

**An entrepreneurial framework to enhance
the agricultural sector in a district of the
Limpopo Province**

by

Matlakala Dinah Modiba

20442297

**Mini-dissertation submitted in partial fulfilment of the requirements for
the degree Master of Business Administration at Potchefstroom
Business School, Potchefstroom campus of the North-West University**

Supervisor: Professor T.E. du Plessis

November 2009

ABSTRACT

Agriculture, which includes all economic activities from the provision of farming inputs, farming and value adding, remains an important sector in the South African economy. In Limpopo Province, most of the agricultural land is embedded within the rural areas and agriculture is practiced at a small scale. Though government development programmes are put in place to promote entrepreneurship, most agribusinesses are still encountering challenges that stagnates entrepreneurial activities.

The aim of the research study was to develop an entrepreneurial framework to enhance the agricultural sector within the Limpopo Province. The study was conducted in Greater Sekhukhune District Municipality (GSDM), which is an identified nodal point by government. In order to encourage more farmers or people to start their own agribusinesses this study was conducted in five municipalities of GSDM: Elias Motsoaledi, Fetakgomo, Makhuduthamaga, Marble Hall and Tubatse. A stratified random sampling was used and 54 farmer entrepreneurs participated in the survey.

Farmers that are supported by the provincial department of agriculture through development programmes and those that are actively participating in agricultural activities within the identified municipalities took part in the study. Entrepreneurial levels amongst the farmers were assessed as well as the problems that they believe hinder entrepreneurial spirit within the district.

The survey findings revealed that most farmer entrepreneurs are in the age group of 40 to 59, have mostly four to five children and have completed Grade 12. The majority of the agribusinesses operate under a mixed farming system comprising both livestock and crop production. Most have been in business for more than five years.

Motivation into self employment include the need for independence, need for challenge, existing opportunities, need high job security, insufficient family income, role models and difficulty in finding jobs.

Impediments to entrepreneurship have been indicated as follows: Lack of education and training, limited competency in managerial expertise, inadequate entrepreneurial services, inaccessible and distant markets, lack of infrastructure, financing, lack of business network, and limited access to information.

Since this study aimed to develop an entrepreneurial framework to encourage agricultural entrepreneurship, the following recommendations were made based on the findings of the survey:

- Enhance the environment for entrepreneurship by creating the right culture and conditions for entrepreneurship.
- Create the right agricultural entrepreneurial policy.
- Invest in a high quality, integrated system of support services.
- Foster entrepreneurship education at all levels to ensure capacity building for diverse enterprises.
- Strengthen business to business networking opportunities.
- Monitor and evaluate entrepreneurship support interventions.

List of key terms: entrepreneurship; entrepreneurship in agriculture; SMME & entrepreneurship; economic development; entrepreneurial framework.

ACKNOWLEDGEMENTS

- To my study leader and Director of the Potchefstroom Business School, Prof. Tommy du Plessis, for his guidance resulting in the success of this study.
- To my mother, Julia, for her unconditional love, encouragement, consistent support and prayers. 'Ke a leboga Ngwaga', I am truly blessed.
- To my sister, Lala and family Tina & Reitumetse; my brother Maisha and his daughter Reshoketswe, thank you so much for being my pillar of strength. I am grateful to have you as my siblings.
- To all the officials of the Limpopo Department of Agriculture who assisted in mobilising farmers, data collection and assisting in the research process; I appreciate your support.
- To all the farmer entrepreneurs within the Greater Sekhukhune District Municipality who took part in this research study, I wish you prosperity and growth in your agribusinesses.
- **Above all;** To the ALMIGHTY who guided me successfully throughout the study period. You are my Alpha and Omega.

TABLE OF CONTENTS

CHAPTER 1: INTRODUCTION AND PROBLEM STATEMENT

1.1	INTRODUCTION	1
1.2	BACKGROUND TO THE PROBLEM	2
1.3	PROBLEM STATEMENT	4
1.4	RESEARCH OBJECTIVES	5
1.4.1	Primary objective	5
1.4.2	Secondary objectives	5
1.5	RESEARCH METHODOLOGY	6
1.5.1	Literature review	6
1.5.2	Empirical research	6
1.5.3	Research instrument	6
1.5.4	Sampling method	7
1.5.5	Sample frame	7
1.5.6	Participants	7
1.5.7	Data analysis procedure	7
1.6	DIVISION OF CHAPTERS	7
	REFERENCES	9

CHAPTER 2: AN ENTREPRENEURIAL FRAMEWORK TO ENHANCE THE AGRICULTURAL SECTOR IN A DISTRICT OF THE LIMPOPO PROVINCE

	ABSTRACT	11
2.1	INTRODUCTION	12
2.2	PROBLEM STATEMENT	12
2.3	LITERATURE REVIEW	14
2.3.1	Introduction	14
2.3.2	Defining entrepreneurship	15
2.3.3	Entrepreneurship in the agricultural sector (farming context)	16

2.3.4	Defining SMMEs	19
2.3.5	Types of entrepreneurship	20
2.3.6	Characteristics of entrepreneurs and entrepreneurship	21
2.3.7	Challenges facing entrepreneurs	24
2.3.7.1	Lack of education and skills	24
2.3.7.2	Finance	24
2.3.7.3	Government policies and programmes	25
2.3.7.5	Physical infrastructure	25
2.3.7.6	Business information services	25
2.3.7.7	Access to markets	25
2.3.8	Factors enhancing entrepreneurial development	27
2.3.8.1	Education and skills	27
2.3.8.2	Government support programmes	27
2.4	RESEARCH METHODOLOGY	28
2.4.1	Introduction	28
2.4.2	Overview of the geographical study area	29
2.4.3	Research design	30
2.4.3.1	Literature review	30
2.4.3.2	Empirical research	31
2.4.3.3	Sample frame	31
2.4.3.5	Pilot testing of the questionnaire	32
2.4.3.6	Distribution of questionnaires	32
2.4.3.7	Statistical analysis procedure	32
2.5	RESULTS AND DISCUSSION	32
2.5.1	Introduction	32
2.5.2	Results	33
2.5.2.1	Biographical information	33
2.5.2.2	Business information of respondents	37
2.5.2.3	Assessing entrepreneurship level	53
2.5.3.4	An analysis of the constraints in promoting entrepreneurship	44
2.5.3.5	Developmental needs of farmer entrepreneurs	46
2.5.4	DISCUSSIONS	48

2.5.4.1	Educational background and general business management skills	48
2.5.4.2	Entrepreneurial qualities and skills	50
2.5.4.3	Age group of agribusiness	51
2.5.4.4	LDA support programmes	52
2.5.4.5	Form of business	53
2.5.4.6	Obstacles that could inhibit entrepreneurship	53
2.5.4.7	Development needs of respondents	53
2.6	SUMMARY	54
	REFERENCES	55

CHAPTER 3:	CONCLUSIONS, LIMITATIONS OF THE STUDY AND RECOMMENDATIONS	61
3.1	INTRODUCTION	61
3.2	BACKGROUND	61
3.3	CONCLUSIONS	64
3.4	RECOMMENDATIONS	65
3.4.1	Enhancing the environment for entrepreneurship by creating the right culture and conditions for entrepreneurship	68
3.4.1.1	Communication, information and influencing	68
3.4.1.2	Survey on entrepreneurship potential	69
3.4.2	Integrated agricultural entrepreneurship support policy	69
3.4.3	Integrated and coordinated agribusiness support for all	70
3.4.4	Foster entrepreneurship education and training at all levels to ensure capacity building for diverse enterprises	70
3.4.5	Strengthen business-to-business networking opportunities	71
3.4.6	Monitoring and evaluation business development interventions	71
	REFERENCES	73

APPENDIX A:	RESEARCH QUESTIONNAIRE	74
APPENDIX B:	NATIONAL SMALL BUSINESS ACT NO 102 OF 1996	87
APPENDIX C:	ASSESSMENT OF THE IMPORTANCE OF SKILLS IN BUSINESS OPERATIONS	90

APPENDIX D: ANALYSIS OF THE OBSTACLES IN PROMOTING ENTREPRENEURSHIP	92
APPENDIX E: ANALYSIS OF OBSTACLES IN PROMOTING ENTREPRENEURSHIP	94
APPENDIX F: ENTREPRENEURIAL SKILLS LEVEL OF RESPONDENTS	95
APPENDIX G: SKILLS LEVEL OF RESPONDENTS	96
APPENDIX H: SKILLS LEVEL OF RESPONDENTS	97

LIST OF TABLES

Table 2.1	Legal status of participating businesses	39
Table 2.2	Obstacles perceived to hinder entrepreneurial activities	44
Table 2.3	Important factors in business operation	45
Table 2.4:	Skills level of respondents	46
Table 2.5:	Entrepreneurial skills level of respondents	47
Table 2.6	Professional and business skills level	47

LIST OF FIGURES

Figure 2.1: Map of Limpopo Province depicting GSDM and its five local municipalities	30
Figure 2.2: Age group descriptions of respondents	33
Figure 2.3: Marital status of respondents	34
Figure 2.4: Gender of respondents	34
Figure 2.5: Highest academic qualifications	35
Figure 2.6: Number of children of respondents	36
Figure 2.7: Past experience immediately before self-employed	36
Figure 2.8: Location of agribusiness within GSDM	37
Figure 2.9: Knowledge of LDA support programmes	37
Figure 2.10: Age of the business in years	38
Figure 2.11: Core farming business	39
Figure 2.12: Position on the farm	40
Figure 2.13: Number of employees in the agribusinesses assessed	40
Figure 2.14: Value of capital assets and annual turnover	41
Figure 2.15: Motivational factors to self-employment	42
Figure 2.16: Personal characteristics of respondents	43
Figure 2.17: Specific developmental needs of respondents	48
Figure 3.1: An entrepreneurial framework to enhance the agricultural sector in a district of the Limpopo province	67

LIST OF ABBREVIATIONS

CASP	Comprehensive Agricultural Support Programme
GEM	Global Entrepreneurship Monitor
GDP	Gross Domestic Product
GSDM	Greater Sekhukhune District Municipality
NAMC	National Agricultural Marketing Council
LADA	Limpopo Agribusiness Development Academy
LADEP	Limpopo Agricultural Development Programme
LDA	Limpopo Department of Agriculture
LRAD	Land Redistribution and Agrarian Development
MEC	Minister of Executive Council
MERECAS	Mechanization Revolving Credit Access Scheme
RESIS	Revitalization of small Holder Irrigation Schemes
PGDS	Provincial Growth and Development Strategies
OECD	Organisation for Economic Co-operation and Development
SMME	Small, Medium and Micro Enterprises
SME	Small and Medium Enterprises
TEA	Total Early-Stage Entrepreneurial Activity Index

CHAPTER 1

INTRODUCTION AND PROBLEM STATEMENT

1.1 INTRODUCTION

In the field of entrepreneurship study it has been common to associate entrepreneurship especially with innovative and dynamic developments within the Small, Micro and Medium Enterprise (SMME) sector, and consequently to view entrepreneurship as the creation of new business enterprises (Baeva, 2004:2). SMMEs all over the world are known to play a major role in social economic development. The creation of an entrepreneurial economy has been identified by most developing countries as the key to sustainable economic development.

In South Africa, SMMEs contribute significantly to employment creation, income generation and stimulation of growth in both urban and rural areas. They employ about 72% of the workforce and contribute 28% to the Gross Domestic Product (GDP) of the country (Van der Linde, 2006:69).

In the Limpopo province, entrepreneurship along the co-operatives model is regarded as a vital tool to encourage communities to participate in the economic mainstream at the local level (Provincial Growth and Development Strategy (PGDS), 2004-2014:26). The provincial government considers SMMEs as the key to create employment, to empower previously disadvantaged communities and to alleviate poverty. The agricultural sector regards all the various businesses involved in food production, including farming and contract farming, seed supply, agrichemicals, farm machinery, wholesale and distribution, processing, and marketing as agribusinesses and categorised under SMMEs (Limpopo Department of Agriculture(LLDA) Strategic Plan, 2005/2006:5).

1.2 BACKGROUND TO THE PROBLEM

While the worlds of agriculture are vast, varied, and rapidly changing, with the right policies and supportive investments at local, national, and global levels, today's agriculture offers new opportunities to hundreds of millions of the rural poor to move out of poverty. Pathways out of poverty are also opened through small scale farming and animal husbandry, employment in the new agriculture of high-value products, entrepreneurship and jobs in the emerging rural, and on farm economy (World Development Report, 2008:1).

The agricultural sector, defined as all activities relating to agricultural input provision, farming and the processing and distribution activities that add value to farm products, remains an important sector in the South African economy despite its small direct share of the total GDP (Strategic Plan for South African Agriculture, 2001:1). It is also a springboard for agribusinesses, and creates linkages with both the private and public business sector (National Agricultural Marketing Council (NAMC) Strategic Plan, 2006/2007:2).

Limpopo province has experienced faster than average economic growth in recent years primarily due to buoyant growth in the agricultural, power, tourism and mining sectors. These sectors hold significant economic potential for future growth. Mining, tourism and agriculture have been identified as the main driving forces for economic development and prosperity together with its associated manufacturing industries (PGDS, 2004-2014:4). The province contribution to the national economy has been increasing steadily from 5.7% in 1995 to 6.5% in 2002 (Statistics South Africa Discussion Paper, 2002:20). Nonetheless, with regard to job creation, diversification and poverty reduction, the situation still needs to be improved by taking advantage of existing opportunities.

It is indicated in the budget speech that in light of the current rate of job creation and population growth, the unemployment situation is likely to worsen over the

rest of the decade to more than 53% by 2010 within the province (Chabane, 2008:33). Hence, the provincial agriculture seeks to transform from a low productivity agricultural economy to a semi industrialised one that is lead by modernised and highly productive agricultural activities.

Within the provincial agricultural sector numerous support programmes exist to leverage famers in starting and growing agribusinesses. The support ranges from ensuring access to land through the Land Reform for Agricultural Development Programme (LRAD); provision of infrastructure through the Comprehensive Agricultural Support Programme (CASAP); provision of farm machinery and equipment through the Mechanisation Revolving Credit Access Scheme (MERECAS); production inputs; access to finance and credit services through Micro Finance in South Africa (MAFISA); capacity building on primary agricultural production technical skills, and business management practices at the agricultural training centres through the Limpopo Agribusiness Development Academy (LADA).

More support is geared towards raising people out of poverty, where interventions strive to change the mindset of people in taking agriculture as a business and not only as a way of living. The main challenge for support interventions is to unlock the untapped potential within the society and to increase the participation of all role players in the sector across the value chain.

Recently, the goal of LDA has shifted from focusing on production only but also aims at transforming the sector to generate higher and sustainable farm incomes, increased rural per capita incomes, and rural development. This will improve household food security and create the basis for the increased transfer of resources that are currently used in agriculture to other growing sectors of the economy on a regular and economically rational basis (D'haese & Kirsten, 2003: r2).

The department also continues to design and implement a number of programmes in support of the development of the sector. The need was identified to channel efforts, resources and to place appropriate support systems in the districts to improve employment opportunities that people could exploit in order to improve their livelihoods. The incentives and rewards system is also implemented through competitions to showcase the outstanding performance of agricultural entrepreneurs (Magadzi, 2008/2009:8) and to unlock the entrepreneurship potential within the agricultural sector.

1.3 PROBLEM STATEMENT

South Africa has low entrepreneurial activity rates due to a high start-up failure rate relative to other developing countries. Raising entrepreneurial activity could therefore play a considerable role in promoting economic development in South Africa. Corrective measures should seek to boost the farmers' levels of entrepreneurship, adopting the most appropriate approach for producing more entrepreneurs and for getting more agribusinesses to grow. Encouraging and releasing people's entrepreneurial energies are essential keys to the achievement of greater economic prosperity in a country and to the continuing regeneration of its economy over time (Harper, 2003:45).

In the province, many people seized the opportunities from existing comprehensive support rendered by various LDA development programmes and started their agribusinesses. Nevertheless, most of the established farming enterprises are unable to grow and formalise into viable agribusinesses. There is still a growing trend of these established agri-businesses falling off before even reaching its maturity stage. Many farming enterprises fail to grow beyond the typical marginal existence despite the evident support available from government, private and non governmental institutions.

The challenge in the province lies in assessing the level of entrepreneurial activities and key factors that would constitute a framework which can be used as a basis for building a climate in which entrepreneurial initiatives can thrive. This study explored why the majority of start-up agribusinesses fail in spite of the support that government renders to the agricultural sector. It aimed to measure the levels of entrepreneurship amongst the farmers within their farming areas in GSDM and identified favourable conditions to enhance entrepreneurial activities.

1.4 RESEARCH OBJECTIVES

1.4.1 Primary objective

The primary objective of the study was to investigate levels of entrepreneurial activities in the agricultural sector and devise the framework whereby the Limpopo provincial agricultural sector could be able to measure the extent of entrepreneurship within the province and devise strategies to create a favourable climate where entrepreneurial spirit will thrive.

1.4.2 Secondary objectives

The secondary objectives include:

- To identify the determinants of entrepreneurship applicable to the farmer and the extent in which they could enhance entrepreneurial efforts;
- To define what farmers need in order to develop entrepreneurial capacity to strengthen and grow their agribusinesses.

1.5 RESEARCH METHODOLOGY

The research method is divided into two sections: the literature review and the empirical study. It describes the methodological approach used and the choice of techniques used to collect data. It further elaborates on the experience of field work during data collection, the respondents who were involved in the study and how data was collected from the study area. It gives a description of the data analysis process.

1.5.1 Literature review

Secondary data could provide a starting point for research and offer the advantage of low cost and availability (Kotler, 2003:131). Information on the literature review was obtained from books, journals and published data, government articles and newsletters. The internet was used to understand the concept of entrepreneurship and gain insights on the entrepreneurship concept.

1.5.2 Empirical research

In order to achieve the primary objective of determining an entrepreneurial framework to enhance the agricultural sector in Limpopo province, an empirical survey was conducted. Primary data was collected using a structured questionnaire to determine the provincial agricultural entrepreneurial activities. The method is supported by Saunders *et al.* (2000:188) that state that primary data can be collected by questionnaires, a summary from interviews, the researcher's observations and documents.

1.5.3 Research instrument

The research instrument for collecting primary data consisted of a structured questionnaire because of its flexibility (Kotler, 2003:133). Cummings and Worley (2005:116-117) justify that one of the most efficient ways to collect data is through questionnaires. Close-ended questions specify all the possible answers

and provide data that are easier to interpret and tabulate. Semantic differential type questions were used with ratings. A questionnaire was distributed to the sampled population to be completed.

1.5.4 Sampling method

A stratified random sampling method was used. The sample was chosen from agribusinesses from five municipalities within the GSDM, which is the focus geographical area of the study. Agribusinesses were categorised according to its economic activities they are involved in. The sample was selected from various commodity groups ranging from agronomic crops, horticultural crops, and livestock. The data were collected from the LDA customer database for sampling.

1.5.5 Sample frame

The population consisted of 157 farmers who are the beneficiaries of LDA development support programmes. Identified farmers were interviewed to gain greater insight into the entrepreneurial conditions within the GSDM.

1.5.6 Participants

A sample of (n=60) beneficiaries was randomly selected from the LDA database of farmers. The requirements for the sample had been that each participant should be a beneficiary of LDA support programmes and that they are actively involved in agricultural activities within the jurisdiction of the municipality. Participants were interviewed face to face using a structured questionnaire.

1.5.7 Data analysis procedure

Data collected were analysed using the SPSS computer program (SPSS Software, 2008) from the North-West University in Potchefstroom.

1.6 LIMITATIONS OF THE STUDY

The following aspects have been identified as limitations of this study:

1.6.1 Limited geographical scope of the study

The study focused only on the agricultural entrepreneurs within the rural areas of the Limpopo Province. This is a limitation in the sense that the findings of the study cannot be taken as a general representation of the entrepreneurs within the agricultural sector for the rest of South Africa.

1.6.2 Limited sample size of farmers

The study only focused and based conclusions and recommendations on 54 agricultural entrepreneurs who had participated in the research process. This is a limitation in the sample size since administering to a larger group might have brought a different insight to the study.

1.6.3 Limited time to conduct quantitative survey

The lack of time and financial resources to conduct a more detailed and thorough quantitative empirical survey can be stated as another limitation of this study. The lack of time is attributable to the author working fulltime, and studying on a part-time basis. The limitation resulted in a different understanding of the entrepreneurship concept and process.

Notwithstanding the limitations of this study in terms of sample size and selection, geographical concentration, and methodological restrictions, and limited time of the researcher, a number of recommendations may be offered in light of the findings.

1.7 DIVISION OF CHAPTERS

This study followed an article format and was divided into three chapters. A brief overview of the contents of the chapters is given below.

