to sustain their businesses (11.3%). Respondents (3.8%) suggested that training equips them with marketing abilities, continuous learning (3.8%) and gives them new ideas and foresight (3.8%). Training programmes educate staff members on entrepreneurship (3.8%). It was interesting to note that 3.8 percent did not think training would be of any use unless money is made available to improve their entrepreneurial activities.

The findings outlined above confirm Nyadu-Addo and Mensah (2017); Haffendom and Salzano (2003) and Schoof's conclusion (2006) that entrepreneurship education is crucial in developing entrepreneurial attributes, skills and behaviors. It helps them to develop enterprise awareness to realise that entrepreneurship can be effectively used as a career option. Day-Hookoomsing and Essco (2003) add that good and effective training programs and motivational speeches by role models in rural communities can be instrumental in stimulating entrepreneurship. Increasing government initiatives on training programs, both in agricultural and non-agricultural sectors will play a significant role in increasing entrepreneurial activities. Offering training courses on entrepreneurship to rural people stimulates rural development since it helps them to recognise opportunities for viable new venturing.

Results show a significant association between entrepreneur's employment status and their highest level of education ($\chi^2=4.020$, $p=0.045$). The entrepreneurs who are highly educated will be employed when they start their business. They do not start business to supplement their income, acquire more assets and improve welfare.

Entrepreneur employment status and experience

Most entrepreneurs (67.9 %) started their businesses on their own, while 17.0 percent inherited them and 15.1 percent of the respondents purchased a business in operation already. Some of the entrepreneurs indicated that being entrepreneurial resulted from lifetime a desire to be their own bosses. Others grew up in families where entrepreneurship was practiced thus they inherited businesses. Others identified their opportunities when some businesses were on sale thus they have continued with operations.

Some entrepreneurs start businesses in line with their previous employment, and do so when when they retire, so as to have a steady source of income. This confirms Romero and Matinez-Roman's (2011) conclusion that previous work experience (regardless of where it was obtained) appears to be a major determinant of innovation in small enterprises. Shane (2000) notes that a combination of entrepreneurial knowledge and skills acquired from prior training in any particular industry create a knowledge corridor for people. The same will help rural citizens to have the capability to identify opportunities that are in line with their prior knowledge. The following section discusses the factors that promote rural entrepreneurship in Nkonkobe municipality.

Factors promoting rural entrepreneurship in the area

The study exposed that entrepreneurs were affected differently by a range of factors. It suggests that capital availability was the most important factor making entrepreneurship easier in the Nkonkobe Municipality and was ranked first on a 1-11 scale (see Table 1). Capital, in this case, referred to special relationships, access to critical information, unique local knowledge and



personal experience. Findings from this study suggest that having unique local knowledge on the needs of people in the Nkonkobe Municipality creates a competitive advantage in the pursuit of entrepreneurial opportunities.

Other entrepreneurs argued that personal experience from previous employment gave them the expertise which consumers needed most in the services and goods offered at their enterprises. They were able to transform the capital as described above into vibrant businesses that benefit them and the community in which they dwell. This confirms Fal *et al.*'s (2010) assertion that for success, entrepreneurs must leverage whatever form of capital they have. This could include, social capital (a special relationship with a person or persons), access to important information, unique knowledge, skills or experience that gives them a competitive edge in pursuing a specific opportunity.

Families also contributed immensely to the success of many entrepreneurs interviewed in this study as it was ranked second (see Table 1). According to Day-Hookoomsing and Essco (2003), support and encouragement from family also contributes to the success of entrepreneurship in rural areas. Family members also provide temporary manpower for the running of the business until the business owner can hire employees. It was therefore observed that the support given by family members is an important aspect. It makes rural entrepreneurs to easily start and grow their enterprises.

The creativity and passion of business owners opened up opportunities for rural entrepreneurship as it was ranked third (as shown in Table 1). Some entrepreneurs pointed out that, with creativity and passion one can overcome most of the challenges that are encountered in starting entrepreneurial activities, since one has a drive from within. The ability to identify markets ranked 4th and was also seen to be a common factor promoting rural entrepreneurship as the respondents indicated that they are able to provide goods and services for target markets they would have identified.

Table1: Mean rankings of the factors that promote rural entrepreneurship

<i>Factor</i>	<i>Frequency (N)</i>	<i>Mean factor rank</i>
Capital (special relationships)	40	(1.95) ¹
Support from family members	48	(2.50) ²
Support from government	15	(5.46) ⁹
Local empowerment	31	(4.32) ⁵
Flexible property rights	35	(4.60) ⁷
Ability to identify markets	43	(4.16) ⁴
Having effective marketing initiatives	40	(4.35) ⁶
Managerial abilities	17	(5.17) ⁸
Employed Before	12	(5.50) ¹⁰
Access to finance	12	(5.75) ¹¹
Creativity and passion	19	(4.15) ³

¹Superscript denotes ranking — scale 1-11 for contribution. Figures in parenthesis denote Freidman's mean rank. [Lower rank= Higher significance of the factor in explaining easy to start a business].

Source: Survey (April, 2011)



The other factors which were identified as requirements for making it easier for entrepreneurs to start their businesses are shown in Table 1. However, access to finance should be drastically improved. Only a few people were able to access loans from the banks. Most entrepreneurs do not even attempt to approach banks for loans. In their view, the banks have stringent requirements which they cannot meet in any sense. Others pointed out that they did not know the procedure that is followed to access finance. Mago and Hofisi (2016) and Musasa and Mago (2014) lamented the need for microfinance services to financially empower rural entrepreneurship. They further noted a dire need for different forms of support, including finance, among rural entrepreneurs. Support from institutions within the entrepreneurial ecosystem (Isenberg, 2010; Isenberg and Onyemah, 2016) is also important.

The influence of institutions on rural entrepreneurship

It is widely accepted that partnerships with institutions, academics and various organisations promote rural community development (through community engagement). They also strengthen institutional support structures, relations between governments, and the private sector for new rural enterprise development. Local banks, for instance, may offer support through offering financial literacy workshops and developing knowledge for loan applications thus promoting quick access to financial capital. They may also help to develop receptive risk-taking attitudes and helping rural entrepreneurs with lines of credit. The survey results indicate that the majority (81.1%) of the entrepreneurs in the Nkonkobe Municipal Area have never been helped by any institution in their proposed or actual business activities. These results agree with Mair and Marti's (2009) assertion that government support for entrepreneurship in South Africa has largely been for poverty relief than wealth creation. Findings from this study disagree with the opportunity model, which proposes that increased access to partnerships helps rural entrepreneurs to discover more entrepreneurial opportunities. Of all the respondents, 7.5 percent indicated that banks had helped them financially and with some financial management advice. The local municipality also assisted 3.8 percent of the entrepreneurs with the workshops they operate from while 5.7 percent of the respondents received financial help from the government. The government gave some entrepreneurs start-up capital. The following section discusses government support and rural entrepreneurship.

Government support and rural entrepreneurship

Most rural entrepreneurs in the Nkonkobe Municipality (88.7%) believe that the government has a significant role to play if entrepreneurship is to grow in Nkonkobe Municipal Area of the Eastern Cape Province of South Africa. These results confirm Mair and Marti's (2009) findings that the government is a powerful actor that builds institutions needed for entrepreneurs to exist and function well in Bangladesh. Rural entrepreneurs (45.3 %) suggested that the government can help if they make money available for entrepreneurs to expand their businesses, must initiate training programmes (17%) on the basics of entrepreneurship thus helping them to sharpen their opportunity recognition capabilities; the government must facilitate the development of infrastructure for entrepreneurial activities (15.1%). It was also established in this study that the government can also help entrepreneurship grow by providing equipment to 11.3 percent of the respondents while 1.9 percent of the respondents did not think the government is of any use to their growth since they accused government officials of being corrupt in rendering services to the



public. However, the information above showed that the government is pivotal in promoting rural entrepreneurship in the Nkonkobe Municipality. Haftendorn and Salzano (2003) propose that governments should offer credit associated with SME growth. In as much as other respondents were concerned about corruption common in government departments, the needs above can be met by the government with measures that monitor corruption and nepotism. Non-governmental organisations (NGOs) assisted 1.9 percent of the respondents with training programs.