Chapter 1 outlines the scope of the study. It includes the introduction, background to the problem, the problem statement, research objectives of the study and the methodology used to determine an entrepreneurial framework to enhance the agricultural sector in Limpopo Province. The chapter concludes by giving a brief overview of the division of chapters.

Chapter 2 highlights the literature review, articulates and explores the entrepreneurship concept broadly. Entrepreneurship concepts, SMMEs, types of entrepreneurship, and factors determining entrepreneurship were explored to gain insight. The chapter also comprises the empirical study. It further describes experiences of fieldwork during data collection, the respondents who were involved in the study and how data was collected from the study area. It gives a description of the data analysis process. The chapter outlines the results and elaborates on the findings which justify the need to have an entrepreneurial framework as a guideline to enhance the agricultural performance within the province.

Chapter 3 provides detailed conclusions drawn from the research findings in respect to the aforementioned objectives and in consideration of the limitations of the research study. The researcher also outlines the recommended entrepreneurial framework for the province.

REFERENCES

BAEVA, M. 2004. Export: challenge to Bulgarian women entrepreneurs. Club of women entrepreneurs and managers. Bulgaria: Montrea. 4 p.

CHABANE, C. 2008/2009. Budget speech presented by Limpopo MEC for Economic Development, Environment and Tourism, Mr. Collins Chabane during presentation of the Departmental Budget Vote 2008/09, Limpopo Legislative Chambers, Lebowakgomo. 8 May 2008.

CUMMINGS, T. G. & WORLEY, C. G. 2005. Organization and development and change. 8th ed. Mason, OH: South-Western.

D'HAESE, L. & KIRSTEN, J. 2003. Rural development: focusing on small scale agriculture in Southern Africa. Pretoria: University of Pretoria. [Web]: <http://hdl.handle.net/1854/LU-218514> Date of access: 10 July 2009. 12 p.

KOTLER, P. 2003. Marketing management. 11th ed. USA: Prentice-Hall.

HARPER, D.A. 2003. Foundations of entrepreneurship and economic growth. London: Routledge. 45 p.

LIMPOPO DEPARTMENT OF AGRICULTURE STRATEGIC PLAN. 2005/2006. From farming to agricultural industrial development. [Web]: <http://www.treasury.gov.za/documents/provincial%20budget/2005/Provincial%20Strategic%20and%20Performance%20Plans/Annual%20Performance%20Plans/Limpopo/LP%20-%20Vote%2004%20-%20PSPP%20-%20Agriculture.pdf> Date of access: 17 August 2009.

LIMPOPO GROWTH AND DEVELOPMENT STRATEGY. 2004-2014. Development is about people. [Web]: <http://www.limpopo.gov.za/home/Limpopo%20Growth%20and%20Development%20Strategy.pdf> Date of access: 17 August 2009.

MAGADZI, D. 2008/9. Limpopo Department of Agriculture Budget Speech 2008/09, delivered by MEC Dikeledi Magadzi at Lebowakgomo. 11p.

SAUNDERS, M., LEWIS, P. & THORNHILL, A. 2000. Research methods for business students. 2nd ed. London: Prentice-Hall.

SPSS INC. 2007 SPSS® 16.0 for Windows, Release 16.0.0, Copyright© by SPSS Inc., Chicargo, Illinois. www.spss.com.

STATISTICS SOUTH AFRICA. 2002. Discussion Paper. [Web]:
http://www.hsrc.ac.za/research/output/outputDocuments/4210_Altman_Labourmarketreferences.pdf Date of access: 17 August 2009. 20 p.

NATIONAL AGRICULTURAL MARKETING COUNCIL STRATEGIC PLAN. 2006-2007. [Web]:
<http://www.namc.co.za/ASSETS/PDF/Strategic%20Plan%202007.pdf> Date of access: 11 July 2009.

STRATEGIC PLAN FOR SOUTH AFRICAN AGRICULTURE. 2001. Pretoria: Department of Agriculture, Directorate Agricultural Information Services. [Web]:
<http://www.nda.agric.za/docs/sectorplan/sectorplanE.htm> Date of access: 19 July 2009.

VAN DER LINDE, B. 2006. Give us a hand: small companies don't take advantage of tax relief. *Finweek*, 69, 4 May.

WORLD DEVELOPMENT REPORT. 2008. Agriculture for Development. [Web]:
<http://www.sarpn.org.za/documents/d0002431/index.php> Date of access: 6 May 2009.

CHAPTER 2

AN ENTREPRENEURIAL FRAMEWORK TO ENHANCE THE AGRICULTURAL SECTOR IN A DISTRICT OF THE LIMPOPO PROVINCE

ABSTRACT

Entrepreneurship has become a critical part of economic development strategies in the world. The role of entrepreneurship in economic development is the subject of interest to academic and policy circles and is also credited with many positive change including job creation, wealth creation and innovation. In South Africa, government has prioritised the development of SMMEs to curb unemployment rate. Nonetheless, South Africa has the lowest entrepreneurial activity rate according to the Global Entrepreneurship Monitor (GEM) reports. Research indicates that starting a business is a risky process that involves cycles of failure, and South Africa has a harsh attitude towards failure, which inhibits many potential entrepreneurs to take the plunge.

Research studies indicate that failure in starting and growing businesses mostly is attributable to the lack of resources such as finance, infrastructure, markets, information, education and skills. On the other hand, the ability of the individual also plays a key role in determining the success rate of the businesses. For SMMEs to thrive there is a need to foster an entrepreneurial climate that will stimulate opportunities and attract individuals to launch businesses.

Agriculture along with primary food processing is regarded as one of the largest suppliers of job opportunities worldwide and remains the lifeblood of the country's

economy. Thus, encouraging an entrepreneurial culture is essential for the future wellbeing of the country and the economy as a whole. Therefore, this study aimed to provide a contribution in this direction by developing an entrepreneurial framework to stimulate entrepreneurship within the farming context of the Greater Sekhukhune District Municipality in the Limpopo Province.

2.1 INTRODUCTION

Recently, attention is focused on the SMMEs sector in both developed and developing countries. A viable small business sector and entrepreneurship are generally linked to a strong economy (Beck *et al.*, 2005:199). Entrepreneurship has become a critical part of economic development strategies and it is globally considered as the engine of economic development and credited with many positive changes in developing countries. The SMME sector has the potential to address socio economic challenges and without small business development, an economy stagnates, unemployment levels continue to rise and the general standard of living deteriorates.

Entrepreneurial activity plays a critical role in the production and delivery of goods and services to communities. It creates jobs and enhances productivity and economic growth. Yet, only a small fraction of all individuals who wish to become entrepreneurs, start their own businesses. More importantly, few of these new entrepreneurial firms are able to grow beyond their marginal existence (Orford *et al.*, 2004:45).

2.2 PROBLEM STATEMENT

It has been proven that countries with successful economies have a very high rate of entrepreneurship: 3.5 million businesses are created in the United States every year (Timmons & Spinelli, 2003:52). The increase in unemployment in

South Africa is not producing enough entrepreneurs who can contribute to job creation. The low conversion Total Entrepreneurial Activity (TEA) rate (Maas & Herrington, 2006:12) emphasises that most entrepreneurs neither devote adequate time to contemplate the future, nor take necessary steps to regularly recap the performance of their business operations (Diercks, 2006:1).

In Limpopo Province, government is willing and committed to provide its resources to render support to the agricultural sector to ensure competitiveness. This was an emphasis placed by the former Minister of Executive Council (MEC) for Agriculture (Magadzi, 2008/2009:11) in a Budget speech highlighting the government's drive to promote innovation and job creation in the province aiming to enhance the competitiveness of the agricultural sector. In addition, she indicated that it is necessary to have innovative and creative farmers to match the new risks and be able to compete effectively within the fluctuating economic conditions.

Notwithstanding the support from government, entrepreneurial activities within the agricultural sector are done mainly for survival as opposed to return on investment at community level and thus contribute minimally to the provincial economy. The challenge for the provincial agricultural sector is to identify key factors for building a climate in which entrepreneurial initiative and business activities can thrive within the rural sectors.

The significance of entrepreneurial activities within the province requires entrepreneurship conditions to be enhanced. The study therefore investigates the entrepreneurial levels of farmers within the GSDM in the province and identifies factors that would improve and foster entrepreneurship to increase economic dynamism through creation of a favourable environment for stimulating entrepreneurial activities.

2.3 LITERATURE REVIEW

2.3.1 Introduction

There is growing pressure for farmers to become more all-round entrepreneurs, diversifying away from the production of crops and livestock as raw commodities for transformation further up the supply chain. This include the production of specialty food products for niche markets; the provision of services to other farmers and rural businesses; the use of agricultural assets to attract paying visitors, and the employment of the farmer and or members of the farm household in other occupations such as teaching or consultancy (Warren, 2004:372).

The environment of the farm business is changing increasingly fast. The business environment is no longer simple and straightforward, but becomes increasingly complicated. Some of the major trends as described by De Wolf and Schoorlemmer (2007:11) are as follows: globalisation of the market; legislation; changing consumer demands, as seen in a stronger demand for food safety and product quality and a changing food consumption pattern; changes in the supply chain; scale increase of retailers and supermarkets and a growing demand for quality control and quality assurance; changing environment and growing pressure on the rural area; growing demand for non-agricultural functions and services; climate changes, and increasing energy prices.

The structural changes in the environment of farm businesses recommend that a dynamic force associated with entrepreneurship is relevant in the present farm context for survival of farm businesses. Thus placing an emphasis on entrepreneurship is understandable since it is considered to be a crucial dynamic force in the general development of small businesses. In an effort to develop the entrepreneurial framework, the literature will be reviewed to form the basis for the construction of the study.

2.3.2 Defining entrepreneurship

Entrepreneurship is a multi-faceted phenomenon and has been a topic of long-standing concern in economics, but there remains little consensus on this concept. The word entrepreneurship means to undertake something, to pursue opportunities; to fulfil needs and wants through innovation and starting a business (Kuratko & Hodgetts, 2001:28) or literally translated means 'between taker' or 'go-between' (Hisrich & Peters, 1998:154).

From a psychological perspective, entrepreneurship is a way of thinking, reasoning and acting that is opportunity obsessed, calls for a holistic approach and leadership balanced as defined by Timmons (1999:25). In the same light, entrepreneurship is the mindset and process to create and develop economic activity by blending risk-taking, creativity and innovation with sound management, within a new or an existing organisation.

Entrepreneurship is a dynamic process of creating wealth by individuals who assume the major risks in terms of equity, time and career commitments of providing value for some product or service (Wennekers & Thurik, 1999:35). The product or service might not be new or unique, but must somehow be infused by the entrepreneur securing and allocating the necessary skills and resources (Kuratko & Hodgetts, 2001:45). In other words, it is the application of energy for initiating and building an enterprise which can be in any economic sector, can be any of size and can be either formal or informal.

In support of the above definitions, Kao (1993:5) defines entrepreneurship as a process of doing something new, or the ability to create and build something out of practically nothing (Timmons & Spinelli, 2003:1) and something different for the purpose of creating wealth for the individuals and adding value to the society. It is believed as a knack for sensing an opportunity where others see challenges. It is also the ability to build a founding team and to complement own skills and talents.

In summary, entrepreneurship can be defined as having four key components. Firstly it involves a process and is therefore manageable. Secondly, it creates value in organisations and the marketplace where there was nothing before. Thirdly, it requires resources uniquely integrated to create the value. Fourthly, it is the outcome of an identified opportunity. The degree of entrepreneurship is dependent on three dimensions; innovativeness, risk-taking and pro-activeness (Morris *et al.*, 2001:35)

2.3.3 Entrepreneurship in the agricultural sector (farming context)

Farmers are defined by McElwee and Robson (2005:86) as those occupied on a part-time or full-time basis employed on a range of activities, which are primarily dependent on the farm and agriculture in the practice of cultivating the soil, growing crops and raising livestock as the main source of income. For the purpose of the study, the definition is also extended to farmers who are involved in value addition activities such as packaging, processing and distribution.

Research into entrepreneurship draws upon many disciplinary foundations which include: anthropology, economics, history, politics, sociology, and geography (Winter, 1997:363). However, the research into the area of farm entrepreneurship and the applicability of research methods commensurate with other business sectors is a relatively new phenomenon as is evidenced by the relative paucity of literature (McElwee, 2004:7). This is also supported by Warren (2004:372) when stating that farming is an important part of the United Kingdom's SMMEs, although it rarely figures in discussions on small business development and entrepreneurship.

For Knudson *et al.* (2004:1331), the role of entrepreneurship and innovation has been given little emphasis in agricultural economics; however, it has become a priority with policy makers and is a critical aspect of value added agriculture. It is noted that few techniques associated with the generic entrepreneurship literature

have also been used to inform farm entrepreneurship research. This literature search identified a few articles that attempt to define farm entrepreneurship and limited articles which attempt to apply literature from other sectors to the farm sector.

Entrepreneurship is the creation of an innovative economic organisation or network of organisations for the purpose of gain or growth under conditions of risk and uncertainty. This definition, however, assumes that all farmers are engaged in the farm business for financial gain or growth (Dollinger, 2003:5). Another definition of an entrepreneur most appropriate and relevant to the farm sector state that entrepreneurs are individuals who manage a business with the intention of expanding that business and with the leadership and managerial capabilities for achieving their goals (Gray, 2002:61).

Farm entrepreneurship equates to all the activities, which help farmers to adjust to a free market economy (McElwee, 2004:67). The development of entrepreneurship means also a change of quality of management in the process of farming. The necessary condition for risk reduction in activities other than farming in rural areas necessitates the organisation and support of local community government. In view of Zmija (2001:11-12), entrepreneurial development in rural areas has been connected with a progressive modernisation of agriculture and is connected with multifunctional rural development. The aims of entrepreneurial development in agribusiness are modernisation and reconstruction of fragmented agriculture, building an agriculture environment and creating new jobs in rural areas (Fizelj, 2001:11-12).

The changing environment of farming necessitates farmers to develop their farm businesses and its activities in economic terms in order to survive and be successful. Worthy of note is the division of farming businesses into three strategic orientations: conventional, value-adding and non-food diversification, which describe the ongoing responsive changes on farms. This division implies

that it is no longer sufficient simply to practice primary production on the farm in order to obtain a living for the family and contribute to the continuity of the work of preceding generations. Instead, active measures need to be taken, especially those that are strategically relevant from the perspective of economic goals in business.

The definition of entrepreneurship in agriculture has changed over the years. In the past, being a good entrepreneur was being a good craftsman, whilst striving for a high level of production and product quality and making efficient use of inputs, (Lauwere *et al.*, 2002:166). The focus on craftsmanship to be cost efficient needs now to be combined with the challenge for sustainable production through finding a balance between people, planet and profit. Entrepreneurship has become probably the most important aspect of farming and will increasingly continue to be so (Smit, 2004:15).

Entrepreneurship is relevant within the agricultural context because farmers need to find ways to adapt their businesses to the changing situation. The ongoing changes bring with them new opportunities for farm business, and do not simply narrow down or extinguish previous operational preconditions (Bryant, 1989:337). From this perspective, entrepreneurship is needed in order to recognise and exploit these opportunities since it is connected with finding ways and means to create and develop a profitable farm business.

As this research aims to develop a framework to encourage agricultural entrepreneurship, then it is defined as the activities and processes in the farming sector when starting a business or exploring industries with a view to profiting from the investment. These business activities can be conducted either informally by individuals and families or by business organisations such as companies, self employed entrepreneurs or intermediaries. When pursuing an investment profit, farmers make decisions and take full responsibility for their profits and losses. They decide what products or services they wish to provide to meet market

demand and face investment and management risks, which is the main distinction between entrepreneurs and employees.

2.3.4 Defining SMMEs

Small business means a separate and distinct business entity, including co-operative enterprises and non-governmental organisations, managed by one owner or more which, including its branches or subsidiaries, if any, is predominantly carried on in any sector or subsector of the economy in accordance with the industrial classification and which can be classified as a micro, a very small, a small or a medium enterprise (South Africa, 1996:4).

Although reference is often made to SMMEs as a sector, there is in fact an array of variety and diversity between the types of businesses in the overall category.

The new SMME policy distinguishes between the following within the agricultural industrial classification (Appendix B):

Micro-enterprises also referred to as informal sector enterprises: Although they may employ up to five people, they typically employ only one or two people, including the owner, and may even be part-time operations. They typically operate in an unstructured way, usually from residential premises, and lack formal registration. They can have a turnover of up to R0.15 m per year with total gross asset value of less than R0.10 m (South Africa, 1996:4).

Small enterprises: These operate in a more structured way, and may have links to medium or large scale firms as markets for their goods and services. They have up to 50 employees and an annual turnover of less than R2.0 m and total gross asset value of R2.0 m (South Africa, 1996:4).

Medium enterprises: These have a more outward looking approach to marketing their products, and may be involved in exporting and have links to larger firms, both of which present good opportunities for growth. They have

between 25 and 100 employees and an annual turnover of between R4.0 m and total gross asset value of R4.0 million (South Africa, 1996:5).

2.3.5 Types of entrepreneurship

There are various ways in which authors classify or segment entrepreneurship such as independent entrepreneurs, corporate spin-offs and intrapreneurs (Rwigema & Venter, 2004:7). Others use size to distinguish entrepreneurial businesses into small, micro and medium as a preferred approach. However, another popular way to categorise entrepreneurship, as identified by Dzansi (2004:120; Foxcroft *et al.*, 2002:14) is as either necessity or opportunity driven.

The distinction between necessity and opportunity entrepreneurship is largely reliant upon the motivation for activity. Opportunity driven entrepreneurs focus on identifying and exploiting business opportunities for profit making (Reynolds *et al.*, 2005:45) and are pulled into entrepreneurship more out of choice, whereas necessity driven entrepreneurs are forced into the situation to avoid unemployment and they have no option (Foxcroft *et al.*, 2002:14). Opportunity entrepreneurship refers to active choices individual have to start a new enterprise based on the perception that an unexploited or under exploited business opportunity exists. Timmons (1994:87) states that an opportunity has the qualities of being attractive, durable, and timely, and is anchored in a product or service which creates or adds value for its buyer or end-user.

Necessity entrepreneurs constitute an important part of the total set of entrepreneurs in developing countries, and are relatively less common in developed countries. For example, rates of necessity entrepreneurship for Brazil, Argentina, India and Chile ranged between 6.5% and 7.5% in 2002, compared to 0.33% and 0.43% in Denmark and Finland, respectively (Cowling & Bygrave 2002:27). In 2003, approximately 37% of entrepreneurs in South Africa were necessity entrepreneurs (Orford *et al.*, 2004:21).

The other distinction lies in the skills gap wherein the necessity entrepreneurs lack education and training (Driver *et al.*, 2001:14). These types of entrepreneurs often lack the required general business skills and resources to create sustainable business which could possibly contribute to the low conversion rate in South Africa. Push factors such as unemployment, retrenchments and affirmative action force people to become necessity entrepreneurs just to survive and provide for immediate needs and could well be perceived as reasons for hindering entrepreneurship in South Africa (Maas & Herrington, 2006:12).

2.3.6 Characteristics of entrepreneurs and entrepreneurship

Individuals are widely recognised as the primary agents of entrepreneurial activity. Since the origin of any innovation, start-up or entrepreneurial decision is traceable to a single person, psychological studies on entrepreneurship concentrate on studying who an entrepreneur is and the personality traits of an entrepreneur. McClelland *et al.* (2005:85) indicate that entrepreneurial behaviour is driven by the need for personal achievement leading to a clear proclivity for becoming an entrepreneur. Therefore, one approach to fostering entrepreneurship is to strengthen the entrepreneurial traits of individuals.

Butler (2006:13) states that an entrepreneur is a complex combination of interacting factors. The combination and interaction of the following factors will determine both the way in which an entrepreneur engages in enterprising activities, and ultimately the degree of success that will be achieved:

- Personality – in terms of possessing resilience, tenacity, opportunity spotting and taking, and risk-taking;
- Attitude – having awareness of the importance of customer focus, the application of creativity and imagination, defines personal standards and values, the perception of enterprise as a positive activity;

- Skills – such as the ability to network, to think strategically, business knowledge and acumen, interpersonal skills and people management, to gain access to resources; and
- Motivation – personal drive and ambition, the desire to make an impact, need for achievement or self-satisfaction, desire for status, to create and accumulate wealth, social responsibility.

Regardless of variations in economic development, entrepreneurs with high motivation will almost always find ways to maximise economic achievement. McClelland *et al.* (2005:85) identifies ten personal entrepreneurial competencies for detecting and strengthening entrepreneurial potential, which are remarkably consistent from country to country:

- Opportunity seeking and initiative;
- Risk taking;
- Demand for efficiency and quality;
- Persistence;
- Commitment to the work contract;
- Information seeking;
- Goal setting;
- Systematic planning and monitoring;
- Persuasion and networking; and
- Independence and self-confidence

Van Aardt *et al.* (2000:9) points out that, although a vast number of research studies have been undertaken to identify the characteristics of a successful entrepreneur, to date no single researcher has been able to pinpoint the exact personality traits that will predict whether or not one will be successful as an entrepreneur.

2.3.4 Importance of entrepreneurship

The theoretical justifications for the role of entrepreneurship in economic development are relatively well discussed in the economics and management literature. Entrepreneurship achieves important functions related to efficiency, competition, product innovation, pricing and industry survival by acting either to disequilibrate, or to equilibrate, or to do both in the market (Hall, 2007:219).

Entrepreneurship in SMMEs is one of the basic features for catalysing economic development. SMMEs have been found to have a significant impact on the growth of economies through the generation of employment, productivity and innovation (Abor & Biekpe, 2006:105). In Eastern European countries, SMMEs are important contributors of growth and employment (Radovic, 2007:1). Apart from their key roles as job providers, entrepreneurs initiate technological innovation, production of new products and establishment of new enterprises. High measured levels of entrepreneurship will thus translate directly into high levels of economic growth (Zoltan, 2006:77).

Entrepreneurship is also viewed as the crucial mediator that transforms knowledge to the labour force via profit motivation and therefore it turns out to be the key determinant of sustainable economic growth. Long-term economic development due to human capital accumulation of factors such as knowledge and skills, scientific knowledge and technical skills is central to economic growth.

With nearly half of its population living in conditions of extreme poverty caused by a high unemployment rate, the economic realities of South Africa are harsh, though the promise of sustainable development remains bright (Maas & Herrington, 2006:22). By creating economic growth, South African entrepreneurs are proving to be at the heart of that promise, and a key weapon in the fight against poverty (Mboweni, 2000:17). It is therefore necessary for South Africa to be entrepreneurial and create new businesses that will, in turn, create more job opportunities and raise the standard of living for the society.

2.3.7 Challenges facing entrepreneurs

2.3.7.1 Lack of education and skills

The rural areas are seriously disadvantaged. Literature often cites a lack of business skills and training as a major cause of business failure (Viviers *et al.*, 2001:11). Approximately 90% of business failure relates strongly to a lack of managerial skills such as financial skills, planning, managing of credit and recordkeeping (Radipere & Van Scheers, 2007:79). Generally, SMMEs suffer from a lack of market information, management skills and technology which leave them at a competitive disadvantage in the marketplace. Unless entrepreneurs are well equipped with technical and business skills, they may not be able to overcome various problems they encounter at different stages of their business development.

2.3.7.2 Finance

Finance has been identified in many business surveys as the most important factor determining the growth and survival of SMMEs in both developing and developed countries. Financial services are critical in enabling SMMEs to scale up operations, upgrade technology and change or improve products and services. However, traditional financial service providers such as banks often regard such enterprises as high risk, and the costs involved in assessing creditworthiness and making loans or investments can make it unprofitable (Foxcroft *et al.*, 2002:40). In addition, access to finance is the major problem for South African SMMEs and this issue must be addressed if an environment promoting entrepreneurship and SMME development is to be encouraged.

2.3.7.3 Government policies and programmes

Entrepreneurship is still not a well defined concept and the differences between SMME and entrepreneurship policies are unclear, as such efforts to become a more entrepreneurial economy tend to be impeded. Instead of assuming an integrated approach to stimulating a higher level of entrepreneurial activity, governments tend to add on projects and activities in a piecemeal incremental fashion. Though government has invested considerable resources into supporting small enterprises, reach of these programmes is very limited and most businesses are either unaware of or have not used any of the government's programmes and structures. As a result, small enterprises are largely unimpressed with the direct support offered by government.

2.3.7.5 Physical infrastructure

Infrastructure is critical to both growth and poverty reduction to the extent that some people consider infrastructure to be at the top of the poverty reduction agenda (Kitschelt & Wilkinson, 2007:7).

2.3.7.6 Business information services

In South Africa, the availability of accurate and meaningful information is still a problem for the entrepreneurial sector.

2.3.7.7 Access to markets

Distant markets confine farmers to selling their farm products mainly to hawkers and within the district. With limited opportunities open to them, they remain firmly rooted in the subsistence economy. Accessibility to proper marketing facilities could help towards better production planning, expansion and better prices, lower risk and better utilisation of resources. Limited coordination amongst farmers and failure to fully utilise local logistics capacity also inhibit the district economic growth.

The majority of agribusinesses are struggling mainly due to improper planning, poor business and management practices, low level of skills due to low levels of education; lack of access to information; underdeveloped infrastructure and lack of entrepreneurial culture (Ndlebe, 2007:2). These developments have created a situation in which farmers with high levels of production do not automatically have an acceptable level of income. Nowadays, farmers have to produce and sell products that the customers want to pay for, and they are responsible for their own income.

The unique problems confronting SMMEs implicate the entrepreneurial activity level within the Limpopo Province. Entrepreneurial activities are undertaken mainly for survival, as opposed to return on investment and therefore resulting in minimal contributions to economic development. Many businesses operate on the informal sector rather than the formal sector level. The informal sector typically includes providers of economic activities not recorded in the national accounts and not subject to formal rules of contract, licensing, labour inspection, reporting and taxation.

Specific potential barriers to the development of the farm enterprise as indicated by various researchers are summarised as follows: economies of scale, capital requirements of entry, access to distribution channels, retaliation of existing businesses to new entrants in a market, legislation and regulation, poor management skills of farmers, lack of entrepreneurial spirit, limited access to business support, geography and proximity to markets.

2.3.8 Factors enhancing entrepreneurial development

2.3.8.1 Education and skills

The key to raising South Africa's rate of entrepreneurial activity lies in a dramatic improvement in the supply of people with the skills and attitudes needed to become entrepreneurs. It has been found out that in order to encourage more people to become entrepreneurs, education and training are prerequisites. Teaching entrepreneurship is not only imperative, it is highly effective and shows that people who take entrepreneurship training at any level from kindergarten to adulthood are more likely to start a business and to succeed.

Various authors affirm that more emphasis should be placed on entrepreneurship education and training as opposed to business education. Entrepreneurship education is a life-long learning process and consists of the following five stages namely basics, competency awareness, creative applications; start-up and growth.

2.3.8.2 Government support programmes

Recent studies have indicated a new concept of entrepreneurship, which sheds more light on the role of government. As a system necessary for economic growth, entrepreneurship consists of three components: entrepreneurs that desire to achieve their goal of economic survival and advancement; the social constitution that grants the right for forming and operating free enterprises and government that has the ability to motivate entrepreneurial behaviour toward social development and growth, and to adjust the constitutional system that works at its best to protect each individual entrepreneur (Audretsch *et al.*, 2002:27).

This is particularly important in Limpopo as there are indications that, while growing the province share, the South African economy is declining, and that

poverty in the province is not reducing. Additionally, there is evidence that the economy is not creating jobs as fast as it is growing. Therefore, a productive local economy with excellent infrastructure, educated, skilled and flexible people, competitive local markets and good governance is required to create a prosperous future. There is a need for an environment conducive to create conditions to allow people to access opportunities that could reduce poverty and create jobs.

Fostering entrepreneurship, the creation and support of rural businesses is a crucial goal for the survival and integrated development of rural local economies. However, despite the recognition of entrepreneurship as a primary facet for achieving rural economic development, empirical research on rural entrepreneurship in South Africa is relatively sparse and this concept remains largely unknown as well as the role and the function of rural entrepreneurs, the driving force behind birth, survival and growth of rural enterprises.

2.4. RESEARCH METHODOLOGY

2.4.1 Introduction

This section discusses the choice of research methods that were used, and the approach, design and procedure.

2.4.2 Overview of the geographical study area

Data were collected from 54 agricultural farmers from the GSDM which exist within the Limpopo provincial context. Limpopo Province is the most northern amongst the nine provinces of South Africa. It shares borders with Gauteng, Mpumalanga and North West Provinces to the south, Mozambique to the east and Zimbabwe and Botswana to the north. This is a strategic position for the province as a gateway to Africa and its resources to unleash its economic potential, as it gives it vast opportunities for domestic as well as international markets (PGDS, 2004:15).

The province boasts the widest diversity of agricultural resources, tourism destinations and mineral reserves in South Africa hence it considers agriculture, mining, tourism and related manufacturing industries as its competitive advantage and the sectors of growth. It covers an area of 12.46 million hectares and these account for 10.2% of the total area of the Republic of South Africa. Its abundant agricultural resources makes it to be one of the country's prime agricultural regions noted for the production of livestock, fruits and vegetables, cereals and tea. Out of arable land of about 137,000 hectares, 58,000 hectares are in the hands of black small-scale farmers (Nesamvuni *et al.*, 2004:8).

GSDM is a cross-boundary district municipality that occupies the north-western part of Mpumalanga Province and the mid-southern part of Limpopo Province. It consists of five local municipalities namely Elias Motsoaledi, formerly called Groblersdal, Marble Hall, Tubatse, Fetakgomo and Makhuduthamaga, spreading over both the Mpumalanga and Limpopo Provinces.

2.4.3 Research design

The research in support of the study consists of a literature review and an empirical study.

2.4.3.1 Literature review

Given the main and sub objectives of the study, a literature review conducted using computer based research with assistance from the staff of the Ferdinand Postma library on the Potchefstroom campus. The purpose of the literature review was primarily to provide a scientific basis for the theory. To develop the entrepreneurial framework, the author used primary and secondary methods of data collection for logical analysis. Information on the literature review was obtained from books, journals and published data. Government articles and newsletters were also used to understand the concept of entrepreneurship and gain insight on entrepreneurship and related concepts.

2.4.3.2 Empirical research

In confirming, complementing as well as substantiating the literature review findings as discussed, a survey was conducted through administering face-to-face interviews using a structured questionnaire. The population consisted of 157 farmers within the GSDM database. The questionnaire was based on assessing the entrepreneurial level, constraints and developmental needs of farmer entrepreneurs towards promoting entrepreneurship.

2.4.3.3 Sample frame

Fifty four (54) farmers falling under small and micro enterprises within the agricultural sector participated in the survey. The sample was drawn from the five local municipalities of the GSDM. The requirements for the sample had been that each participant was a beneficiary of one of the LDA support programmes and that they are actively involved in agricultural activities within the jurisdiction of the municipality in Limpopo Province. The original sample was 60, and 54 questionnaires were returned.

2.4.3.5 Pilot testing of the questionnaire

After verifying the questionnaire with the study leader in terms of alignment with study objectives, it was also discussed with the statistician of the North-West University's Statistical Consultation Services Centre to establish if the questionnaire is appropriately structured for statistical analysis procedures.

The questionnaire was pre-tested by fellow departmental field officials to assess the language and ambiguous terminologies. They also were required to identify any problems that may arise when completing the questionnaire. After modifying and simplifying the questionnaire, it was also pre-tested with ten farmers and thereafter adopted for research use.

2.4.3.6 Distribution of questionnaires

Various options for questionnaire distribution are available to researchers. Questionnaires can be distributed either by post, email and direct delivery to participants. The questionnaires were directly submitted to the participants through extension officers and the researcher self.

2.4.3.7 Statistical analysis procedure

Data from questionnaires were coded. A statistical analysis procedure was used to analyse the collected data using the SPSS program (SPSS Inc version 16, 2008). Data was transformed into useful outputs such as frequency tables and graphs that were further used to draw conclusions and provide recommendations to the development of farmer entrepreneurs in Limpopo Province.

2.5 RESULTS AND DISCUSSION

2.5.1 Introduction

The purpose of the empirical study was to align both primary and secondary objectives. This study is exploratory in nature and it is based on a group of 54 farmer entrepreneurs from Fetakgomo, Tubase, Marble Hall, Makhuduthamaga and Elias Motsoaledi local municipalities within the GSDM. Data gathered from

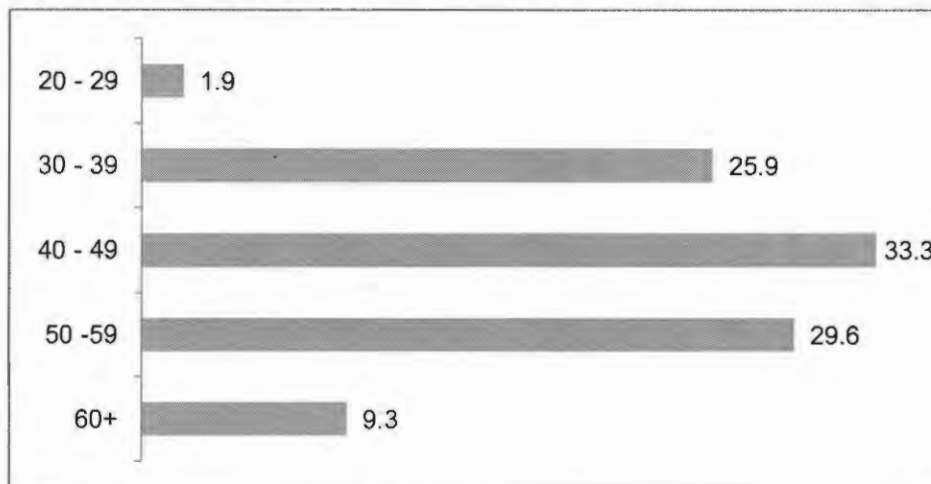
the questionnaires were analysed and interpreted. This section presents and elaborates on the survey findings.

2.5.2 Results

Variables were firstly divided into the biographical information of farmers. The second part deals with the business structure of the participating farmers. The third part of the analysis deals with the motivation into self employment and profile of personal traits using gross tabulation. The fourth part deals with the obstacles faced by farmer entrepreneurs also using gross tabulation, and the last part of the analysis deals with the developmental needs of farmer entrepreneurs and assessment of knowledge and skills level.

2.5.2.1 Biographical information

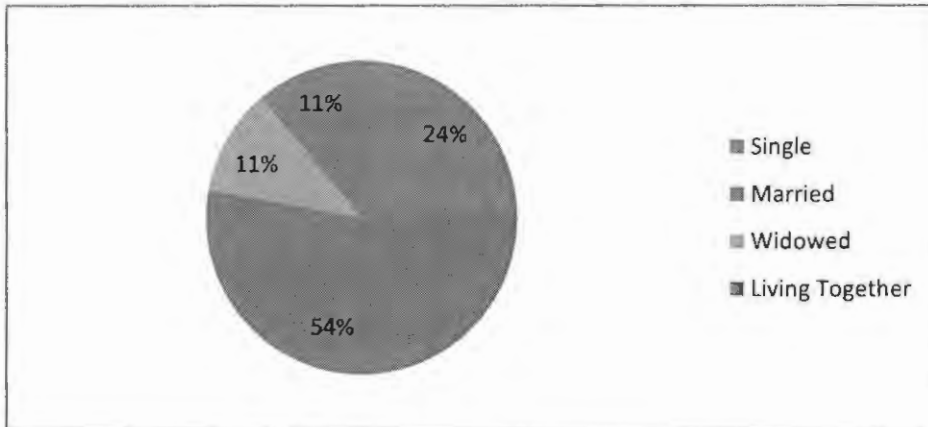
Figure 2.2: Age group description of respondents



Source: Response to Question A1 (Appendix 1)

The biggest category in this review is represented by the 40-49 year old group which constituted 33.3% of the respondents indicated in the age group. This is followed by 29.6% within the 50-59 age groups.

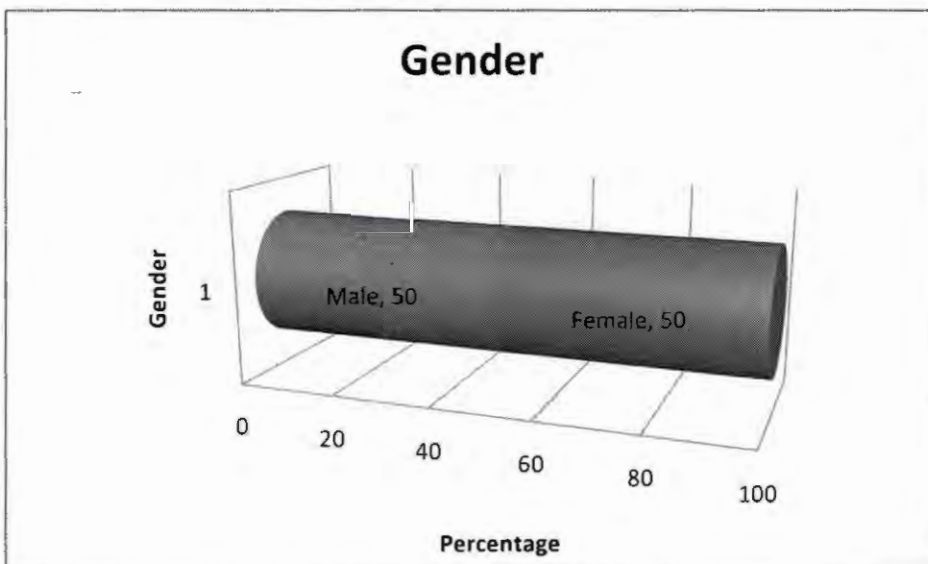
Figure 2.3: Marital status of respondents



Source: Response to Question A2 (Appendix 1)

More than half, 54%, of the respondents are in marriage relationships while 24% are still single.

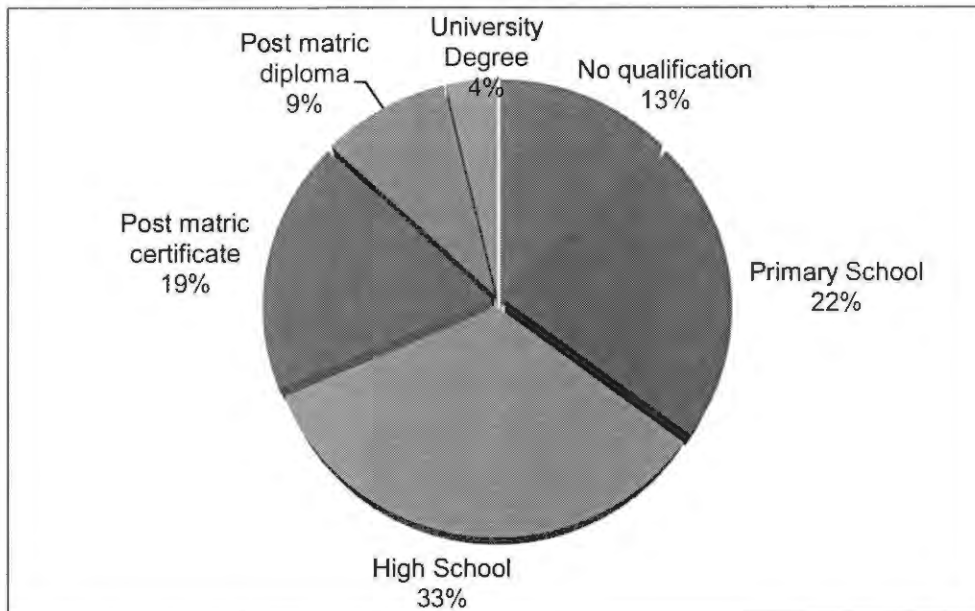
Figure 2.4: Gender of respondents



Source: Response to Question A 3 (Appendix 1)

There was an equal proportion (50%) of both men and women amongst the respondents in the survey.

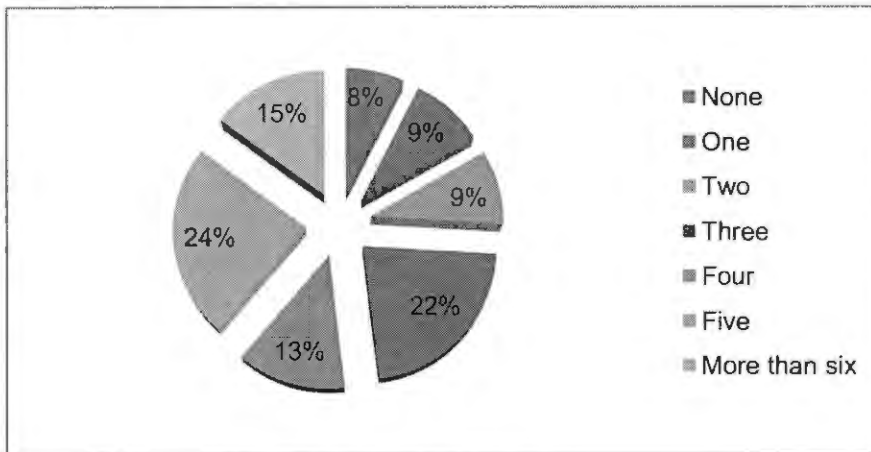
Figure 2.5: Highest academic qualifications



Source: Response to Question A4 (Appendix 1)

The level of education is a very important component of entrepreneurial success. Most of the farmers (33%) had a high school qualification followed by those with primary school qualification. Only two people had a university degree which constituted 4% of the respondents. Another 13% of the farmers reported that they do not have any schooling qualification.