This study agrees with Sobel (2008) that there should be adequate institutional reforms to promote entrepreneurship and produce a higher rate of start-ups in the Nkonkobe Municipality. Results also concur with those of Morris and Bruun's (2005) findings that it is important to enhance cooperation among non-government ministries and agencies concerned with rural entrepreneurship to promote it in rural areas.

Community support for rural entrepreneurship

Ozgen and Minsky (2007) pointed out that many rural entrepreneurs in developing countries face a number of socio-economic and cultural challenges and obstacles. These include pessimism (fear of business failure), a negative attitude toward innovation and creativity, resistance to change, and a sense of isolation. These obstacles create unique challenges in rural entrepreneurial opportunities recognition. In addition, rural entrepreneurs feel discouraged to start new business ventures. It was observed in this study that 83 percent of the respondents held the view that the Nkonkobe Municipality community is supportive and helpful in the running of their business. This confirms the Opportunity Model's proposition that there is positive relationship between socio-cultural infrastructure and discovery of opportunities in rural areas. However, 17 percent of the respondents mentioned that the community is not supportive of their initiatives.

The community in the Nkonkobe Municipality supports entrepreneurs therein by buying goods from the entrepreneurs (41.5%) instead of from the bigger businesses, hiring entrepreneurs as stated by 28.8 percent, and renovating entrepreneurs' infrastructure as indicated by 5.7 percent of the respondents. The community was also supportive of 5.7 percent of the respondents by providing advice and moral support while 3.8 percent showed appreciation that the community pays for the services they offer in time. The community also offers free marketing services to 1.9 percent of the respondents when they recommend their services to others who may not be aware of their existence. With the various reasons outlined above it can be deduced that the community in the Nkonkobe Municipality is generally helpful in promoting rural entrepreneurship. Section 4 provides a conclusion to the paper.

Conclusion

The objective of the study was to identify factors that promote entrepreneurship in the rural areas of South Africa. Nkonkobe Rural Municipal Area in the Eastern Cape Province was studied. The findings suggest that rural entrepreneurship promotes rural development through job creation and income generation. The standards of living of rural entrepreneurs, their families and communities are also improved. Rural entrepreneurship support by various institutions such as the government, banks and other players in the private sector emerged strongly as being pivotal to rural entrepreneurship development and growth.



This article consequently recommends entrepreneurial support in the rural areas and this could be in the form of village projects for sustainable local entrepreneurship, tourism, entrepreneurship education programmes, and financial support programmes. Entrepreneurship education is celebrated for skills development, and behavioural change towards viewing entrepreneurship as a useful career option. Players in the entrepreneurial ecosystem can come together to support rural entrepreneurship growth. For example, start-up funding programmes and micro-finance schemes could be introduced to support new ventures. The government should introduce incubation programmes to finance people with innovative ideas and drive this idea purposefully. Policies that create an enabling environment for business development should also be formulated by the government. NGOs are also encouraged to continue helping with provision of training, funding and other forms of support targeted at rural entrepreneurship. Such kinds of support will reduce the dependency syndrome, which has a tendency to develop in the rural areas thus creating 'lazy communities'. Nkonkobe Local Municipality can establish a market infrastructure to provide space for entrepreneurial people to sell their commodities. Programs such as music, dramas and shows can be used to inspire rural citizens to start entrepreneurial activities. Awareness among local and national policy makers, families and communities about the role of rural entrepreneurship is thus crucial. Social awareness campaigns can be used to create optimistic attitudes towards entrepreneurship. Prospects are high for the development of entrepreneurship in the studied rural municipality (Nkonkobe).

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