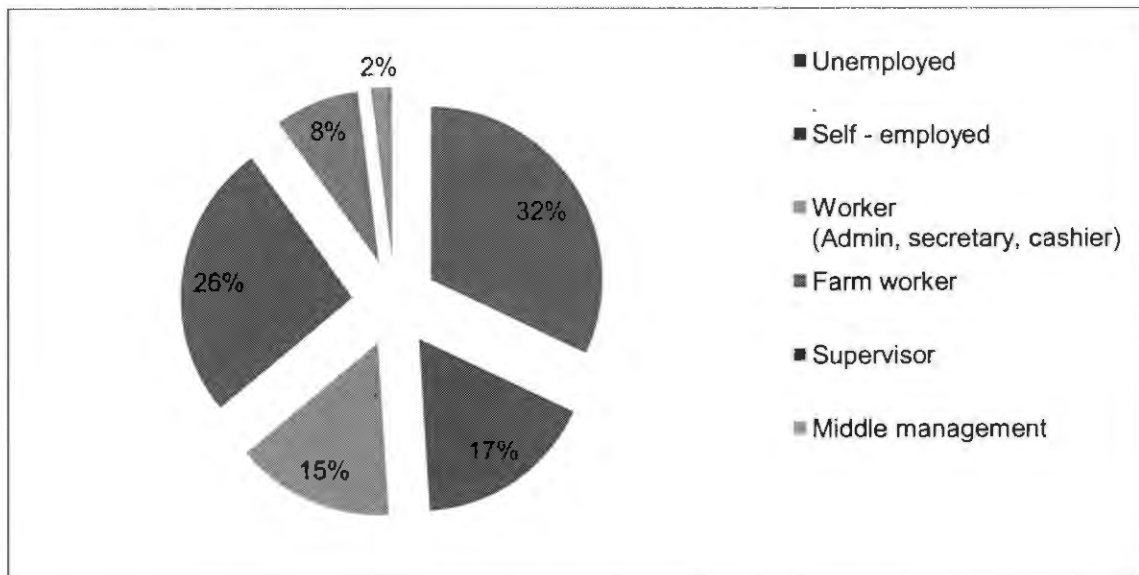
Figure 2.6: Number of children for respondents



Source: Response to Question A5 (Appendix 1)

A high percentage of farmers have only three (22%) or 5 children (24%) within the survey. The least percentage (8%) is without children.

Figure 2.7: Past experience immediately before self-employed



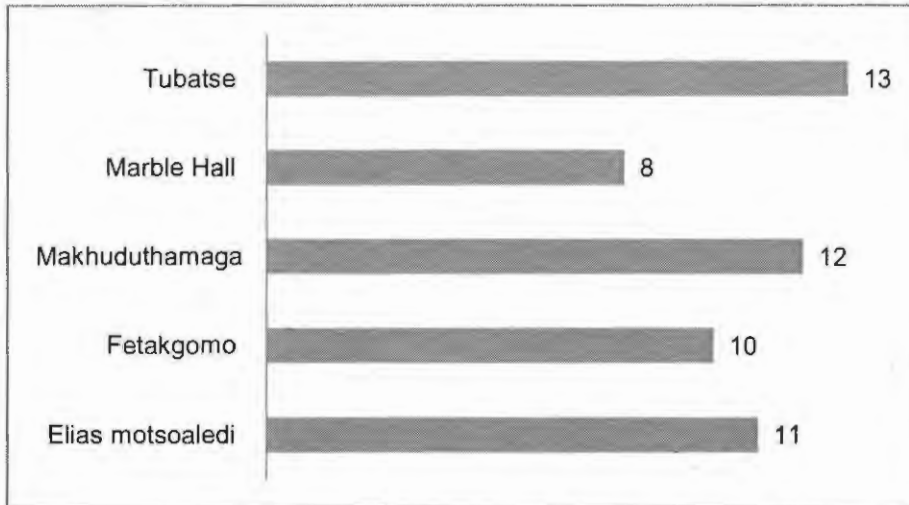
Source: Response to Question A6 (Appendix 1)

It is evident that a number of farmer entrepreneurs were unemployed (8%) before starting with farming activities compared to the number of farmer entrepreneurs who were self-employed (17%). Some 26% of farmers worked as farm workers. The

remaining had work experience outside farming just before starting agricultural businesses.

2.5.2.2 Business information of respondents

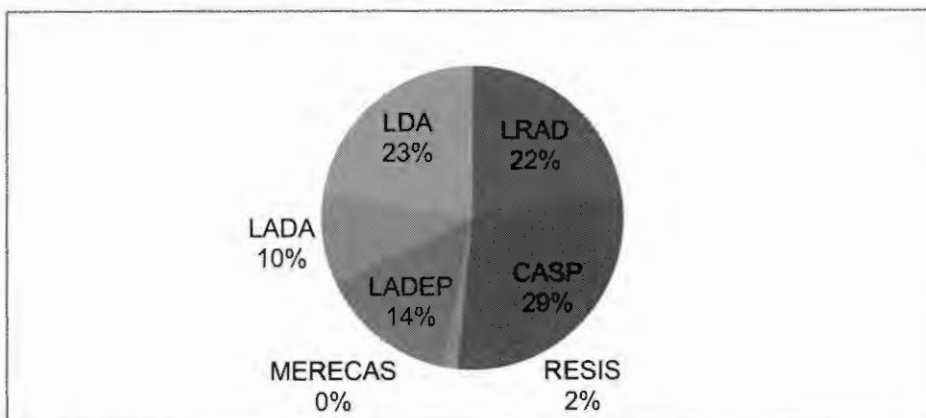
Figure 2.8: Location of agribusiness within GSDM



Source: Response to Question B1 (Appendix 1)

Thirteen farmers were located within Tubatse Municipality and the least number of farmers came from Marble Hall Municipality.

Figure 2.9: Knowledge of LDA support programmes



Source: Response to Question B 4 (Appendix 1)

A greater percentage of farmers (29%) have been supported by the Comprehensive Agricultural Support Programme (CASP) programme while the least (10%) have been supported by Limpopo Agribusiness Development Academy (LADA). No farmers amongst the respondents had support from Mechanization Revolving Credit Access Scheme (MERCAS). From the support programmes, 14 farmers added that they are being supported by LDA which constituted 23%.

Figure 2.10: Age of the business in years



Source: Response to Question B 8 (Appendix 1)

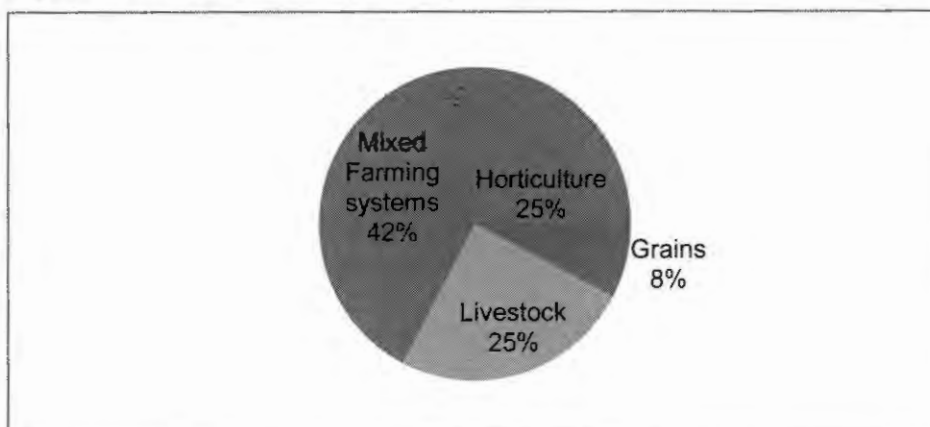
The total number of farmers with 1 to 5 years experience and 6 to 10 were equal (24%). Only two farmers had been in the farming business for more than 16 years. Four farmers did not indicate how old their businesses were.

Table 2.1: Legal status of participating businesses

Legal status of business	Frequency	Percentage (%)
Sole proprietorship	4	7.4
Partnership	0	0
Close corporation	22	40.7
Private company	0	0
Cooperative	20	37.0
Business Trust	1	1.9
CPA	3	5.6
Not registered	3	5.6
Total	54	100

A large number (22) of agricultural businesses are operated as close corporations followed by cooperatives (20). Only one business operated as a business trust and three businesses were not yet registered and another three operated as cooperatives.

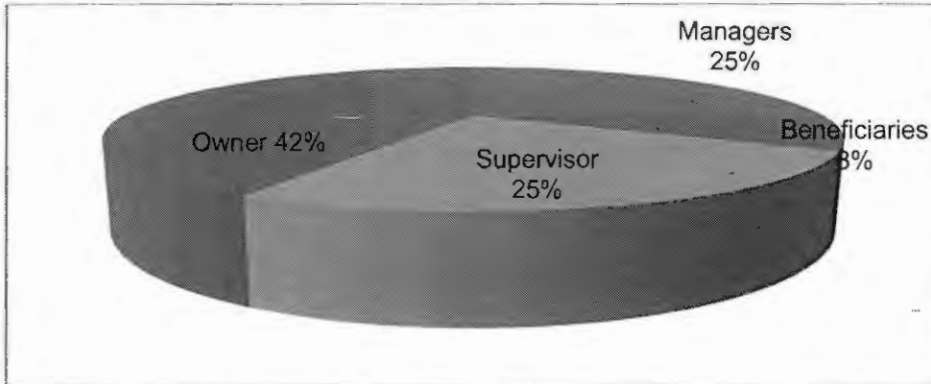
Figure 2.11: Core farming business



Source : Response to Question B 5 (Appendix 1)

Some 25% of farmers practice livestock farming and another 25% horticulture farming. Up to 8% of farmers are involved in field crop or grains production. The majority of farmers (42%) operate mixed farming systems which is a common farming practice in most of the districts in the province.

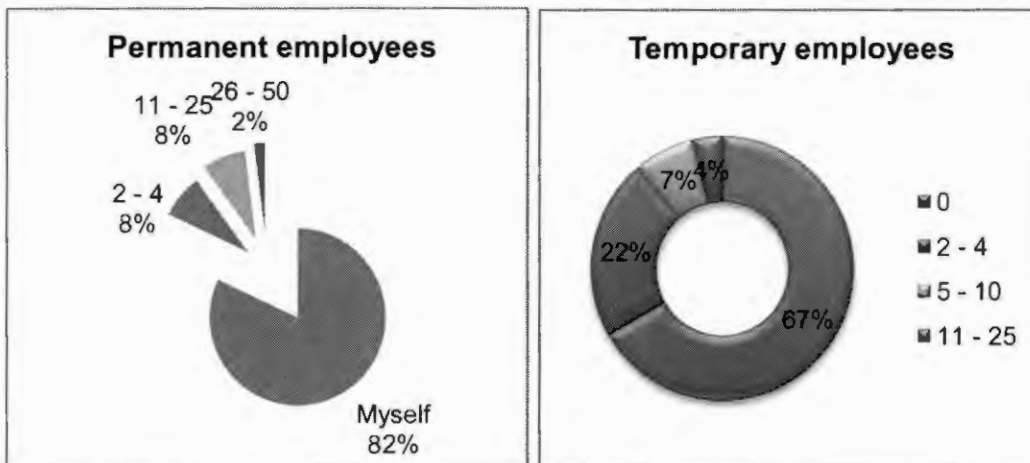
Figure 2.12: Position on the farm



Source: Response to Question B6 (Appendix 1)

Many farmers (42%) are owners of the agricultural business operating within the GSDM while (25% each) are managers and supervisors. Only 8% are beneficiaries of the business.

Figure 2.13: Number of employees in the agribusinesses assessed

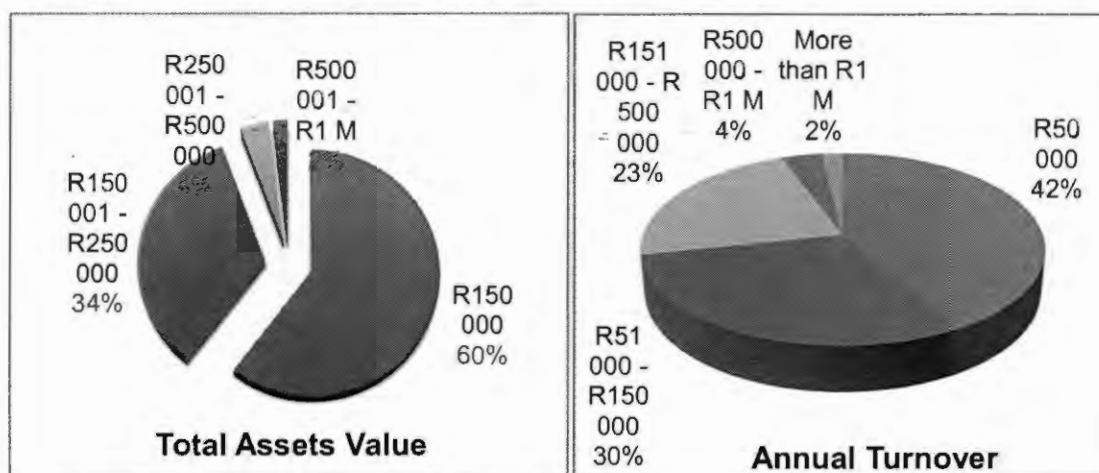


Source: Response to Question B7 & 8 (Appendix 1)

The majority (82%) of farmer entrepreneurs do not have employees in their agribusinesses. The agribusinesses permanently employed 2 to 25 employees (8%). A similar trend was also observed with temporary employment where most agribusinesses (67%) do not employ any temporary labour. Some 22% employ between 2 and 4 employees.

The majority of agribusinesses employ few people both permanently and temporarily, mainly up to ten people. Thus, small and micro enterprises account for the majority of business set-ups within the GSDM as indicated by the survey results.

Figure 2.14: Value of capital assets and annual turnover

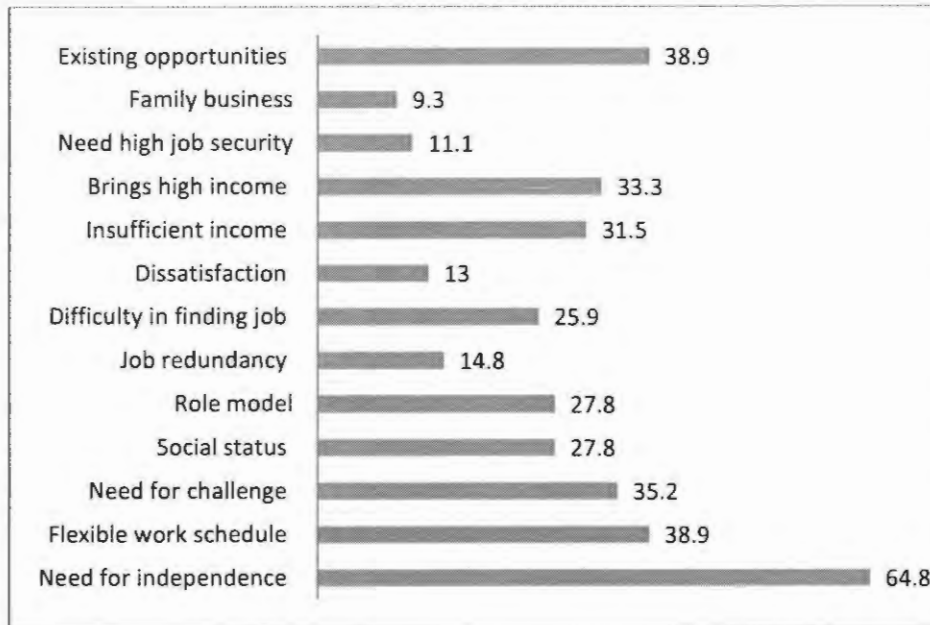


Source: Response to Question B 9 & 10 (Appendix 1)

Approximately 59.3% of businesses have assets to the value of R150 000 followed by 18% with about R500 000 worth of assets. Only one farmer had assets valued above R500 000. Similar to the value of assets, most farmers (30) have an annual turnover of approximately R150 000 followed by 15 farmers with a turnover of approximately R500 0000. These values conform to the LDA's concern that most agribusiness within the GSDM are run mainly for survival purposes rather than for return on investment.

2.5.2.3 Assessing entrepreneurship level

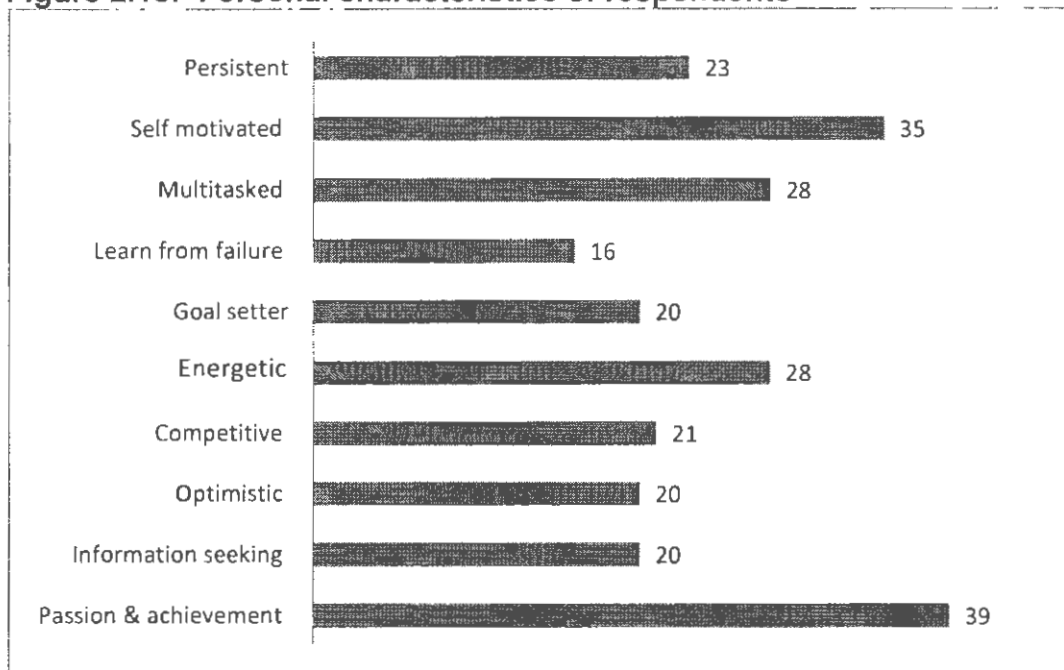
Figure 2.15: Motivational factors to self-employment



Source: Response to Question C1 (Appendix 1)

The need to be independent rated the highest with 64.8%, followed by the factor of being a role model within the society (27.8%). Factors such as redundancy, job security and entering into the family business rated very low in terms of motivating farmers to start their own businesses.

Figure 2.15: Personal characteristics of respondents



Source: Response to Question C2 (Appendix 1)

Most farmers described themselves to have passion in running their businesses (39) followed by them having a strong sense of self-motivation and being equally multi-tasked and energetic (35). Some 23 farmers highlighted that they are not easily discouraged.

2.5.3.4 An analysis of the constraints in promoting entrepreneurial activities

Table 2.2: Obstacles perceived to hinder entrepreneurial activities

Obstacles	Frequency	Percentage (%)
Lack of education and training (in general)	46	85.1
Difficult to obtain financing	49	90.1
Inhibiting laws and regulations (lower access to land, contractual rights, husband's consent or judge approval)	30	55.6
Lack of self-confidence	50	92.6
Risk averse (great fear of failure)	33	60.1
A culture not supportive of entrepreneurship	40	74.1
Isolation from business network / limited social and business network	34	62.9
Lack of timely business information	47	87.0
Distant and inaccessible markets	44	81.5
Lack of storage and warehousing facilities	40	74.1
Lack of infrastructure, electricity, equipments, etc	47	87.0
Lack of advisory support from government officials	44	81.5
High rates of crime	38	70.0

More than 70% of farmers agreed that the abovementioned factors could be inhibitors in promoting an entrepreneurship spirit amongst the farming community. A lack of self-confidence ranked much higher, followed by finance, infrastructure and education level.

Table 2.3: Important factors in business operation

Obstacles	Frequency	Percentage (%)
Business and management skills: (accountancy, financial skills, strategic planning, people management, decision-making, leadership)	45	79.0
Cooperation and networking skills	42	77.8
Information technology skills	39	83.0
Marketing and selling skills	44	83.0
Entrepreneurial qualities and values	44	90.6
Technical and professional skills i.e. farming skills	23	43.0

From 39 to 48 farmers strongly agreed that the abovementioned skills are very important in farming business operations with the highest ranked skill being the entrepreneurial skills (88.9%). All skills ranked higher except for the technical production skills rated 43%.

2.5.3.5 Developmental needs of farmer entrepreneurs

Table 2.4: Skills level of respondents

Type of skill	Frequency	Percentage (%)
General business management skills	38	70.0
Cooperation and networking skills	26	48.1
Financial management skills	26	48.1
Marketing and selling skills	22	40.1
Personal attitudes and decision-making skills	42	77.8
Production and operational management skills	5	9.3

The majority of farmers indicated that their skills level is very low with regard to skills rated as very important in operating a business. However, very few farmers (5) indicated low skills levels in the technical production and operational phase of the business. These might be attributable to the fact that most farmers worked as farm workers before starting their agribusinesses and hence they perceive themselves to be competent in technical production skills.

Table 2.5: Entrepreneurial skills level

Type of skill	Frequency	Percentage (%)
Creating and evaluating a business strategy	16	29.6
Recognizing and realising opportunities	18	33.3
Networking and utilising contacts	15	27.8
Total	54	100

Less than 50% of the farmer entrepreneurs could effectively apply the above-mentioned skills in their operations. Thus they indicated that they are fairly skilled in terms of the mentioned skills and yet these skills rated higher in terms of their importance in business operations (see also Appendix E).

Table 2.6: Professional and business skills level of respondents

Type of skill	Frequency	Percentage (%)
Technical skills (farming skills)	30	55.5
Communication and networking skills	17	31.1
Business skills	25	46.3
Leadership and management skills	24	44.4
Technological skills (computers)	15	27.7
Entrepreneurial skills	17	31.1

Some 55% of farmer entrepreneurs indicated that they are highly knowledgeable and efficient in applying their acquired technical knowledge. There was general average competency in entrepreneurial skills and general business management skills amongst farmer entrepreneurs.

Figure 2.17: Specific developmental needs of respondents

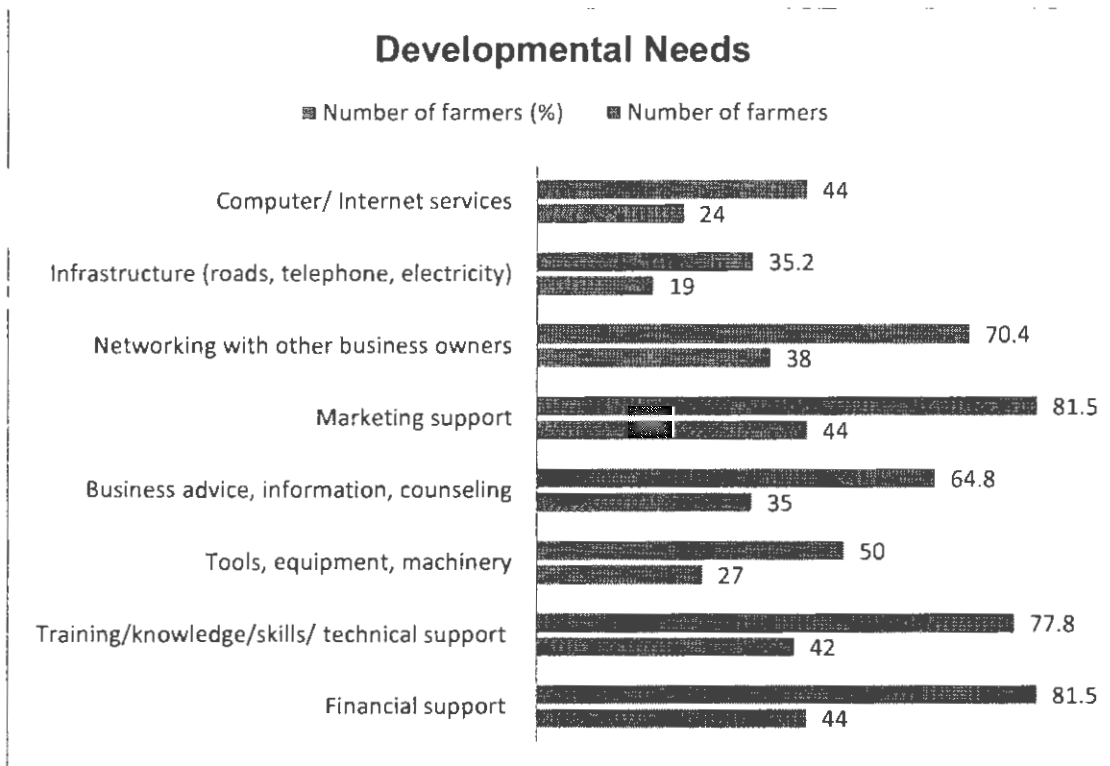


Figure 2.7 indicates that out of 54 participating farmer entrepreneurs 81.5% needed financial support to develop their business and marketing support to be competitive role players within the marketplace. As much as 77.8% need business knowledge, skills and training followed by 70.4% that indicated the need for business networking with other business owners. About 64.8% need business advice, information and counseling while only 50% indicated the need to have equipment and farm machinery. Some 35.2% indicated the need for infrastructure.

2.5.4 DISCUSSION

2.5.4.1 Educational background and general business management skills

In general, GSDM has a relatively high illiteracy level, with almost 28% of the population having no formal school education. Only approximately 1% of the

population have obtained tertiary educational qualifications. The Limpopo PGDS (2004-2014:36) indicate that GSDM has the least highly skilled individuals in the province. The low skills reduce the ability of the district to be innovative and economically productive. The survey results also confirmed that the education level within the district is very low even amongst the farmer entrepreneurs where the majority had completed high school.

The low educational level has left the majority of farmers lacking the necessary skills and knowledge to run a business, as it is evident in Tables; 2.4, 2.5 and 2.6. Figure 2.4 indicates competency in general business management and technological skills; most farmers indicated that their performance level is poor which could also be attributable to the level of education acquired mainly ranging from primary to high school level. The results concur with Von Broembsen *et al.* (2005:8) indicating that the education system in South Africa (from primary and secondary school to university and business school) is not conducive and does not stimulate the creation or management of small, new and growing businesses.

The number of people employed in the agribusinesses is very small (Fig. 2.13), categorising the business of farmers under small and micro enterprises in accordance with the National Business Act of 1996 No. 102 (Appendix B). This could mean that due to low skills levels, most farmer entrepreneurs engage in the simplest traditional agricultural production practices which yield low levels of income. This is also evident in the annual turnover where most farmers had an annual turnover that is equivalent to the value of their assets which portrays low return on investment. This conforms to literature that agricultural entrepreneurship in the province is still in its infancy since the majority of the operated agricultural businesses are still small.

The fact that the businesses employ few labourers both permanent and temporary indicates gaps in the business operations. Businesses are either concentrating on traditional production methods which yield low quantity and quality of products that might not attract markets and bring economic returns for

the business to employ additional labour, or either resources are underutilised to generate activities. Operating informally denies them access to markets as well as critical services and confines them to a vicious cycle of low productivity, low income and low access to resources.

One operational definition of entrepreneurship that successfully synthesizes the functional roles of entrepreneurs is that of Wennekers and Thurik (1999:46-47), who state that the entrepreneur manifest the ability and willingness of individuals, in teams within and outside existing organisations, to perceive and create new economic opportunities (new products, new production methods, new organisational schemes and new product market combinations) and to introduce their ideas in the market, in the face of uncertainty and other obstacles, by making decisions on location, form and the use of resources and institutions. Survey results indicate that much concerted efforts need to be put in place to ensure that these functional roles of entrepreneurs are realised within GSDM.

2.5.4.2 Entrepreneurial qualities and skills

Nonetheless, with limited education, farmers are ill-prepared and ill-equipped to go into business on their own. Training is therefore urgently required to enhance the capacity for business development. Appendix C places an emphasis on the importance of skills in running businesses. In general, the respondents strongly agreed by an average of 75% that the entrepreneurial skills, professional skills and business management skills play a key role in business operations; although, in contrast, their competent capacity in these skills is below average.

Personal characteristics and attitudes greatly influence the development of particular entrepreneurial skills, especially in terms of the entrepreneur's general outlook towards identifying business opportunities and taking risks. The capacity of farmers to seek change and a desire to improve their standard of living, as indicated in Figure 2.17, seems to be fundamental to spur agricultural entrepreneurship. They have high motivation to start operating businesses; they

want to be positive role models within the society, and they are willing to take risks to achieve their goals. Most of the farmers ($\geq 80\%$) indicated that their own initiative in starting a business is strongly driven by passion to achieve and being role models within the community. Farmers in the district showed a moderate desire to improve their financial situation, wealth creation, according to the survey.

To succeed in business, a farmer needs professional and management skills, strategic, opportunity and cooperation or networking skills categorised as entrepreneurial skills. Farmers had limited competency in both professional, business management and entrepreneurial skills; however, their competency ranked high with regard to primary production technical skills. Klodzinski (2001:11-12) alluded that, the most significant barriers to growth of the business can be found in the farmers themselves, their level of education and their readiness to cooperate, apart from the lack of physical resources. This is also evident from the survey that farmers are not well equipped with the basic qualities needed to start a business due to their low educational level.

Similar to Limpopo Province, Tanzania is endowed with a rich natural resource base and yet it is still an ill-developed country. The challenge is proven to lie in the ability of people to effectively and efficiently transform the available resources into goods and service that can be availed to the market at competitive prices. The lack of entrepreneurs at all levels is regarded as the major limiting factor. Juma (2002:17) adds that, whilst past policies limited individual entrepreneurship initiatives, the education system has also created an attitude of employment seekers rather than job seekers.

2.5.4.3 Age group of agribusinesses

Most farmers within the district that are in the farming business sector, fall in the age category 40 to 49 and 50 to 59, as compared to those below the age of 40 (Fig. 2.1). Elderly people engage in farming businesses more than the youth,

which poses a major concern on the sustainability of the agricultural sectors. Efforts need to be made to create more employment opportunities that will attract more people in the labour force including youths to be able to launch new businesses.

2.5.4.4. LDA support programmes

Although a number of government organisations have sought effective ways to promote entrepreneurship, farmers still face difficulties when starting out in and operating their businesses. According to the survey results, information services need to be improved and are also indicated as a need that will promote entrepreneurship development (Fig. 2.8). The selection criteria for the participants required participating farmers to be the beneficiaries of LDA development support programmes and be active role players in agricultural activities within the five identified municipalities. The fact that most farmers did not know about the support programmes for their businesses implies that there has not been enough support to strengthen information infrastructure so that adequate information services are available to the farmers.

Limited dissemination of information and services to the intended end-users mean that the implementation process is not done properly. This conforms to the research done by Orford *et al.* (2004:45) which indicates that, as far as the existing programmes are concerned, it is clear that small businesses are either unaware of these programmes or do not use the services offered by government. This shows that there is a lack of awareness and sensitisation amongst the society regarding the government entrepreneurial assistance to the people in a process of setting up and sustaining enterprises.

Already, there are a number of policies, programmes and projects which have been supporting micro and small business development in one way or another and some of these are still being implemented. Significant impact in terms of enhanced performance of a critical mass of these enterprises is yet to be

realised. They are still unable to respond to the many opportunities in the formal sector. There is a need to ensure that entrepreneurial potential is better nurtured, supported and directed to generate meaningful incomes, quality jobs and contribute to economic development, competitiveness and tax revenues in the formal small business sector.

2.5.4.5 Form of business

The strength of small farmers lies in group mobilisation for meeting diverse agricultural needs including land leasing, accessing inputs, pooling resources, sharing information, agro processing or marketing of produce and, above all, credit and production loans. Only 37% of farmer entrepreneurs are in cooperatives and about 41% registered as close corporations. Given the problems that are associated with agribusinesses as indicated in the survey results (Table 2.2), a lack of resources, distant and inaccessible markets, poor knowledge of general business management skills, and the lack of infrastructure obviously put small farmers at a disadvantage in competitive markets. Farmers need to be encouraged to be organised and form cooperatives.

2.5.3.6 Obstacles that could inhibit entrepreneurial activities

Most farmer entrepreneurs indicated a lack of self-confidence ranked highest, followed by finance, infrastructure and education level as it is also evident in Appendix D. This indicates that entrepreneurs need to have strong self-esteem and a sense of self-efficacy to be in business in addition to external factors such as finance, infrastructure and other necessary support systems. The survey findings also conform to the literature in terms of the host of problems that make it difficult for SMMEs to exploit the existing opportunities for further employment and wealth creation (Viviers *et al.*, 2001:11).

2.5.4.7 Development needs of respondents

The need for finance, marketing, training, networking and access to information were amongst the five most developmental needs identified (Fig. 2.16). The

needs correlate with their ranking that the skills are important in business operations (Appendix C); hence, they have been prioritised for their development. Given the status of the assessed agribusinesses as indicated in the survey results, it is not surprising that the identified needs ranked high in the list. The available assets or resources are not efficiently utilised as evidenced in their businesses annual turnover.

Before developing conclusions related to an entrepreneurial framework for promoting entrepreneurship in Limpopo Province, especially in light of strengthening entrepreneurship, innovation and economic development at local level, a summary of selected findings from the empirical survey will be presented.

2.6 SUMMARY

In view of the above, the challenges facing GSDM with respect to entrepreneurship promotion is the lack of an indigenous entrepreneurial culture and low levels of entrepreneurial skills which, according to Reynolds *et al.* (2000:27), lead to a lack of capacity to recognise and translate opportunities into business start-ups. It is also evident from the above discussion section, that skills development should be an integral part of entrepreneurship development initiatives within the province.

Education and training literature suggest that skills acquisition leads to efficiency in task execution or competence (Reece & Walker, 1994:20). Competence plays a major role in deciding on an entrepreneurial career. Discussions on entrepreneurship maintain that possession of unique skills and knowledge is one of the major attributes that could influence the entrepreneur's decision to create firms, alongside prior experience and interest.

REFERENCES

- ABOR, J. & BIEKPE, N. 2006. SMEs access to debt finance: a comparison of male-owned and female-owned business in Ghana. *The International Journal of Entrepreneurship and Innovation*, 7(2):105-112, May.
- AUDRETSCH, D.B., ROY, T., VERHEUL, I. & WENNEKERS, S. 2002. Entrepreneurship: determinants and policy in a European-U.S. comparison. London: Kluwer.
- BECK, T., DEMIRGUC-KUNT, A. & LEVINE, R. 2005. Cross-country evidence. *Journal of Economic Growth*, 10(3):199-229.
- BRYANT, C.R. 1989. Entrepreneurs in rural environment. *Journal of Rural Studies*, 5(4):337-348.
- BUTLER, D. 2006. Enterprise planning and development: small business start-up survival and growth. Burlington: Elsevier Butterworth-Heinemann.
- CARLAND, J. W., HOY, F., BOUTON, W.R. & CARLAND, J. C. 1984. Differentiating entrepreneurs from small business owners. *Academy of Management Review*, 9:354-369.
- CHAUDHURI, K., SCHNEIDER, F. & CHATTOPADHYAY, S. 2006. The size and development of the shadow economy: an empirical investigation from States of India. *Journal of Development Economics*, 80(2):428-443.
- COWLING, M. & BYGRAVE, W. 2002. Entrepreneurship and unemployment: relationships between unemployment and entrepreneurship in 37 nations participating in the Global Entrepreneurship Monitor. GEM Consortium Working Paper. Available at: www.babson.edu/entrep/fer/babson2003/xxii/xxii-p1/xxiip1.html. Date of access: 21 Sept. 2009.

- DZANSI, D.Y. 2004. Social responsibility of SMMEs in rural communities.. Pretoria: University of Pretoria. (Unpublished Ph.D – thesis.) 120 p.
- DESAI, S. 2009. Measuring entrepreneurship in developing countries. Research paper no 2009/10. United Nations University. [Web]: www.wider.unu.edu/stc/repec/pdfs/rp2009/RP2009-10.pdf Date of access: 10 Jun. 2009.
- DIERCKS, L.A. 2006. Lack of reasonable business plan sparks financial distress. *Clear thinking digests*, 3(2):1, Apr.
- DE WOLF, P. & SCHOORLEMMER, H. 2007. Important trends and required skills: an international synthesis. In de Wolf & Schoorlemmer (eds.): Exploring the significance of entrepreneurship in agriculture. Frick, Switzerland: FIBL. 116 p.
- DOLLINGER, M.J. 2003. Entrepreneurship strategies and resources. New Jersey: Pearson.
- DRIVER, A., WOOD, E., SEGAL, N. & HERRINGTON, M. 2001. Global Entrepreneurship Monitor. South African Executive Report. Cape Town: Graduate School of Business, University of Cape Town. November. 14 p.
- EUROPEAN COMMISSION GREEN PAPER. 2003. Entrepreneurship in Europe. [Web]: eur-lex.europa.eu/LexUriServ/site/en/com/2003/com2003_0027en01.pdf Date of access: 30 September 2009.
- FIRLEJ, K. 2001. Developing entrepreneurial skills of farmers. EU-EsoF, Contract No. SSPE-CT-2005-006500 17. [Web]: www.esofarmers.org/documents/ESoFliteraturereview_000.pdf Date of access: 20 May 2009.
- FOXCROFT, M.L., WOOD, E., KEW, J., HERRINGTON, M. & SEGAL, N. 2002. Global Entrepreneurship Monitor. Graduate School of Business. University of Cape Town. Cape Town. 14 p.

- GRAY, C. 2002. Entrepreneurship, resistance to change and growth in small firms. *Journal of Small Business and Enterprise Development*, 9(1):61-72.
- HALL, J. C. 2007. Entrepreneurship and economic progress. *Review of Austrian Economics*, 21(2-3):219-222.
- HISRICH, R.D. & PETERS, M.P. 1998. Entrepreneurship. 4th ed. Boston, MA.: McGraw-Hill. 352 p.
- JUMA, K. 2002. Small and medium enterprise development 2002. Tanzania: Ministry of Agriculture. [Web]: <http://www.tanzania.go.tz/pdf/smepolicy.pdf> Date of access: 20 May 2009.
- KAO, J.J. 1993. Entrepreneurship, creativity and organizations. Engelwood cliffs, N.J.: Prentice-Hall.
- KLODZINSKI, R. 2001. Entrepreneurship in rural areas of Poland – opportunities and barriers of development. 2nd Central Europe Conference in Regional Sciences. Rzeszów, Poland.
- KITSCHOLT, H. & WILKINSON, S. 2007. Patrons, clients and policies. New York, N.Y.: Cambridge University Press.
- KNUDSON, W., WYSOCKI, A., CAMPAGNE, J. & PETERSON, H. C. 2004. Entrepreneurship and innovation in the agro-food system. *The American Journal of Agricultural Economics*, 86(5):1330-1336.
- KURATKO, D, F. & HODGETTS, D.M. 2001. Entrepreneurship: a contemporary approach. New York, N.Y.: Harcourt College Publishers.
- LAUWERE, C., De Verhaar, K. & Drost, H. 2002. The mystery of entrepreneurship: farmers looking for new pathways in a dynamic society. Wageningen University and Research Centre, The Netherlands.

LIMPOPO GROWTH AND DEVELOPMENT STRATEGY. 2004-2014.

Development is about people. [Web]:

<http://www.limpopo.gov.za/home/Limpopo%20Growth%20and%20Development%20Strategy.pdf> Date of access: 17 Aug. 2009.

LOWREY, Y. 2003. The entrepreneur and entrepreneurship: a neoclassical approach. Small Business Administration. [Web]: <http://www.kluweronline.com>
Date of access: 22 Feb. 2009.

MAAS, G. & HERRINGTON, M. 2006. Global Entrepreneurial Monitor Report. South African Executive report. Cape Town: The Graduate School of Business.

MAGADZI, D. 2008. Limpopo Department of Agriculture Budget Speech 2008/09, delivered by MEC Dikeledi Magadzi at Lebowakgomo. 11 p.

MCCLELLAND, M., SWAIL, J., BELL, J. & IBBOTSON, P. 2005. Following the pathway of female entrepreneurs: a six country investigation. *International Journal of Entrepreneurial Behaviour and Research*, 11(2):84-107.

MCELWEE, G. 2004. A segmentation framework for the farm sector. Paper presented at the 3rd Rural Entrepreneurship Conference, University of Paisley, United Kingdom.

MCELWEE, G. & ATHERTON, A. 2005. Publication trends and patterns in entrepreneurship. *Journal of Small Business and Enterprise Development*, 12(1):92-103.

McELWEE, G. & ROBSON, A. 2005. Diversifying the farm: opportunities and barriers. *Finnish Journal of Rural Research and Policy*, 4(1):84-96.

MORRIS, H. & KURATKO, F. 2001. Corporate entrepreneurship: entrepreneurial development within organizations. Fort Worth: Harcourt.

- MORRIS, H. M., KURATKO, D. F. & SCHINDEHUTTE, M. 2001. Towards integration: understanding entrepreneurship through frameworks. *The International Journal of Entrepreneurship and Innovation*, 2(1):35-50.
- MBOWENI, T.T. 2000. A new monetary policy framework. Statement of the Monetary Policy Committee, 6 April. SARB [Web:] <http://www.reservebank.co.za/internet/publications.nsf>. Date of access: 29 Sep. 2009.
- NDLEBE, M.P. 2007. Investigating the effect of entrepreneurship in economic development in Ngwathe municipal region. [Web]: http://dspace.nwu.ac.za/browse?type=title&sort_by=1&order=ASC&rpp=20&etal=-1&offset=1416 Date of access: 29 May 2009.
- NESAMVUNI, A.E., ONI, S.A., ODHIAMBO, J.J. & NTHAKHENI, N.D. 2004. Agriculture as a cornerstone of the economy of Limpopo province. Study of the agricultural industry in the Limpopo province by the department of Agriculture and University of Venda for Science and Technology.
- OECD. 1989. Mechanisms for job creation: Lessons from the United States. Paris: OECD. [Web:] www.oecd.org/dataoecd/10/59/2090740.pdf Date of access: 29 Sep. 2009.
- OECD. 1998. Fostering entrepreneurship. Paris: OECD. [Web:] www.oecd.org/dataoecd/11/41/41978441.pdf Date of access: 29 Sep. 2009.
- ORFORD, J., HERRINGTON, M. & WOOD, E. 2004. Global Entrepreneurship Monitor. South African Report, Cape Town: The Graduate School of Business.
- ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT.
see OECD.
- PGDS. 2004. Environmental management. [Web]: http://www.gcis.gov.za/resource_centre/sa_info/yearbook/2006/environment.pdf Date of access: 28 May 2009. 243 p.

POTENTIAL GROWTH DEVELOPMENT STRATEGY see PGDS.

RADIPERE, S. & VAN SHEERS, L. 2007. Investigating whether a lack of marketing and managerial skills is the main cause of failure in South Africa. *South African Journal of Business Management*, 30(3):78-85.

RADOVIC, M.M. 2007. New models of work and employment. Belgrade: Digital Art. 263 p.

REECE, J. & WALKER, E. 1994. Teaching, training and learning: a practical guide. Boston, MS.: Durham Business Education Publications. 20 p.

REYNOLDS, P., BOSMA, N., AUTIO, E., HUNT, S., DE BONO, N. & SERVAIS, I. 2000. Global Entrepreneurship Monitor: Data Collection Design and Implementation, 1998-2003. *Small Business Economics*, 24(3):205-231.

REYNOLDS, P.D., HAY, M., BYGRAVE, W., CAMP, M. & AUTIO, E. 2005. Global Entrepreneurship Monitor. UK Executive Report.

ROSANDT, S., DE LAUWERE, J., VERHAAR, S.A. & DROST, F. 2002. Developing entrepreneurial skills of farmers, EU-EsoF, Contract No. SSPE-CT-2005-006500 20. Results: crop protection and energy.

RWIGEMA, H. & VENTER, R. 2004. Advanced entrepreneurship. Cape Town: Oxford. 594 p.

SMIT, A.B. 2004. Changing external conditions require high levels of entrepreneurship in agriculture. In: Bokelman, W. 2004, *Acta Horticulture* (655). Proceedings of the 15th International Symposium on Horticultural Economics and Management, Berlin, Germany. 15 p.

SOUTH AFRICA. 1996. Acts On-line. National Small Business Act, 1996 (Act 102 of 1996). [Web]: http://www.acts.co.za/ntl_small_bus/index.htm Date of access: 20 Sep. 2009.

SPSS INC. 2007 SPSS® 16.0 for Windows, Release 16.0.0, Copyright© by SPSS Inc., Chicago, Illinois. www.spss.com.

SUAREZ-VILLA, L. 1989. The evolution of regional economies: entrepreneurship and macroeconomic change. New York: Praeger. 24 p.

SUAREZ-VILLA, L. 1996. Innovative capacity, infrastructure and regional policy. In Batten, D.F. & Karlsson, C. (eds.). Infrastructure and the complexity of economic development. Berlin: Springer.

TIMMONS, J.A. 1994. New venture creation. Boston, M.A.: McGraw-Hill.

TIMMONS, J. A. & SPINNELI, S. 2003. New venture creation: entrepreneurship for the 21st century. 6th ed. New York: McGraw-Hill/Irwin.

VAN AARDT, I., VAN AARDT, C. & BEZUIDENHOUT, S. 2000. Entrepreneurship and new venture management. 2nd ed. South Africa: Oxford.

VIVIERS, S., VAN EEDEN, S. & VENTER, D. 2001. Identifying small business problems in the South African context for proactive entrepreneurial education. Paper delivered at the 11th Global int-Ent conference, Kruger National Park, 2-4 Jul.

VON BROEMBSEN, M., WOOD, E. & HERRINGTON, M. 2005. Global Entrepreneurship Monitor: South African Report. Cape Town: Graduate School of Business.

WARREN, M. 2004. Farmers on line: drivers and impediments in adoption of internet in UK agricultural businesses. *Journal of Small Business and Enterprise development*, 11(3):371-382.

WENNEKERS, S. & THURIK, R. 1999. Linking entrepreneurship and economic growth. *Small Business Economics*, 13(1):27-55.

WINTER, M. 1997. New policies and new skills: agricultural change and technology transfer. *Rural Sociology*, 37(3):363-381.

ŽMIJA, J. 2001. Developing of entrepreneurship of agribusiness in Małopolska region before EU enlargement. [Web]:
www.esofarmers.org/documents/ESoFliteraturereview_000.pdf Date of access:
15 June 2009.

ZOLTRAN, A. 2006. How is entrepreneurship good for economic growth?
Boston, M.A.: MIT Press.

CHAPTER 3

CONCLUSIONS AND RECOMMENDATIONS

3.1 INTRODUCTION

This chapter is constituted by the conclusions, limitations encountered by the study and recommendations based on the findings of the literature review and the empirical study undertaken.

3.2 BACKGROUND

The primary objective of this study was to investigate the levels of entrepreneurial activities in the agricultural sector and devise a framework whereby the Limpopo provincial department of agriculture could be able to measure the extent of entrepreneurship within the province and devise strategies to create a favourable climate where entrepreneurial spirit will thrive. The literature review identified the factors associated with entrepreneurship, entrepreneurial traits and challenges faced which informed the basis for the empirical study. The sample population, though small, emphasised that the following elements are important in entrepreneurship.

3.3 CONCLUSIONS

The following conclusions have been reached on the basis of the empirical research findings contained in the study:

From the survey results, it was evident that there are various issues and barriers that challenge farmer entrepreneurs to exploit the existing potential for further employment and wealth creation.

1. The most serious impediment was found in the limited capacity of the people who start and operate agribusinesses, in terms of attitudes, skills (Fig. 2.5, Appendices E, F & G), motivation, exposure (Fig. 2.7), and experiences (Fig. 2.10).
2. At the same time, services related to entrepreneurship development are underdeveloped and not readily available to the agribusinesses.
3. The development support programmes are fragmented and weak.
4. Limited abilities and low skills hinder the farmers to exploit identified opportunities in a profitable way. They still operate as small and micro enterprises as evidenced by the number of employees and annual turnover, in spite of the fact that most farmers have been in business for more than five years (Fig. 2.12). Growth seems to be stagnating because of the inability to combine available resources in order to respond to opportunities and solve problems. Growth is promoted when entrepreneurs accelerate the generation, dissemination and application of innovative ideas, be these technological or organisational, and in this case, the ability to generate, disseminate and apply innovative ideas still need to be enhanced.

There are many under exploited opportunities due to lower capacity of people, which could generate wealth and jobs for the poor population in GSDM. There are many natural endowments which are barely exploited by existing micro and small agribusinesses. There is also a large population of unemployed inhabitants in the area which include youths, graduates and retired personnel. Most people who are employed are engaged in informal activities, implying that there are people with valuable energy, skills and a great deal of ingenuity. In order to unleash the capacity of the majority of the society, it is essential to have an enabling and facilitative environment.

Based on the results, it is appropriate to highlight that the level of entrepreneurship in GSDM amongst the farmers is very low even though the entrepreneurial spirit prevails. General problems being faced by all SMMEs such as low education, skills, finance, infrastructure, markets, and information also exist in GSDM which suppresses the entrepreneurial activities (Table 2.2). This hinders the economic exploitation of the diversity of agricultural resources that are abundant in the district which could also explain the status of GSDM as a point of poverty nodal area in the province.

The empirical study results provided evidence suggesting that, like many other areas, GSDM lacks an entrepreneurial culture. Therefore, there is a need to develop policies, strategies and programmes to guide the GSDM society through the entrepreneurial journey to facilitate unlocking of the entrepreneurial potential of the district municipality and consequently the informal sector.

To trigger entrepreneurship there is a need for the government to introduce effective measures and support capacity building for farmers and to create an environment that is conducive to stimulate entrepreneurship within the existing conditions. To realise economic growth, GSDM needs motivated, skilled and innovative entrepreneurs at all levels.

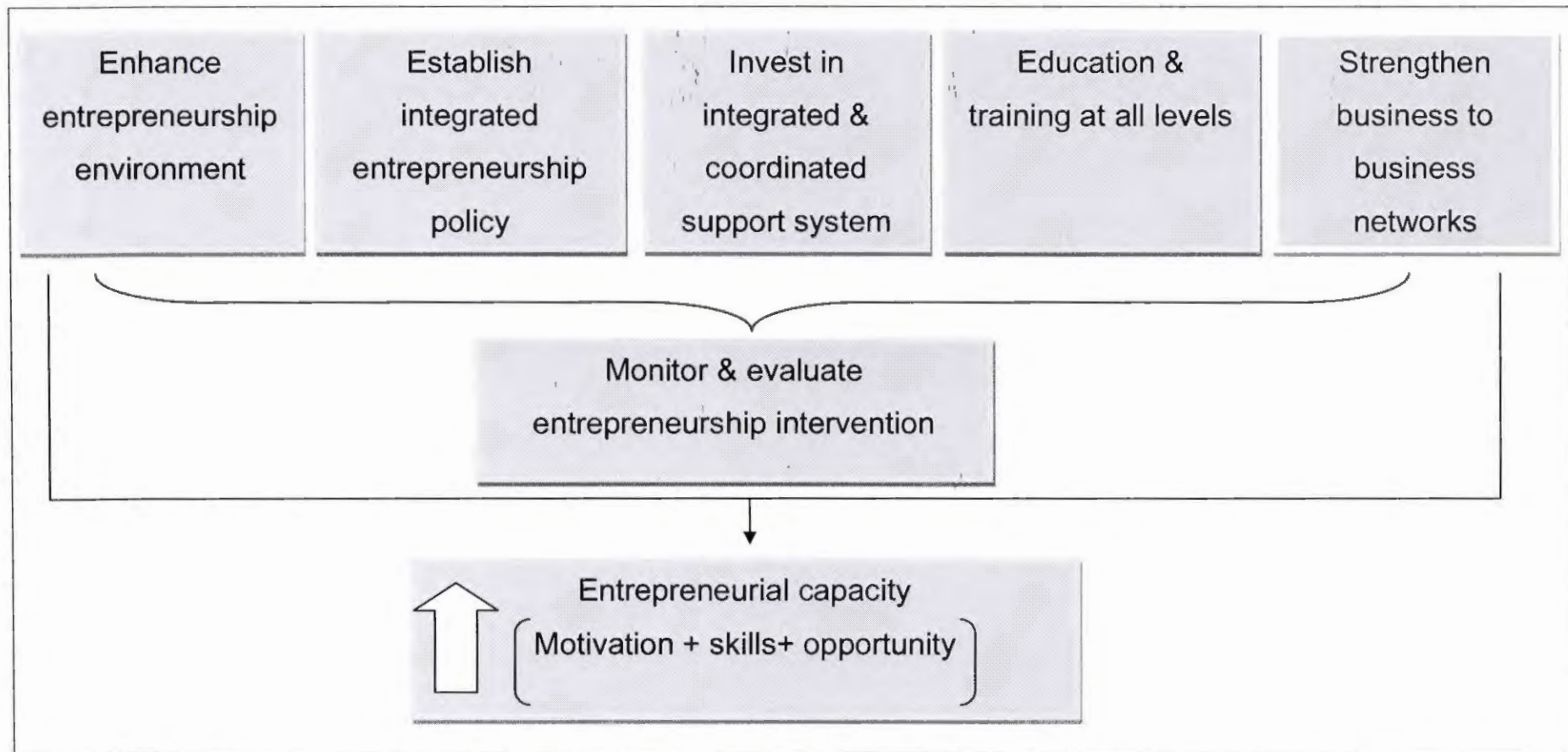
3.4 RECOMMENDATIONS

The recommended entrepreneurial framework condition that is envisaged to promote entrepreneurship within the Limpopo Province, based on the research work is stipulated below (compare 3.4.1 to 3.4.6):

- Enhance the environment for entrepreneurship by creating the right culture and conditions for entrepreneurship.
- Create the right agricultural entrepreneurial policy.

- Invest in a high quality, integrated system of support services – integrated and coordinated business support for all.
- Foster entrepreneurship education at all levels to ensure capacity building for diverse enterprises.
- Strengthen business-to-business networking opportunities.
- Monitor and evaluate entrepreneurship support interventions.

FIGURE 3.1: AN ENTREPRENEURIAL FRAMEWORK TO ENHANCE THE AGRICULTURAL SECTOR IN A DISTRICT OF THE LIMPOPO PROVINCE



Source: Own compilation based on empirical study and literature review

3.4.1 Enhancing the environment for entrepreneurship by creating the right culture and conditions for entrepreneurship

- Successful entrepreneurial practices that will lead to growth need to be cultivated at the post start-up and start-up phase and people need to be supported as they explore the possibilities of entrepreneurship.
- Fostering entrepreneurship should go beyond the aspiring entrepreneurs to target even those unaware they could be future entrepreneurs.

3.4.1.1 Communication, information and influencing

The pursuit of entrepreneurship can be likened to choosing an occupation. To be successful, requires an initial awareness of it, an interest in and a desire to try it and the decision and action to do it, followed by a sufficient degree of attainment in it. That process must start with an awareness of the possibility of doing it. People may not want to try entrepreneurship either because it is not desirable to them, or because they do not think that they would be able to do it, or because the possibility has never occurred to them. A first intervention step, therefore, should be an act of social persuasion to raise awareness of entrepreneurship and its potential benefits; a process of encouraging people to want to be entrepreneurs.

Though positive attitudes towards entrepreneurship are strengthening in other parts of the country, there is still a need to achieve a deeper and more extensive internalisation of the meaning of entrepreneurship within the Limpopo Province. It is necessary to constantly provide relevant information and communication. Developmental support programmes available within the sector also need to be communicated and promoted more vigorously to build a shared understanding amongst the intended users.

3.4.1.2 Survey on entrepreneurship potential

In order to design more demand driven interventions, it is necessary to understand the needs and opportunities of the SMMEs being targeted by identifying SMMEs with real growth potential. The real need is to identify farmers or agricultural entrepreneurs having business oriented traits, give them a holistic advisory service coupled with training on total farm management, and to tie up the production with a commercial oriented marketing process. A system to identify and support farmers with entrepreneurial potential is needed in order to give them access to all resources required for business development. It is also necessary to obtain an SMME assessment tool to check the entrepreneurship level amongst those who aspire to establish business enterprises. Targeted support interventions should place emphasis on the assessed farmers that have potential to go into business.

3.4.2 Integrated agricultural entrepreneurship support policy

- Policies and programmes should be more in the line of developing the individual and should be geared towards creation of environments that would create favourable conditions and benefits that will influence prospective entrepreneurs to set up enterprises.
- Policies should thus seek to develop skills and capabilities of individuals to enable them to start a new business and ensure a steady stream of new businesses
- There is a need to improve the service chain for farmers to establish a system that supports, promotes and serve agricultural entrepreneurs.
- Government-provided agricultural support services need to be reformed to enable small farmers to take up commercial farming through sustainable practices.

3.4.3 Integrated and coordinated agribusiness support for all

- There is a need to have an integrated package of support to farmer entrepreneurs.
- There is a need to strengthen institutions that are able to strategically and proactively address the needs of agribusinesses.
- There is a need for comprehensive and sustained support specifically to facilitate upward mobility for micro and small enterprises.
- Coordinated measures should be put in place and adopted, including support for financing, training, technical support, access to information, infrastructure and improvement of the business environment to promote farmers' businesses.
- Provide the right kind of business support targeted to group based and individual support.
- Create positive and maintain positive role models.

3.4.4 Foster entrepreneurship education and training at all levels to ensure capacity building for diverse enterprises

- Strengthen the entrepreneurship development programmes to enable them to develop an all-rounded entrepreneur: one with skills, motivation and capabilities to take up entrepreneurial opportunities.
- Train for entrepreneurship development as opposed to development of skills for the labour market.
- Seriously look into the possibilities of embracing strategies that will walk the entrepreneurs through the entrepreneurial career, such as incubation.
- Adopt a model that will optimise training delivery and effective development of both necessity and opportunistic entrepreneurs.
- Service delivery by skilled practitioners who understand the dynamics of SMME development is imperative, and can win the trust and confidence of the entrepreneurs involved.
- There is a strong need to invest in building curriculum (programmes) including building capacity of learning facilitators to deliver

entrepreneurship training in an effective way. There is a need to promote more interactions between the schools and agricultural training colleges and SMMEs.

3.4.5 Strengthen business-to-business networking opportunities

Entrepreneurs need support services in addition to financial assistance. Networks are useful mechanisms to enhance business capability of entrepreneurs. They provide four essential ingredients to entrepreneurship: support and motivation, examples and role models, expert opinion, counselling, and access to opportunities, information and resources. Both formal and informal networks will afford business people to learn best from each other by sharing experiences, ideas and resources, to trade goods and services, and to collaborate on new ventures.

3.4.6 Monitoring and evaluation business development interventions

It is necessary to evaluate all government policies from the viewpoint of how they affect entrepreneurship. Studies need to be undertaken to determine the province's and as a result, the country's entrepreneurial activity and hence gauge the entrepreneurial culture. Identifying the real impact of policy and support will inform careful design and targeting of interventions, tailored to the specific needs of the SMMEs involved. New measurement and evaluation tools, in addition to the indicators that are already available, need to be developed through research for the follow-up on the outcomes of the overall support programmes and other development efforts.

Through repetition of surveys on entrepreneurship potential, indicators such as change in attitudes towards entrepreneurship, different entrepreneurial qualities, entrepreneurial motivation and direction of entrepreneurial intentions could be assessed within the province. Preparation of follow-ups should be started immediately by analysing statistical data collected, developing indicators and

planning for other follow-up activities. It is also imperative to track progress and evaluate the entrepreneurship process in order to encourage the transition of businesses to move from informal to the formal economy.

It is recommended, therefore, that a series of evaluations be undertaken of the range of SMME support policies currently being delivered at provincial level. This will involve measuring outcomes against original objectives, and comparing outcomes across different programmes. In order to identify the impact of policies at the level of individual SMMEs, it will be necessary to contact client businesses directly to establish how they have benefited from support.

Worthy of note is that instilling a positive climate for entrepreneurship in South Africa is not only the task of one entity. There are many role players that stand to benefit from having a positive entrepreneurial climate. These include the government of the day, the business community, and individuals per se (Du Plessis, 2009:196). As such, there should be effective coordination of interventions from all of the relevant public agencies involved, providing an efficient, seamless service for SMMEs. The SMMEs should also take ownership of the entrepreneurial activities and strive to continuously enhance its capacity for growth and development in the agribusinesses.

REFERENCES

DU PLESSIS, T.E. 2009. South African expatriates as potential entrepreneurs: an exploratory study. Potchefstroom: North-West University. (Thesis – Ph.D.) 196 p.

APPENDICES

APPENDIX A: RESEARCH QUESTIONNAIRE

AN ENTREPRENEURIAL FRAMEWORK TO ENHANCE THE AGRICULTURAL SECTOR IN A DISTRICT OF THE LIMPOPO PROVINCE

PLEASE NOTE:

This questionnaire must only be completed by agricultural entrepreneurs in the Sekhukhune district: Marble Hall, Makhuduthamaga, Elias Motsoaledi, Fetakgomo and Tubatse Municipalities

All information will be treated as **STRICTLY CONFIDENTIAL** and will only be used for academic purposes.

Instructions for completion:

1. Please answer the questions as objectively and honestly as possible.
2. Place a cross (x) in the space provided after each question which reflects your answer the most accurately.
3. Where asked for comments or to express your own opinion, keep answers short and to the point.
4. Please answer all the questions, as this will provide more information to the researcher so that an accurate analysis and interpretation of data can be made.

SECTION A: BACKGROUND INFORMATION

Mark the applicable block with a cross (X). Complete the applicable information.

A1	In which age group do you fall?	≤19	20 - 29	30 - 39	40 - 49	50 - 59	60+
		(01)	(02)	(03)	(04)	(05)	(06)

A2	What is your marital status?	Single	Married	Divorced	Widowed	Living together
		(01)	(02)	(03)	(04)	(05)

A3	What gender are you?	Male	Female
		(01)	(02)

A4	Indicate your highest academic qualification.	
	No qualification	(01)
	Primary schooling completed	(02)
	High school completed	(03)
	Post Grade 12 certificate	(04)
	Post Grade 12 diploma	(05)
	University degree	(06)
	Other (please specify)	(07)

A5	Indicate the number of children that you have.	
	None	(01)
	One (1) child	(02)
	Two (2) children	(03)
	Three (3) children	(04)
	Four (4) children	(05)
	Five (5) children	(06)
	More than six (6) children. Please specify.	(07)

A6	Indicate your past experience immediately before self-employment (occupational background).	
	Unemployed	(01)
	Self-employed (owned a business)	(02)
	Worker (administration, clerk, secretary, cashier)	(03)
	Farm worker	(04)
	Supervisor (first-line management)	(05)
	Middle management	(06)
	Top (executive) management	(07)

SECTION B: BUSINESS INFORMATION

Mark the applicable block with a cross (X). Complete the applicable information.

B1	Indicate the municipality where your business is operated.	
	Elias Motsoaledi	(01)
	Fetakgomo	(02)
	Makhuduthamaga	(03)
	Marble Hall	(04)
	Tubatse	(05)

B2	Indicate which of the government support programmes assisted your business operations?	
	LRAD	(01)
	CASP	(02)
	RESIS	(03)
	MERECAS	(04)
	LADEP	(05)
	LADA	(06)
	Other: (Please specify)	(07)

B3	What is the age of the business (years)?
	Please specify:

B4	Indicate the legal status of your business (form of business ownership).	
	Sole proprietorship	(01)
	Partnership	(02)
	Close corporation	(03)
	Private company	(04)
	Cooperative	(05)
	Business Trust	(06)
	CPA	(07)
	Not registered	(08)
	Other: (Please specify)	(09)

B5	What is your core farming business?	
	Horticulture	(01)
	Grains	(02)
	Livestock	(03)
	Fruits	(04)
	Mixed farming system	(05)
	Other (Please specify)	(06)

B6	What is your primary position on the farm?	
	Owner	(01)
	Manager	(02)
	Farm worker	(03)

Other (Please specify)	(04)
------------------------	------

B7	How many permanent employees are employed by your business?					
	Myself	2-4	5-10	11-25	26-50	51-100
	(01)	(02)	(03)	(04)	(05)	(06)

B8	How many temporary employees are employed by your business?					
	0	2-4	5-10	11-25	26-50	51-100
	(01)	(02)	(03)	(04)	(05)	(06)

B9	Indicate the turnover (annual sales) that your business generates.	
	≤R50 000	(01)
	R51 000 – R150 000	(02)
	R151 000 – R500 000	(03)
	R500 000 – R1 million	(04)
	≥R1 million	(05)

B10	Indicate the value of your capital assets.	
	≤R150 000	(01)
	R150 001 – R250 000	(02)
	R250 001 – R500 000	(03)
	R500 001 – R1 million	(04)
	R1 million – R5 million	(05)

SECTION C: ASSESSING ENTREPRENEURSHIP LEVEL

Mark the applicable block with a cross (X). Complete the applicable information.

C1	Indicate your motivation for entering self-employment or to start your own business. (Choose one or more.)	
	Need for independence (to be my own boss)	(01)
	Need for flexible work schedule	(02)
	Need for a challenge	(03)
	Social status (personal achievement, to be reckoned in the community)	(04)
	Role models and other people's influence (friends and family members)	(05)
	Redundancy (lost your job, retrenched)	(06)
	Difficulty in finding a job	(07)
	Dissatisfaction with salaried jobs (job/career frustration)	(08)
	Insufficient family income (need to supplement family income)	(09)
	Brings high income (desire for wealth)	(10)
	Ensure high job security	(11)
	Entered the family business	(12)
	Available existing business opportunities	(13)
Other: (Please specify)	(14)	

C2	Indicate which of the following best describe your personal attributes (Choose one or more.)	
	I have a passion to achieve	(01)
	I have a sense of curiosity/information seeking	(02)
	I am optimistic	(03)
	I am competitive and likes a challenge	(04)
	I am energetic	(05)
	I am a goal setter	(06)
	I learn from failure	(07)
	I am self motivated	(08)
	I am multitasked	(09)
	I am not easily discouraged (I am persistent)	(10)
	Other: (Please specify)	(11)

SECTION D: CHALLENGES TOWARDS ENTREPRENEURSHIP

Mark the applicable block with a cross (X). Complete the applicable information.

D1	Indicate whether the following factors are obstacles to your business.	Strongly disagree	Disagree	Neutral view/not	Agree	Strongly agree
A	Lack of education and training (in general)	1	2	3	4	5
B	Difficult to obtain financing	1	2	3	4	5
C	Inhibiting laws and regulations (lower access to land, contractual rights - husband's consent or judge approval)	1	2	3	4	5
D	Lack of self-confidence	1	2	3	4	5
E	Risk averse (great fear of failure)	1	2	3	4	5
F	A culture not supportive of entrepreneurship	1	2	3	4	5
G	Isolation from business network/ limited social and business network	1	2	3	4	5
H	Lack of timely business information	1	2	3	4	5
i	Distant and inaccessible markets	1	2	3	4	5

J	Lack of storage and warehousing facilities	1	2	3	4	5
K	Lack of infrastructure, electricity, equipments, and other	1	2	3	4	5
L	Lack of advisory support from government officials	1	2	3	4	5
M	High rates of crime	1	2	3	4	5
N	Other: (Please specify)	1	2	3	4	5

D2	Indicate which factors are important in influencing your business operations.	Not important	Not so important	Moderately	Fairly important	Very important
1	Business and management skills: (accountancy, financial skills, strategic planning, people management, decision-making, leadership)	1	2	3	4	5
2	Cooperation and networking skills	1	2	3	4	5
3	Information technology skills	1	2	3	4	5
4	Marketing and selling skills	1	2	3	4	5
5	Entrepreneurial qualities and values	1	2	3	4	5
6	Technical and professional skills i.e. farming skills	1	2	3	4	5

SECTION E: DEVELOPMENT NEEDS OF ENTREPRENEURS

Mark the applicable block with a cross (X). Complete the applicable information.

E1	Indicate your ability in terms of the following skills.	Very weak	Weak	Not sure	Strong	Very Strong
A	General business management skills	1	2	3	4	5
B	Cooperation and networking skills	1	2	3	4	5
C	Financial management skills	1	2	3	4	5
D	Marketing and selling skills	1	2	3	4	5
E	Personal attitudes and decision-making skills					
F	Production and operational management skills	1	2	3	4	5

E2	How skilful are you ...	not at all skilled	somewhat skilled	moderately skilled	Fairly skilled	Very skilled
A	in creating and evaluating a business strategy	1	2	3	4	5
B	in recognising and realising opportunities	1	2	3	4	5
C	in networking and utilising contacts	1	2	3	4	5

E3	How knowledgeable and efficient are you in applying the following skills?	Very poor	somewhat fairly poor	Average	Good	Very good
A	Technical skills (farming skills)	1	2	3	4	5
B	Communication & networking skills	1	2	3	4	5
C	Business skills	1	2	3	4	5
D	Leadership and management skills	1	2	3	4	5
E	Technological skills (computers)	1	2	3	4	5
F	Entrepreneurial skills	1	2	3	4	5

E4	Indicate your key developmental needs to enhance your agribusiness operations. (Choose one or more.)	
	Financial support (loans and advice/training to service the loan)	(01)
	Training/knowledge/skills/technical support	(02)
	Tools, equipment, machinery	(03)
	Business advice, information, counselling	(04)
	Marketing support	(05)
	Networking with other business owners	(06)
	Infrastructure (roads, telephone, electricity)	(07)
	Computer/ Internet services	(08)
	Other: (Please specify)	(09)

Thank you for completing this questionnaire.

Would you like to have an executive summary of the findings?

Yes

No

Contact	details:
_____	_____
_____	_____
_____	_____

THANK YOU FOR YOUR TIME.

APPENDIX B: National Small Business Act No 102 of 1996

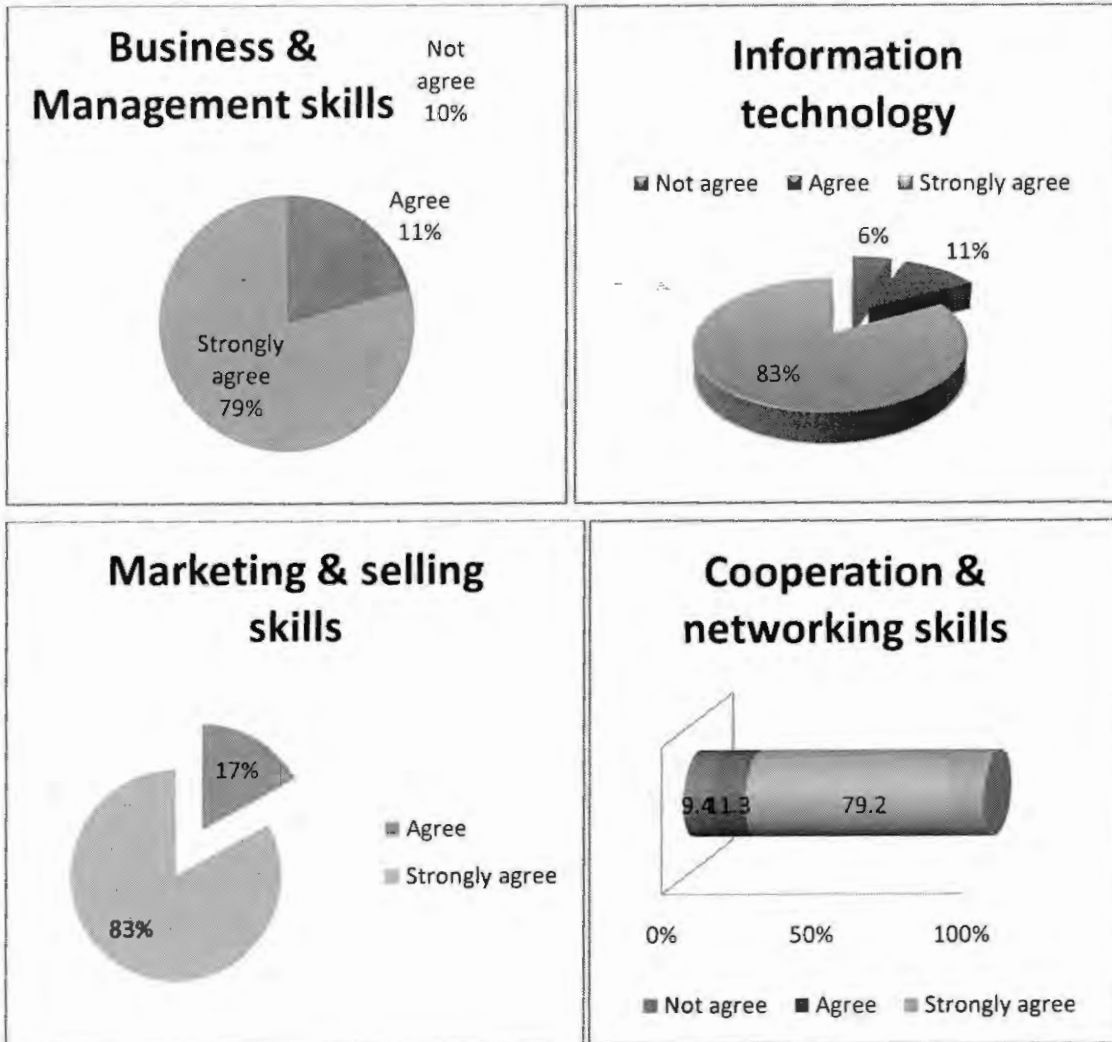
The definitions of small business according to industry sector given in the table below are based on the National Small Business Act No. 102. 27 November 1996. See also National Small Business Amendment Bill published in the Government Gazette on 27 March 2003.

Sector or sub sectors in accordance with the Standard Industrial Classification	Size or class	Total full-time equivalent of paid employees Less than	Total annual turnover Less than	Total gross asset value (fixed property excluded) Less than
Agriculture	Medium	120	R 4.00 m	R 4.00 m
	Small	50	R 2.00 m	R 2.00 m
	Very	10	R 0.40 m	R 0.40 m
	small	5	R 0.15 m	R 0.10 m
	Micro			
Mining and Quarrying	Medium	200	R30.00 m	R18.00 m
	Small	50	R 7.50 m	R 4.50 m
	Very	20	R 3.00 m	R 1.80 m
	small	5	R 0.15 m	R 0.10 m
	Micro			
Manufacturing	Medium	200	R40.00 m	R15.00 m
	Small	50	R10.00 m	R 3.75 m
	Very	20	R 4.00 m	R 1.50 m
	small	5	R 0.15 m	R 0.10 m
	Micro			
Electricity, Gas and Water	Medium	200	R40.00 m	R15.00 m
	Small	50	R10.00 m	R 3.75 m
	Very	20	R 4.00 m	R 1.50 m
	small	5	R 0.15 m	R 0.10 m
	Micro			

Construction	Medium	200	R20.00 m	R 4.00 m
	Small	50	R 5.00 m	R 1.00 m
	Very	20	R 2.00 m	R 0.40 m
	small	5	R 0.15 m	R 0.10 m
	Micro			
Retail and Motor Trade and Repair Services	Medium	120	R30.00 m	R 5.00 m
	Small	50	R15.00 m	R 2.50 m
	Very	10	R 3.00 m	R 0.50 m
	small	5	R 0.15 m	R 0.10 m
	Micro			
Wholesale Trade	Medium	120	R50.00 m	R 8.00 m
	Small	50	R25.00 m	R 4.00 m
	Very	10	R 5.00 m	R 0.50 m
	small	5	R 0.15 m	R 0.10 m
	Micro			
Commercial Agents and Allied Services	Medium	120	R50.00 m	R 8.00 m
	Small	50	R25.00 m	R 4.00 m
	Very	10	R 5.00 m	R 0.50 m
	small	5	R 0.15 m	R 0.10 m
	Micro			
Catering	Medium	120	R10.00 m	R 2.00 m
	Small	50	R 5.00 m	R 1.00 m
	Very	10	R 1.00 m	R 0.20 m
	small	5	R 0.15 m	R 0.10 m
	Micro			
Transport	Medium	120	R20.00 m	R 5.00 m
	Small	50	R10.00 m	R 2.50 m
	Very	10	R 2.00 m	R 0.50 m
	small	5	R 0.15 m	R 0.10 m
	Micro			
Storage	Medium	120	R20.00 m	R 5.00 m
	Small	50	R10.00 m	R 2.50 m
	Very	10	R 2.00 m	R 0.50 m

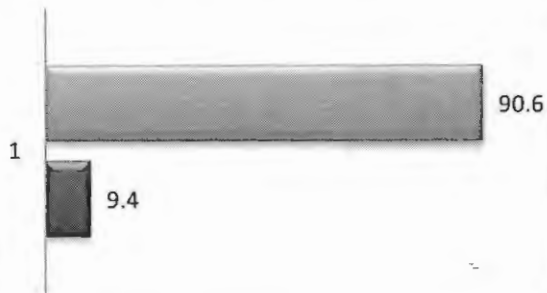
	small Micro	5	R 0.15 m	R 0.10 m
Communications	Medium	120	R20.00 m	R 5.00 m
	Small	50	R10.00 m	R 2.50 m
	Very	10	R 2.00 m	R 0.50 m
	small Micro	5	R 0.15 m	R 0.10 m
Finance	Medium	120	R20.00 m	R 4.00 m
	Small	50	R10.00 m	R 2.00 m
	Very	10	R 2.00 m	R 0.40 m
	small Micro	5	R 0.15 m	R 0.10 m
Business Services	Medium	120	R20.00 m	R 4.00 m
	Small	50	R10.00 m	R 2.00 m
	Very	10	R 2.00 m	R 0.40 m
	small Micro	5	R 0.15 m	R 0.10 m
Community	Medium	120	R10.00 m	R 5.00 m
	Small	50	R 5.00 m	R 2.50 m
	Very	10	R 1.00 m	R 0.50 m
	small Micro	5	R 0.15 m	R 0.10 m
Social and Personal Services	Medium	120	R10.00 m	R 5.00 m
	Small	50	R 5.00 m	R 2.50 m
	Very	10	R 1.00 m	R 0.50 m
	small Micro	5	R 0.15 m	R 0.10 m

APPENDIX C: Assessment of the importance of skills in business operations



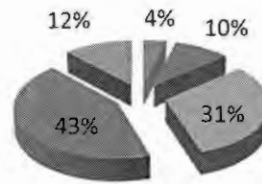
Entrepreneurial qualities

Strongly agree Agree

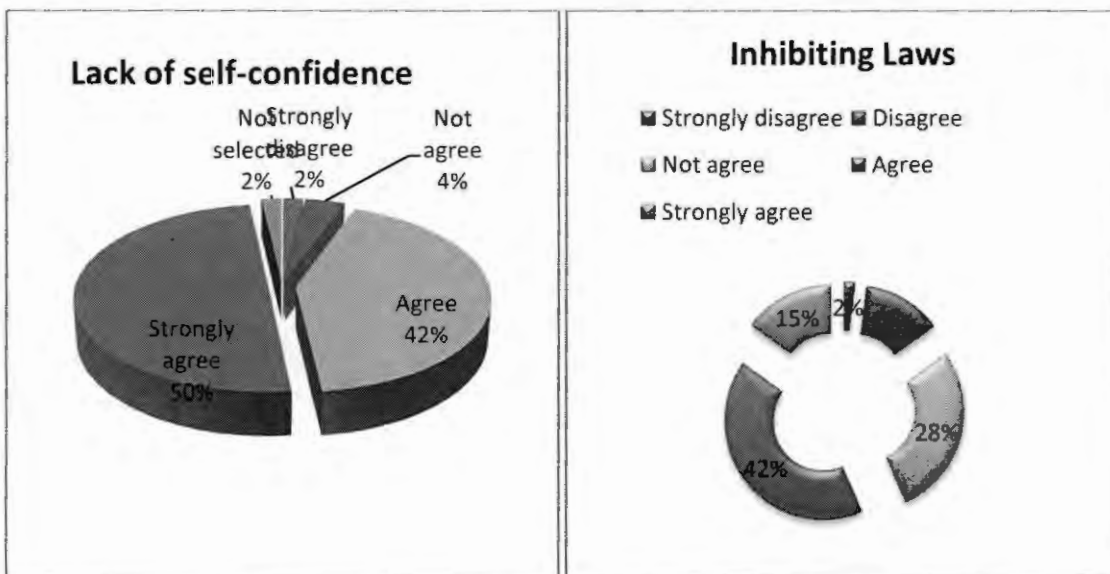
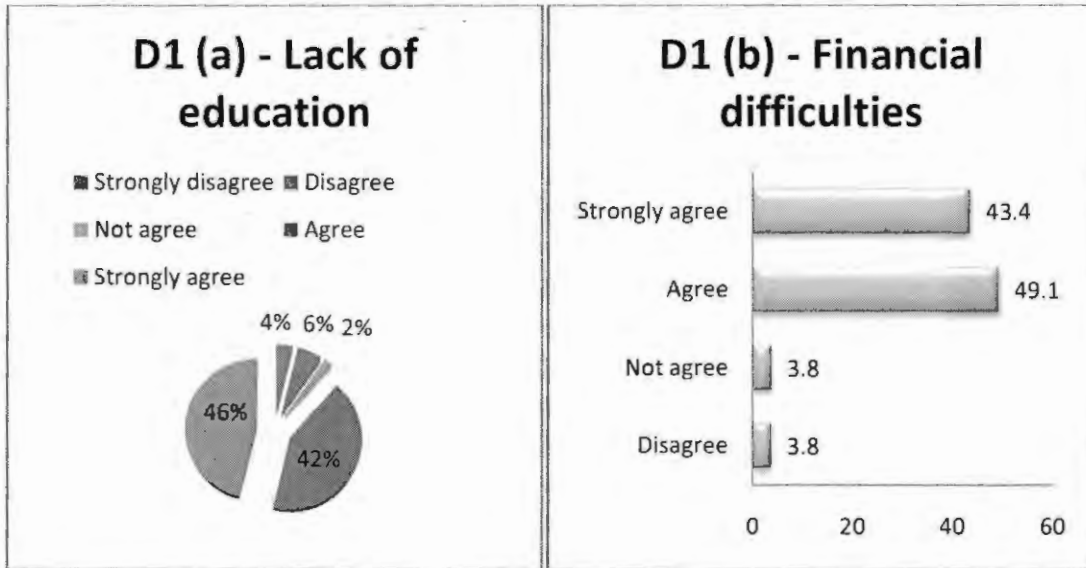


Technical & professional skills

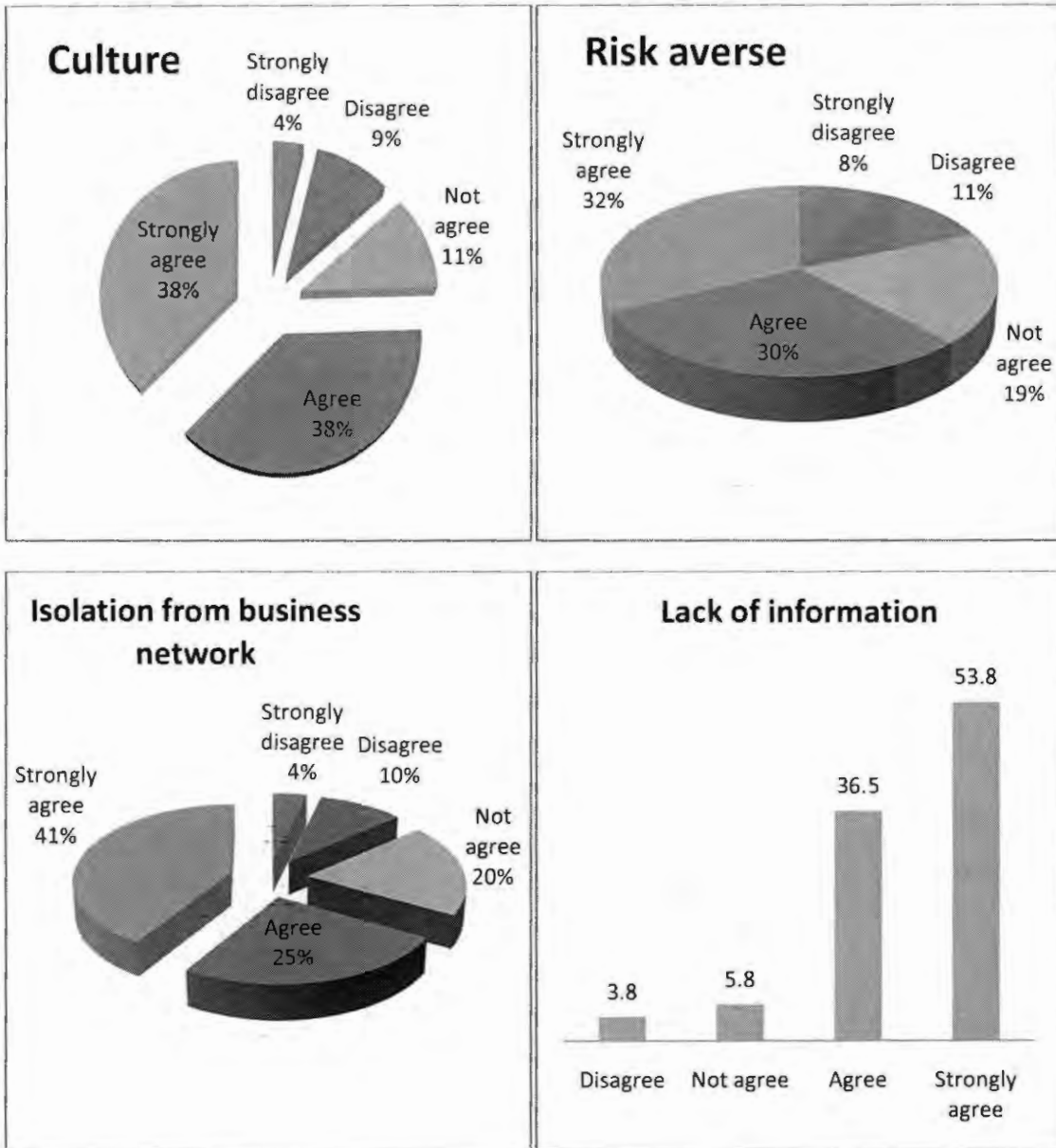
Strongly disagree
Disagree
Not agree
Agree



APPENDIX D: Analysis of the obstacles in promoting entrepreneurial activities

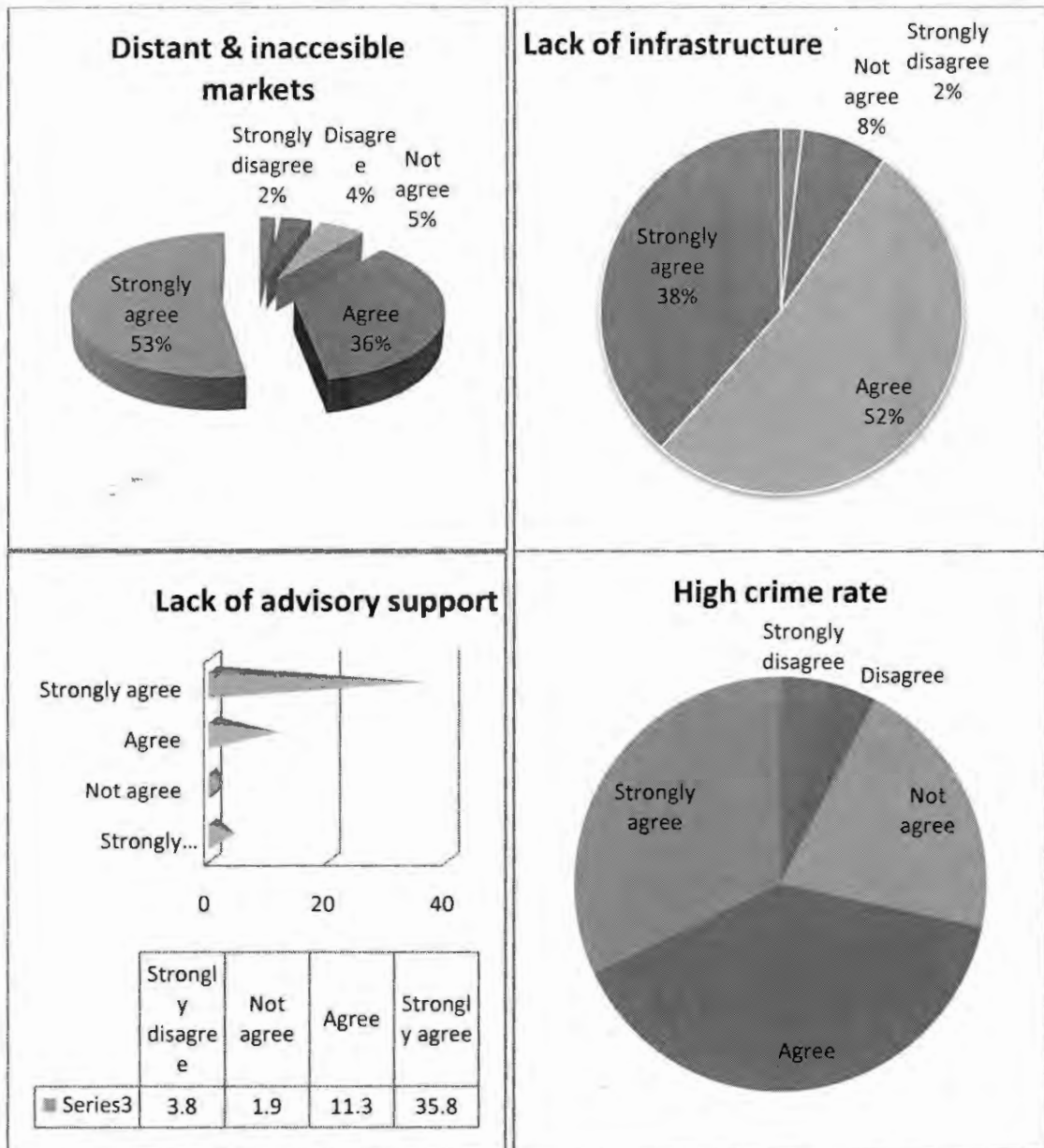


Source: Response to question D1 (Appendix1)



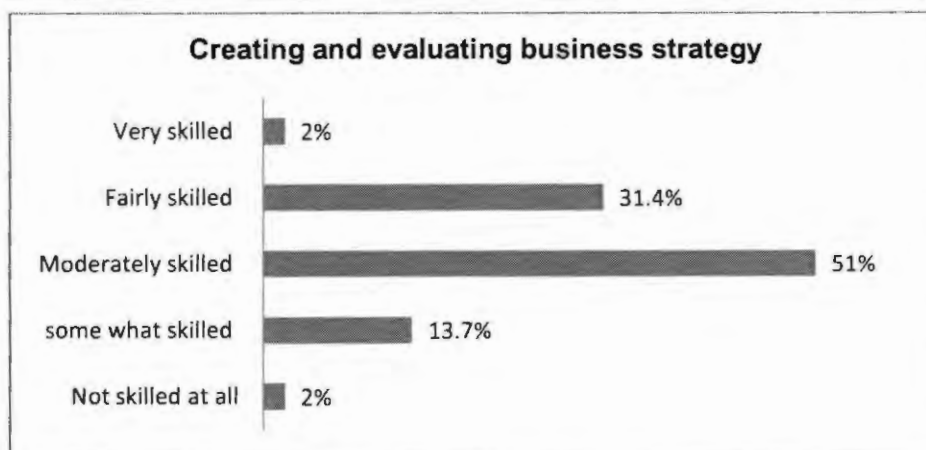
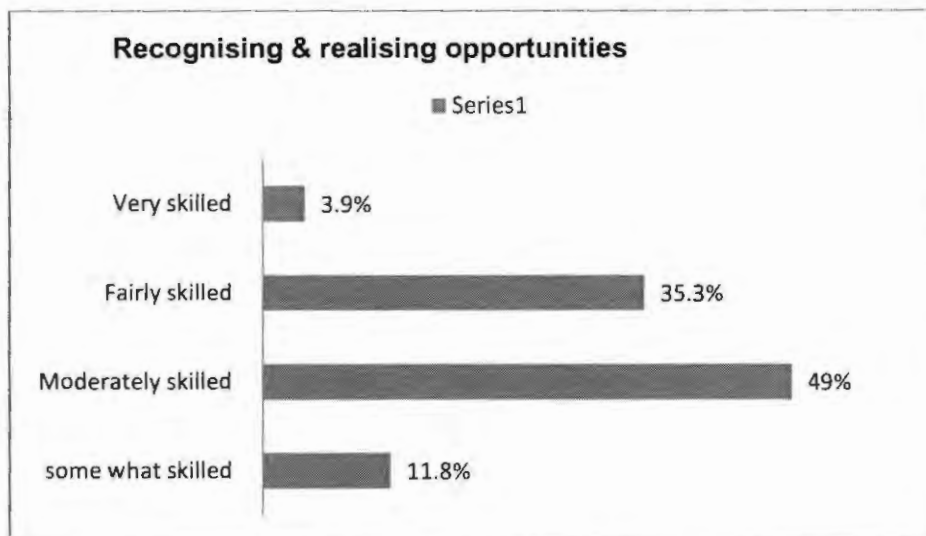
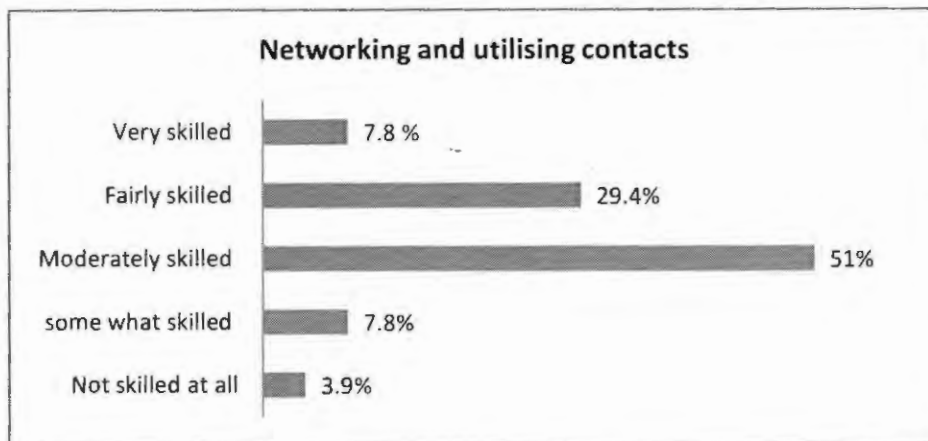
Source: Response to question D1 (Appendix 1)

APPENDIX E: Analysis of obstacles in promoting entrepreneurial activities



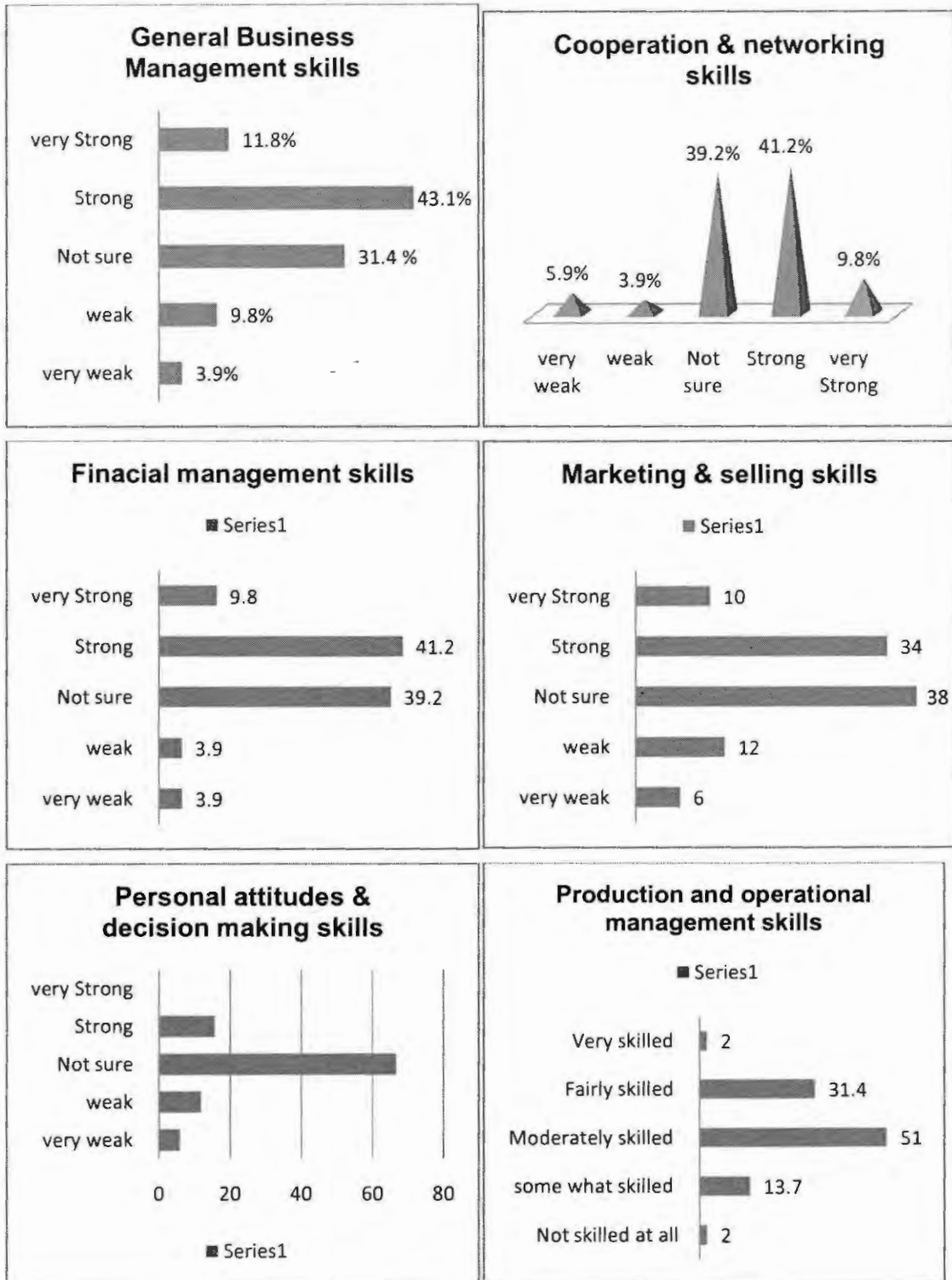
Source Response to question D1 (Appendix A)

APPENDIX F: Entrepreneurial skills of respondents



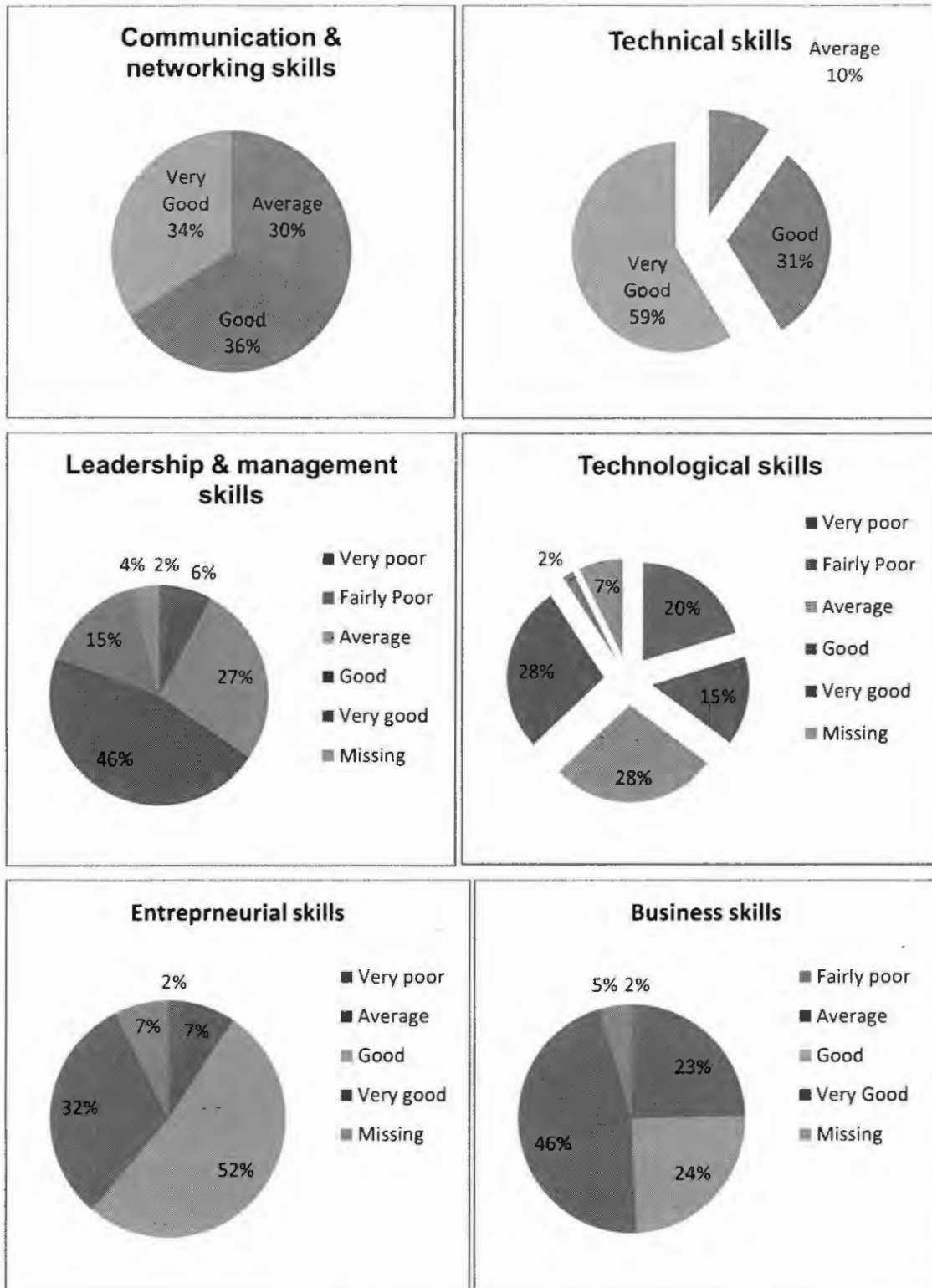
Source: Response to question E4 (Appendix A)

APPENDIX G: Skills level of respondents



Source Response to question E1 (Appendix A)

APPENDIX H: Skills level of respondents



Source: Response to question E3 (Appendix A)